

**WELFARE REFORM: PAST SUCCESSES,
NEW CHALLENGES**

HEARING

BEFORE THE

COMMITTEE ON FINANCE

UNITED STATES SENATE

ONE HUNDRED EIGHTH CONGRESS

FIRST SESSION

(DES MOINES, IA)

FEBRUARY 20, 2003



Printed for the use of the Committee on Finance

U.S. GOVERNMENT PRINTING OFFICE

86-772—PDF

WASHINGTON : 2003

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512-1800; DC area (202) 512-1800
Fax: (202) 512-2250 Mail: Stop SSOP, Washington, DC 20402-0001

COMMITTEE ON FINANCE

CHARLES E. GRASSLEY, Iowa, *Chairman*

ORRIN G. HATCH, Utah	MAX BAUCUS, Montana
DON NICKLES, Oklahoma	JOHN D. ROCKEFELLER IV, West Virginia
TRENT LOTT, Mississippi	TOM DASCHLE, South Dakota
OLYMPIA J. SNOWE, Maine	JOHN BREAUX, Louisiana
JON KYL, Arizona	KENT CONRAD, North Dakota
CRAIG THOMAS, Wyoming	BOB GRAHAM, Florida
RICK SANTORUM, Pennsylvania	JAMES M. JEFFORDS (I), Vermont
BILL FRIST, Tennessee	JEFF BINGAMAN, New Mexico
GORDON SMITH, Oregon	JOHN F. KERRY, Massachusetts
JIM BUNNING, Kentucky	BLANCHE L. LINCOLN, Arkansas

KOLAN DAVIS, *Staff Director and Chief Counsel*
JEFF FORBES, *Democratic Staff Director*

CONTENTS

OPENING STATEMENTS

	Page
Grassley, Hon. Charles E., a U.S. Senator from Iowa, chairman, Committee on Finance	1

PUBLIC WITNESSES

Littrel, Donna, insurance policy surrender specialist, Aegon Insurance, Des Moines, Iowa	4
Bingaman, Deb, administrator, Division of Financial, Health and Work Supports, Iowa Department of Human Services, Des Moines, Iowa	5
Anderson, Linda, human resources recruiter, Mercy Human Resources, Des Moines, Iowa	8
Heaton, Hon. David, Representative, Iowa State Legislature, Des Moines, Iowa	14
Marques, Sonja, Boost 4 Families, Glenwood, Iowa	16
Haskins, Ron, senior fellow, Brookings Institution, Washington, DC	18

ALPHABETICAL LISTING AND APPENDIX MATERIAL

Anderson, Linda:	
Testimony	8
Prepared statement	35
Bingaman, Deb:	
Testimony	5
Prepared statement	36
Grassley, Hon. Charles E.:	
Opening statement	1
Haskins, Ron:	
Testimony	18
Prepared statement	40
Heaton, Hon. Dave:	
Testimony	14
Prepared statement	53
Littrel, Donna:	
Testimony	4
Prepared statement	59
Marquez, Sonja:	
Testimony	16
Prepared statement	61

COMMUNICATIONS

Child and Family Policy Center	63
Fetner, Tina	64
Food Bank of Iowa	65
Greder, Kimberly, Steven Garasky, and Mary Jane Brotherson	67
Iowa Coalition Against Domestic Violence	68
The Iowa Community Advisory Team	70
Iowa Kids Count for the Child and Family Policy Center	73
Iowa Commission on the Status of Women	74
National Association of Child Advocates	74
Northeast Iowa Food Bank	75
Social Policy Action Network (SPAN)	79

WELFARE REFORM: PAST SUCCESSES, NEW CHALLENGES

THURSDAY, FEBRUARY 20, 2003

U.S. SENATE,
COMMITTEE ON FINANCE,
Des Moines, IA.

The hearing was convened at 10 a.m. in the Conference Room of the American Institute of Business, Des Moines, Iowa.

Present: Donna Littrel, Aegon Insurance; Deb Bingaman, Iowa Department of Human Services; Linda Anderson, Mercy Medical Center; Hon. Dave Heaton, Representative, Iowa State Legislature; Sonja Marquez, Boost 4 Kids; Ron Haskins, Brookings Institute.

OPENING STATEMENT OF HON. CHARLES GRASSLEY, A U.S. SENATOR FROM IOWA, CHAIRMAN, COMMITTEE ON FINANCE

The CHAIRMAN. First of all, welcome. I can see everybody except the people that are on the highest level. But you can't do much about that, and I can't do much about it.

We're trying to have an environment similar to what we would have for a hearing like this in Washington, D.C., and occasionally, like today, committees do go outside of Washington, D.C. to hold public hearings. And I particularly want to take advantage of an opportunity we have in Iowa right now. The Senate is not in session and I'm in Iowa, and that TANF reauthorization's a very important issue is, obviously, demonstrated by the large turnout here. The Temporary Assistance for Needy Families or TANF actually expired September 30th last year, but will be continued for 1 year, September 30th, with our hope that we would finalize legislation on this in the Senate sometime before our August recess with the final product being worked out between the House and Senate in September.

Now, if we can do it earlier than that, we should do it earlier than that, but with so many other things on the plate of the Senate Finance Committee, I'm not sure that we'll be able to. If somebody told me that I had to have it done by May 15th, I'd try to get it done, but this is the time table we're on.

And I only say that to you because I know that a lot of you are aware of the House of Representatives passing the bill last week, and if there's any concerns about that, you know, there is some time to work through the Senate for those concerns to be addressed, and we're, obviously, open to any points of view.

Remember, in the U.S. Senate, we have to pass a bipartisan bill. Very seldom is it possible to get a strictly partisan bill through the U.S. Senate.

Now, I want to welcome the witnesses. I'm glad to have you here. Before I give an opening statement, I thought I'd kind of tell you what I'm hoping to do here. There will be a very short opening statement from me. Panelists, each panelist to speak for 5 minutes, and for panelists I want tell you ahead of time—you don't have to ask—if you have a much longer statement, and we don't care how much longer, that you want that would go way beyond the 5 minutes, it will be put in the record as you submit it to us.

We're also welcoming statements from people who are here or who aren't here for statement to be—a written statement to be put in the record as well. We do that even in our hearings in Washington, D.C. There will be some questions from me. I would hope that process to end at 11:30.

At 11:30 we would then—and even before 11:30 we would be handing cards out to you folks to ask questions of panelists, and I will read those questions and try to get through those.

Probably there will be a lot more questions than that period of time will allow. If you include your name and address on the back, we will then get a written response to you.

Therefore, I call this hearing to order, a hearing on “Welfare Reform: Past Successes, New Challenges.” I thank all of our witnesses in advance for agreeing to give testimony. I also thank all of you in the audience, who are very much interested in this issue, for attending.

Obviously, we have two panels. The first will discuss the success of '96 welfare reform, and the second panel will discuss areas where the '96 welfare reform law needs to be improved.

I have several questions for witnesses; however, we intend to leave time, as I said, at the end for participation in writing for questions from the audience.

These cards will be passed out (indicating). Write as legibly as you can, and any sort of address or e-mail address or phone number would be appreciated.

In '96 Congress passed historical, comprehensive welfare reform legislation and ended welfare as we know it. Gone were individual entitlements. They were replaced by block grants to states and considerable flexibility for states to design and implement their welfare program as they saw necessary to fit the needs of their own people. The new law, Temporary Assistance to Needy Families that we all call TANF, replaced, as you know, 60-year-old Aid to Family with Dependent Children Program, or as we knew it for so long, AFDC.

Last year, despite our best efforts, the Congress failed to enact the re-authorization. As I indicated, we extended it. The House of Representatives has already passed their version of the legislation.

The Senate will not be able to act as quickly as the House, but as chairman of the Senate Committee on Finance, which has jurisdiction over re-authorization, I assure you that welfare reform is one of my top priorities. I would say after a stimulus package, after prescription drugs for senior citizens, then comes this re-authorization. So I am committed to enacting meaningful reform in a bipartisan way as quickly as possible.

As part of this process, Congress needs to hear as many perspectives as possible, so that's why we're here.

The overall result of welfare reform looks very good. There's been a historic decline in the number of families receiving government cash assistance, a substantial increase in employment by low-income mothers, and a sustained decline in child poverty.

Here in Iowa we can point with pride to many individual success stories, many parents having overcome significant barriers such as domestic violence, substance abuse, and lack of education and are making progress.

However, we all know—and I'll bet every one of you would agree—that much more needs to be done. Some of the statistics would reveal instances of people falling through the cracks or not adequately having needs met. For instance, there are a number of child care and transportation challenges, and particularly these are concerns in rural areas.

We can still do more to progress towards moving individuals into meaningful, well-paying, full-time work. We still need to do more to promote healthy families.

As many of you know, President Bush has proposed welfare reform policies that emphasize continuation of work-focus welfare programs as a top priority. His proposal picks up on many themes that I and others started developing in '96.

Strengthening the work requirement for individuals and for states so that more people can experience the dignity of work; improve child well-being by strengthening families and promoting two-parent arrangements; encourage State innovation by granting states new flexibility to design programs to serve low-income, working families.

However, as we've learned, the devil is in the details. I look forward to learning more about the successful strategies Iowans have used to make progress in moving from welfare to work but also to learn where the '96 act needs to be improved. I appreciate the distances that many people have traveled.

The first panel on my right will describe the successes of welfare reform. We will hear first from Donna Littrel, who is making the transition from assistance to self-sufficiency. Then we will hear from Deb Bingaman, who administers the TANF programs here in Iowa, who will describe the successful programs Iowans have developed. Following Ms. Bingaman, we will hear from Linda Anderson, a human resource recruiter, who will discuss successful strategies used to move individuals to work.

Our second panel, the one on the left, will focus on needed improvements to current law. State Representative Dave Heaton, who knows these State laws and efforts inside and out will speak to us first; and then we will hear from Sonja Marquez, who will speak to us about the challenges associated with rural child care and transportation issues; and finally, Ron Haskins, who was the White House policy lead last year, about family formation policies.

So we will start with Ms. Littrel.

STATEMENT OF MS. DONNA LITRELL, INSURANCE POLICY SURRENDER SPECIALIST, AEGON INSURANCE, DES MOINES, IOWA

Ms. LITRELL. Good morning, Mr. Chairman, and thank you for inviting me today to testify before the committee. My name is

Donna Littrel, and I'd like to share with you how Promise Jobs; Cornerstone; and the Family Investment Program, otherwise known as FIP; and other resources have helped my family.

We have benefited so much from these programs, it's hard to think of where we would be right now without them. In May I will celebrate my fourth anniversary at Ageon Insurance Company. Since starting there, I have obtained my Series 6 and 63 insurance licenses, a life and health insurance license, and I am currently furthering my education by continuing to take classes and pass tests. I have a great position in the sales and conservation unit where I help my clients to make decisions about their investments.

It's a great opportunity, but the road to where I am now was very bumpy indeed. I met my husband, Anthony, 7 years ago. During our first months together, we lived in my camper at a little park south of Iowa City. With us were his three children, who were between the ages of 2 and 5 at the time.

We received assistance for food stamps to help get us by. We were homeless and down and out for quite a while.

The kids' mother cared for the children long enough for us to get an apartment. In 1 month Anthony and I saved the money for a place to live while we were living in our car and working at a restaurant. A year later we had our first child together. In the fall of 1997, our baby was only a few 11 months old. We found ourselves homeless again. It was a very hard time for us, and at that time we had nothing. It felt like there was no light at end of the tunnel. Neither of us had family to turn to. I went to DHS, and they were willing to give me money for rent. Additionally, they provided general assistance to help us on a down payment for a place to live.

During this time I hopped around from one restaurant job to another. We had the help of the FIP program, food stamps, and Medicaid to keep us going, but our family still suffered from its own set of problems. Other than the financial burdens that we faced, we both drank quite a bit during that time.

When I became pregnant again, I stopped drinking, and by the grace of God, Anthony became sober on April 14, 1998, and hasn't touched a drink since.

For us before things got better they got worse. A newly sober life wasn't always that easy. We were both unemployed and managed to live off the FIP program and food stamps alone.

We were going through the Promise Jobs program at the time. Anthony and I were in the BASICS class. That was to teach us to be self-sufficient, and that's actually called a Breaking Barriers class through Cornerstone. I learned a lot from the class, but the most helpful thing that I received was a little flyer about a new program that was starting called the Customer Contact Training Program.

This program would be a gateway for people to obtain the skills needed to work in a call center. There were several businesses that were partnering to sponsor the program with hundreds of thousands of dollars coming from a grant provided by the State. The class was 4 hours a day, 5 days a week, and lasted for 3 months.

Promise Jobs not only provided this opportunity for me without a cost, but they also paid for my transportation to and from class and for the child care my children received while I was there. I

used this class as my chance to prove to myself that I could be a good employee, which I had failed at previously. I proved this by missing only 1 day of class, and I graduated at the top of the class.

I was very proud of my accomplishments. I had four job interviews. Two of the companies offered me a position, and Ageon hired me in May of 1999.

Becoming an Ageon employee was a turning point for my family and me. Our family still received assistance for medical bills and some food stamps, but we no longer had to rely on FIP to provide us an income. I never imagined I would be working for such a wonderful company, and it was a very liberating feeling.

Our family also received help from a program called Cornerstone for a couple of years. They helped us by providing a counselor who came to our house every other week. We attended the classes they offered and took our children to the functions they supported.

After a year of living in a single-wide mobile home, we moved to a larger home in the same community. In March of 2002, we had another baby. Because of illness, my husband is unable to work. He stays at home and cares for the children.

I recently went to DHS to apply for food stamps. We have been approved to receive them, and having the extra help, we will be able to afford our expenses.

Being a one-income household with six children, it is difficult to keep above water at times, but with all the help that we have been provided, it has been possible. I enjoy my family and my job. We have come a long way over the years, and I hope by sharing my experience we will be able to help others someday.

When things looked grim and hopeless, there was always someone watching out for us. Thank you for the opportunity to share with you.

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

The CHAIRMAN. We thank you very much and wish you well.

I now go to Ms. Bingaman.

STATEMENT OF MS. DEB BINGAMAN, ADMINISTRATOR, DIVISION OF FINANCIAL, HEALTH AND WORK SUPPORTS, IOWA DEPARTMENT OF HUMAN SERVICES, DES MOINES, IOWA

Ms. BINGAMAN. Mr. Chairman, thank you for bringing this hearing to Iowa. We're very happy to be able to have such an important conversation here in our own hometown and our State.

I am, again, the administrator in the Department of Human Services who works with all of the income programs for low-income families. The flexibility that we were provided through TANF and through our State's legislation around welfare reform allowed us to do work in the area of prevention, which was something we had never done before.

We provided funding for a lot of different programs that prevented in two ways. One, it prevented people from having to come into the welfare system; and secondly, we believe that it will prevent future generations from needing welfare.

That's critical. We can't continue to Band-Aid those who are already in need. We have to help our children so that they'll grow up and not need those programs.

I don't have time today in 5 minutes to talk about all of the prevention programs, but I selected to talk about the diversion programs today.

We have three diversion programs that we began with welfare reform in Iowa with the TANF funding. One was preFIP diversion. FIP is our Family Investment Program that Donna talked about. It's the cash assistance. I'll talk a little bit more about that in a minute.

The preFIP diversion is available to our local DHS offices on a voluntary basis. That diversion is intended to help people access jobs or to prevent—or to help them maintain jobs.

We've had some wonderful results with that program. Since 2000, 1,030 families have been diverted from FIP through that program, and 76 percent of the families who received the assistance were able to stay off for at least 1 year.

There are challenges in that area. For one thing, budget has impacted this program. We've restructured. We've lost a lot of staff in the last couple of years because of the State economy, and the number of diversion projects that we have has dropped accordingly.

Our first focus is to provide those entitlement programs to families, such as Medicaid and food stamps, and unfortunately, prevention is very often seen as something that's not as critical. So there are some challenges around that area.

Another diversion program that we have is called family self-sufficiency grants, and that's flexible funding we provide to the Promise Jobs offices so they can meet the needs of people that they couldn't normally provide.

For both the preFIP and the family self-sufficiency grants, the number one need has been transportation. A second need in family self-sufficiency grants is uniforms, and we're not talking just about uniforms like a nurse would wear. We're talking about work attire. That is an expense that low-income families can't always meet.

Again, our goal with self-sufficiency grants was simply that people would keep their job or get a job. It had amazing results. What we found was that 52 percent of the families who received this assistance actually left FIP within 6 months, so the results far exceeded our expectations. Since 2000, 10,500 families have been assisted through that grant program.

Our third grant program, diversion program was called community self-sufficiency grants. They were much different in that they were grants to communities to address systemic barriers in welfare reforms; barriers that kept people from going to work. For instance, low-cost car repair shops, car loan programs, but there were two very innovative programs I want to point out.

One is the Beyond Welfare program out of Ames that helps to mentor families, and it brings together community volunteers from faith and other organizations to encircle that family with a support group. Each family has numerous adults in the community, non-welfare recipients, who help them find the way to help themselves. A wonderful program.

Another program that started out of that is the consumer advisory team. The consumer advisory team are participants who have been on assistance or who have been or are still on it, and Donna

is—how we got Donna today was pretty much through that process, I believe.

We have seven projects around the State. They are not department projects. They started out with a little bit of seed money. They have continued without that funding.

They've found other community support for those projects, because they are so critical. They help the families learn to advocate for themselves, and they've been a wonderful resource for the department. They review forms and pamphlets for us; they are willing to discuss policy changes with us.

I can't tell you how valuable that has been to us, but I also know it's been critical for the families that they're teaching to advocate.

I need to talk a little bit about the ongoing support that we provide people, because that is the cornerstone of TANF. It's not just about prevention. It's also about helping people.

Am I running out of time, Senator?

The CHAIRMAN. Well, I think since you administer these programs, why don't I give you a couple more minutes.

Ms. BINGAMAN. I'm very grateful. I'm sorry. I tried to trim it as much as I could.

The Family Investment Program is both cash assistance and employment training through our Promise Jobs program, which Donna mentioned, and it's the FaDSS program. FaDSS is Family Development and Self-Sufficiency. It's intensive case management for those families with the deepest barriers to self-sufficiency.

I think of those three programs as a stool. FIP would not be successful without every leg on that stool. It takes the cash assistance to allow the families to work toward self-sufficiency, and for those families with the most barriers, it requires intensive services.

Cornerstone is one of the FaDSS grantees. They go into the home every 2 weeks at least monthly to talk to the family and to help them overcome barriers.

Donna talked about the fact that she has six children. Bless her heart, but that is not the norm of a family on the program. They're individuals. Generally they have one or two children.

As Donna is unique, so is every person that we help. Some come in, and they need only a slight amount of help to do a job search or search for jobs. I'm sorry. To do a resume and search for jobs. Some need more help, such as Donna.

Mr. Chairman, as you and others discuss welfare reform in the future, I think there are five things I would hope would be remembered.

The first point is to ask the question that is frequently asked in Des Moines: "Is it good for the kids?"

Secondly, carefully consider the parents and the children who will be affected; their strengths and their limitations. We have to take both into account.

Third, the policies need to provide the most—the maximum possible flexibility so each family's uniqueness can be addressed.

Fourth, requirements must not increase the administrative costs for states, because that will drive funds from the families.

Lastly, even though it appears that TANF funding will continue at a stable level, we need to remember that inflation has not. Even

a level playing field in TANF we're very grateful for, but it hasn't kept up with the increase in inflation.

Funding has to be available to work on prevention as well as sustaining families in need. Thank you very much for letting me be here today.

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

The CHAIRMAN. Thank you. As I indicated to you privately, I would look forward to your working with us as we develop legislation.

Now, Ms. Anderson.

STATEMENT OF MS. LINDA ANDERSON, HUMAN RESOURCES RECRUITER, MERCY HUMAN RESOURCES, DES MOINES, IOWA

Ms. ANDERSON. Good morning, Mr. Chairman, and thank you for including me today. My name is Linda Anderson, and I work as a recruiter at Mercy Medical Center in Des Moines, and I've been there for the past 6 years.

I, in the past, have worked as a high school teacher and as a social worker. I've been in health care for 17 years managing either volunteer programs or working in human resources.

During the past 3 years, I've served as a contact for Promise Jobs, the welfare-to-work program. I have participated in job fairs, and I have helped screen and interview applicants.

Some of the challenges that applicants face are related to both child care and transportation, as others have alluded to. In the hospital many entry-level jobs require that individuals work every other weekend, and in Des Moines there is no local transportation on Sundays, so that is a potential barrier.

Counselors at Workforce Development help applicants to find resolution to these barriers. Related to child care, Mercy provides an accredited child development center for its employees. It's open both first and second shift Monday through Friday. The second shift is an opportunity for employees, one, because it pays better, and having affordable child care available on the site is a big benefit. However, I talked to our director this morning, and she said there is a waiting list for our child development center both in young children, toddlers, and infants. So that can be a potential problem.

The other issue is the subsidy of child care costs, and there are times, since our jobs pay more than entry-level, that applicants or employees may have to cut their work hours to maintain the child care subsidy. We have managers who have assisted and tailored work schedules to assist with those demands. The department managers must be flexible, and we've been fortunate that ours have been.

Other challenges in finding employment may be the acquisition of soft skills, such as interviewing techniques, resume preparation, and appropriate dress for interviews. Promise Jobs send us applicants who are well prepared and coached.

Should someone arrive who is not either appropriate in dress or resume, we will give that feedback to their counselor, and they work with that person so the next time the person interviews, they are better prepared.

In addition, Promise Jobs helps with the retention of employees through their follow-up program. We have a 6-month probationary period. Employees who stay beyond this point are likely to become long-term employees.

Promise Jobs provides follow-up for newly placed employees. This allows employers and employees to address concerns or problems that might come up during the probationary period. Follow-up is for both the employers and the new employee to increase the probability of success.

In addition, Mercy has hired people whose work history has been spotty. We have hired people as what we call “contingent employees.” This gives the individual an opportunity to demonstrate reliability and dependability on the job. Individuals can then post for either full-time or part-time positions.

I remember one young woman who applied for a position in the food service. She began as a contingent employee p.r.n. with no benefits. She then posted for a full-time position.

This is a win-win proposition for the employer, as we get to—they get to demonstrate the success that the individual may have, and we get to have a stable, long-term employee.

Job counselors, who are open to such arrangements, encourage the applicants to look at alternative ways to enter the workforce, and we appreciate that. Thank you.

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

The CHAIRMAN. Thank you very much.

It might be easier if you take the microphone out of the stand and just pass it back and forth while I ask some questions before I go to the second panel here. Let me just check my own time here.

I’m going to start with Ms. Littrel. You, obviously, need to be congratulated for a very inspiring story you have and for what you’ve done.

You mentioned in your testimony that through the Promise Jobs program, you were able to prove to yourself that you could succeed at work. Has the self-confidence you’ve achieved by successfully completing the Customer Contact Training Program helped you to meet some of your challenges? Maybe you could give us a short description.

Ms. LITRELL. Sure. It absolutely has helped.

Before going through the Customer Contact Training Program, the jobs that I held, you know, I didn’t have a job for more than 3 months. The longest was 9. They weren’t jobs that I felt that I could really do the best that I could. They were usually at a restaurant and didn’t pay very well.

At the time we were on assistance, and things were—always seemed very grim for us. It seemed like we were being evicted. We’d been evicted probably three or four times. We had been homeless two times. There weren’t a lot of people that were willing to hire me.

When the Customer Contact Training Program came along, I felt what an opportunity to go and prove to myself that I could be a good employee. And I never had imagined where I am now and the job that I have and the benefits that I have and the customers that I help each and every day.

Without being in the class, you know, I could have just as easily not picked up that flyer that day and still be working in a restaurant, and hadn't it been for the Promise Jobs program that I was going through as part of FIP; Cornerstone, which provided me with numerous resources; and the Breaking Barriers class, I can't imagine where our family would be.

Right now we have more than we could ever dream of having. It's been a great opportunity to take advantage of such a good program and to have the funds from the State. You know, if the funds weren't there, the programs wouldn't exist.

The CHAIRMAN. A second question before I go to Ms. Bingaman. This would be your opportunity, from your experience, to tell me, and through the record that we're keeping here of everything that's said, to other members of the Senate, what programs that you dealt with in the existing law ought to remain the same, and then any suggestions you might have for improvement or changing things.

And you don't have to give us a long list but maybe a couple policies or programs that you think ought to definitely be—stay the same, and a couple that you think maybe ought to be changed.

Ms. LITTREL. Sure. We seemed to have used quite a few of the different programs throughout the years.

The immediate cash assistance, when we used that assistance, we were homeless; it was getting cold outside; we were staying in a park; and it—we found somebody that would accept the funds from general assistance, and we needed them very badly. We really were looking at a winter without a home and four children. Just to have that, you know, without that—you know, it's been just amazing how those funds have been there when we needed them the most.

The food stamps, of course, thousands of families benefit from the food stamps program, and the Medicaid. Medical bills are very high. To have the Medicaid—right now we have it for our children, and that's a great benefit.

We were receiving the block grant for a while too, and when I first started working, that was a great thing for us, because we were able—I was able to be able to go to work, and the money I was making was there for bills and expenses, and it didn't go all to child care assistance.

The Cornerstone program, which is part of the FaDSS program, helped the family by providing someone that came into our house. She sat down with us. We went through our goals, went through the little barriers step by step, which, you know, it was wonderful to have some personalized help with that.

The CHAIRMAN. Those would be programs that you're suggesting keep pretty much in place?

Ms. LITTREL. Oh, definitely.

The CHAIRMAN. Are there changes that you might suggest, a couple changes to existing law?

Ms. LITTREL. A couple changes? I guess that's a very hard question.

The CHAIRMAN. Well, you don't have to have an answer right now. Why don't we go on to Ms. Bingaman, and then if you can

think of some, give them to us, because we've still got time to listen to you.

Ms. LITTREL. Sure. Thank you.

The CHAIRMAN. Ms. Bingaman, I, thank you for being here, and I think people that have experience in your position, some administration of the '96 welfare reform bill, obviously, have good insights that are helpful. You're kind of where the rubber meets the road.

According to the 2003 annual report of TANF, 56.9 percent of adults report no hours of activity. Could you comment on that statistic?

Before you answer that, however—please discuss the following: Are states engaging these adults in activities that the states do not report; and if so, could you comment on why states do not report these activities?

Ms. BINGAMAN. Yes, I can answer your questions.

There are about nine different activities that families can be in that are reportable to the government from which they calculate work participation. All right? We're getting pretty tucky here.

We have prided ourselves, and I feel it's the strength of our program, that we have a strong basis on individual services, on the individualization of the agreement for how families will become self-sufficient. It's based on each family's needs and circumstances.

So we allow activities that are not countable. We allow education beyond the 12 months; we allow English as a second language; adult basic education; life skills classes; caring for a disabled family member, if that's the most important thing for that family; mental health counseling; substance abuse treatment.

We allow a lot of activities that are very critical to overcoming barriers but that are not countable to the Federal Government. We have still been able to meet the work participation rate, I must add, and in fact, we've received bonuses for 2 years for our work activity, even though we allow a lot of activities that are not countable.

So I would say that that is why it appears that families are not participating. They are. They are just not in countable activities.

The CHAIRMAN. Could I follow-up? This isn't a suggestion I'm making, because I haven't formulated a decision on anything like this, but just to get feedback, would it—how would states look at and would they be encouraged to maybe do more if we would give states some credit for people that have less than 40 hours?

Let's just take an example. Something like maybe a full-time equivalent as you'd consider something like measuring people going to college. If you had two people that had 20 hours' worth of work and the State would get credit for the 40 hours, as an example, would that be helpful, and would it be an incentive for states to do even more?

Maybe the states—maybe you're telling us that since you meet your deadline, states don't need any more incentive.

Ms. BINGAMAN. It's a complicated question you're asking me, and I haven't been able to do calculations to figure out how Iowa would look if we did that. So I'm answering you from my heart and my head.

States have done a great job. We've gotten people off of welfare. Families are doing better than they were doing while they were on

welfare. We've helped with self-esteem in addition to financial issues.

We go through the hoops, so to speak, of calculating according to Federal requirements so that we can report and be considered to be successful in the Federal Government's eyes. That's the work participation rate.

That is not what we count as success. We count the earnings. We count how many people left. We count how much they make after they have education compared to no education.

I think getting that credit would be better than not getting credit, because it would allow us to count more things. I think it's a given we're going to have to meet requirements that the Federal Government puts in place, and we will do that, but to be very honest, it's more of an administrative burden. The more complicated you make the work requirements, the more of a burden it will be on states to do accurately, and any administrative burden takes away time from customers. So yes, better than nothing.

The CHAIRMAN. I didn't ask the question as a justification for Congress reaching the requirement of 40 hours. That has not been decided as far as I'm concerned, as far as the Senate is concerned. It has been for the President. It has been for the House.

And maybe I would come out there, but I'm not there yet, so I'm not asking for that reason. I'm just asking as a way to encourage states.

Ms. BINGAMAN. It does encourage. Whatever you have to count, you do.

The CHAIRMAN. But now you can't count those people less than the required work requirement at all?

Ms. BINGAMAN. That's correct. I think the thing I just have to be clear about is that everybody isn't ready to work even 20 hours a week. Some families are afraid to even go out of their home; or they're in a domestic violence situation, and they spend all of their time just trying to be safe.

So yes, for those who can work, they absolutely should work, and they should work the maximum, but everybody is not ready for that.

The CHAIRMAN. You talked a little bit about your diversion program. Let me follow-up.

As you stated, the numbers are very impressive. I think you said 76 percent of the families receive prewelfare diversion help in State fiscal year 2000, and they remained off the welfare rolls for at least 12 months.

When we consider the re-authorization of the '96 act, what policies do we need to keep in place in order to allow Iowa to continue operating our successful program?

Ms. BINGAMAN. We need that flexibility, is the main thing; flexibility to provide nonassistance programs. We don't ever want to go back to the days where we just gave out cash and did a minimum employment training program. We need flexibility of how TANF can be spent.

And secondly, I'm sure you hate hearing this as much as I hate hearing it from people who want money from me, but money is important. As caseloads have gone down, states have been able to reinvest their MOE and their TANF into prevention programs.

Some of the discussion at the Federal level is around, “Well, you can’t need all of that money anymore because your caseloads are down.” Without the money you can’t do diversion; you can’t do preventative services to help families stop from coming into the welfare system or that will help children grow up not needing it.

The CHAIRMAN. Okay. I’m now going to Ms. Anderson. I thank you for being here.

Could you describe for us—well, you provided us with very important insight about moving individuals from assistance to employment. You referred to in your testimony when you discussed soft skills and the fact that the lack of these soft skills may prove to be a barrier to those looking to move from assistance to meaningful work.

Describe what they are and how you and your partners at Promise Jobs work with clients to address soft skills.

Ms. ANDERSON. Sure. Some of that is interview preparation. People who know how to present themselves in an interview, know about eye contact, know about the self-esteem that one needs to walk into a job interview carrying with him or her.

What we would do is I go to Promise Jobs, and I present information about employment opportunities at Mercy, and I address some of the issues in those presentations; what we look for in applicants, issues regarding criminal backgrounds and honesty. So we help to prepare people for questions that they may get in an interview environment.

The CHAIRMAN. In your testimony you discussed challenges many of the individuals you work with face regarding reliable child care. Elaborate just a little bit on the challenges, but more importantly, what can we do to assist those who are looking to engage in meaningful employment to get access to reliable child care.

I believe there will be more money for child care in any compromise we get through Congress, although it might not be as much as some would like.

Ms. ANDERSON. The availability of child care. When I talked with our director today, she said a number of child development centers in the Des Moines area had closed. So the availability of child care for certain ages, particularly younger children, would be appropriate.

And I hate to mention money, but the number of hours that people can work and still maintain their child care subsidy, I think, is important to look at.

The CHAIRMAN. Now, before I go to the next panel, did you have follow-up? I asked you to think about some changes in the law, Ms. Littrel.

Ms. LITREL. Thank you. Actually, one of those does have to do with child care and the block grant. When I was on the block grant, it seemed as though when I came to a certain point in my income, the block grant disappeared. And I felt, “Well, it would be nice to have it kind of taper off rather than just completely disappear.”

That was a challenge. We made it through the challenge, but it still was a challenge at the time.

So I felt, you know, maybe they could do something to change that and make it a little easier on families that are working full time and all of a sudden face the burden of a full child care bill.

The other one is the Medicaid program. We were on Medicaid. My whole family was on Medicaid last year until December 31st. Our income had not changed, but the program ran out, and now it's quite a big burden, as far as medical bills go.

So we don't have that—for my husband especially, who has an illness and does receive medical treatment and a lot of prescription drugs, I do have insurance through work, but still, it's very, very expensive, and the Medicaid program offered a HIP program which pays the copays and the insurance premiums.

It's a great benefit, but for us it seemed like it disappeared when our income didn't change. Thank you.

The CHAIRMAN. Well, I thank the first panel. And normally in Washington we would dismiss the first panel, but since we anticipate audience participation, I hope that each of you can stay and maybe respond to some of those questions.

Now in the order of Representative Dave Heaton, and then Sonja Marquez, and then Ron Haskins.

Move the microphone over. You might have to get it closer. I don't know. Maybe not.

**STATEMENT OF HON. DAVID HEATON, REPRESENTATIVE,
IOWA STATE LEGISLATURE, DES MOINES, IOWA**

Representative HEATON. Chairman Grassley, my name is Dave Heaton, and I'm a member of the Iowa House of Representatives. On behalf of the Iowa Legislature, I would like to welcome you to Iowa.

We appreciate your interest in Iowa's Family Investment Program and our vision of how we can work together to move welfare reform into the 21st Century. I serve as House Chair of the Health and Human Services Appropriations Subcommittee, which oversees the use of Iowa's TANF funds. Representative Bob Osterhaus, our ranking member, and members of the subcommittee are here today, and I would like to introduce the leadership and members of the policy committee that has jurisdiction over welfare, the human resources committee. Representative Dan Boddicker is our chair, and Representative Mark Smith is our ranking member.

The CHAIRMAN. Welcome colleagues of Representative Heaton.

Representative HEATON. Mr. Chairman, I would ask that the written comments I have already submitted to the committee and these comments be entered into the record of this hearing.

The CHAIRMAN. That will be done.

Representative HEATON. Iowans are very proud that our Family Investment Program has helped thousands of families become self-sufficient. Since 1994 we have seen our caseload drop by over 50 percent. This has allowed the State to invest in the innovative approaches that have helped more Iowans move from welfare to work. We were able to do this because Congress, in its foresight, gave states the flexibility to design a program that met the needs of their citizens.

One of the ground-breaking programs that Iowa led the nation in creating is diversion. This approach helps a potential FIP recipient by addressing the issues that may force them onto welfare without actually going on the program. An example of this is a lady in Cedar Rapids who lost her job just 11 weeks before being trans-

ferred there. Instead of leaving Iowa, she created her own business, but after she started this new enterprise, she became injured and lost her ability to work.

The family faced a choice. They could abandon her business and go on FIP, or they could utilize diversion to deal with this crisis and preserve the business. She, like many other Iowans in similar circumstances, chose to utilize diversion, and the State helped with some of her medical costs and house payments. Today she is still in Cedar Rapids enjoying the fruits of creating a successful business.

This was a successful effort of our FIP program, but it does not count towards the performance measures set by Congress in 1996. This option would not have been available if states had not been granted flexibility in designing our programs. If stringent work requirements were to be implemented, states like Iowa may be forced to drop such innovative and effective efforts like diversion in order to meet the Federal government's performance measures.

Mr. Chairman, access to child care is a key component for the success of welfare reform. In Iowa we have utilized TANF funds to increase eligibility for child care assistance and the rates we pay to providers. We have undertaken initiatives to improve the quality of child care and provided funds to localities through our community empowerment initiative to design child care programs that meet the need of their FIP recipients.

All of this occurred because states were given flexibility on how to use funds and how to run child care programs. If we are to continue such efforts and meet any enhanced work requirements, we must maintain State flexibility to design child care programs that fit our state's needs.

Another key component of Iowa's program has been emphasizing job training, helping Iowans acquire the skills that businesses need in a very successful strategy—is a very successful strategy in getting Iowa's families back to self-sufficiency.

In my hometown of Mt. Pleasant, we have recently lost one of our biggest employers, Bluebird Bus. Many of my friends and neighbors have lost the only jobs that they have ever had. Some may need help getting back into the job market.

We know that Iowa's economy must change to compete in the 21st century. We must develop new industries that maximize Iowa's resources.

To assist this, FIP must make an even stronger effort to provide program participants with the appropriate job skills. I am concerned that some of the proposed rules for work participation may force states to sacrifice job training for the sake of meeting Federal requirements.

Mr. Chairman, I want to express the willingness of legislators here in Iowa and across the country to work with you in this process. The success that families have enjoyed all across America was created by a partnership between the Federal and the State government that gave states flexibility to meet their individual needs. We hope that we can maintain this cooperative spirit in working together to assist Americans in need by giving them the tools to move to self-sufficiency.

Thank you for the opportunity to address you on this important issue.

[The prepared statement of Representative Heaton appears in the appendix.]

The CHAIRMAN. Thank you, Representative Heaton.
Now, Ms. Marquez.

**STATEMENT OF MS. SONJA MARQUEZ, BOOST 4 FAMILIES,
GLENWOOD, IOWA**

Ms. MARQUEZ. Chairman Grassley and guests, thank you for the opportunity to appear before you today to discuss welfare reform. My name is Sonja Marquez, and I'm the community coordinator for the Community Empowerment Initiative in a three-county area in southwest Iowa.

During the 1998 Iowa legislative session, the Iowa Community Empowerment Initiative was adopted. I am here to talk to you today about how community efforts focused on children and family can have an impact on the success of welfare-to-work. Boost 4 Families is the name of our three-county collaborative in southwest Iowa serving Cass, Mills, and Montgomery Counties. The total population of those three counties is 41,000; a little higher, but right around there.

When Iowa's legislature created the empowerment initiative, Boost 4 Families chose to add this to its area of focus. Boost 4 Families has been effective in working together since 1995 on issues impacting children and families and continues today to identify needs and blend various funding sources to provide both early education and prevention programs to our community.

Boost 4 Families' success in bringing together citizens, governments, and local agencies was recognized in 1999 by the National Partnership for Re-inventing Government with the designation of a Boost 4 Kids site and last year, in the year 2002, by the Metropolitan Area Planning Agency with a regional service award.

Boost 4 Families relies on many community lay participants as well as public and private agencies to help us achieve our goals. We firmly believe that strong families are Iowa's future.

Boost 4 Families has been successful at implementing locally identified programs to promote school readiness, early education, and improve the quality of child care offered in our three counties. My perspective during this discussion will be based on my experience of community challenges and opportunities that rural Iowa faces when addressing child care, transportation, and other supports for our children and families.

Iowa ranks second in the country in the number of working parents with young children and first in the country in the number of working parents with school-age children. The Iowa State Child Care Administration reports that approximately 85 percent of families in Iowa are in need of child care services.

This is a great example of families in rural Iowa where—who I represent. Frances was a divorced mother of two children. She lived in the small rural community of Villisca, Iowa. She worked long hours in a factory located in Clarinda, Iowa, which was about 20 miles away from her hometown.

One of her children had attended—attends special classes for children that have been diagnosed with behavioral disorders, and that is located in Lenox, Iowa, which is 30 miles away. This left a dilemma for her, since her youngest daughter would be left home in the morning and after school.

Once Villisca established a before and after school program, Frances enrolled her daughter and feels assured that she's provided a healthy breakfast and is taken care of while she goes to work during the day.

In rural areas it's not unusual for work, school, and home to be located in three totally different communities often in opposite directions. The Villisca Community School District, a district with a high proportion of low-income households, identified many families in their community facing this same problem.

The district pursued development of a before and after school program for the kindergarten through fifth grade, and their vision was for the program to also include opportunities for parental learning. School officials and community members were aware of a significant number of children who were routinely left unsupervised while their parents fulfilled their work responsibilities.

Villisca's innovative family support program includes on-site before and after school academic and enrichment activities for the children plus a number of parent/child learning activities. It focuses on nutrition, health, fire safety, substance abuse, domestic violence, first aid, and asset building; and a mentoring program which includes service learning and intergenerational mentoring and academic encouragement.

Students from the Villisca before and after school program spend time at a nearby nursing home working—excuse me; often sharing snacks, one-on-one time, and recreational activities with the home's resident's. Older youth and senior citizens in the Villisca community act as volunteers, tutors, and mentors for the younger students.

Parents do not simply leave their children to be cared for at this site. They commit to taking an active role; making donations of board games, volunteer time, career skills, puzzles, and other indoor activities.

This program serves over 100 students. This is from a district that has a K through 5 population of 176 students.

When the State child welfare funding was no longer available to help support this project, fund-raisers and local grants and community support continued to sustain this program for the community. The need was there. The solution was explored locally, and an opportunity was created to solve the program. Local ownership of the solution has made a big difference for the families in Villisca.

Each community faces challenges to support their children and families. The direction this program took is a great example of how communities can develop solutions to their local issues.

Our government, both State and Federal, can play an important role in the implementation and support of these programs. Incentives should be made available for employers in rural Iowa to help establish child care for our youngest citizens. Federal assistance could be developed to assist local rural school districts in developing before and after school care for our children.

The 21st Century Learning Centers Grant represents a great beginning for the State of Iowa, but many school districts, not just those in low-income areas, need these opportunities available. Iowa and our Federal Government cannot turn a blind eye to the dilemmas created by the rural nature of our communities and the high number of working parents.

Although the welfare-to-work legislation had good intentions, it has left gaps for working mothers in rural areas. Child care and transportation, as noted earlier, are areas that need additional resources in order to ensure that these families needs are being met and that each of them can be assured of a safe and secure place for their children.

The Villisca story I shared with you today provide an example of what works for families. I would encourage you, when considering the welfare-to-work initiative, to give strong consideration to the lessons we have learned in Iowa's rural communities. Working parents can be successful when given critical supports of child care and transportation. Thank you.

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

The CHAIRMAN. Thank you.

Before our last witness, I might encourage you now, if you have thought of some questions and put them on the cards, to pass them down to the end so we can have them here. If you haven't done it already you can do it now.

Now, Mr. Haskins. Thank you for coming a long distance to be here.

STATEMENT OF RON HASKINS, SENIOR FELLOW, BROOKINGS INSTITUTION, WASHINGTON, DC

Mr. HASKINS. Thank you, Mr. Chairman. I'm very pleased to be here. I've learned something. You can come from Washington, D.C. to Des Moines, Iowa, in February and have better weather. Cars are going up and down the street without running into each other. It's amazing. Thank you for having me out here for this balmy day here in Des Moines.

My name is Ron Haskins with the Brookings Institute and with the Annie E. Casey Foundation. Previously I worked with the Ways and Means Committee, and I worked with the White House on welfare reform and other social policy issues. I'd like to divide my testimony in two parts. I'd like to say a few things about the results of the 1996 act, and then I'd like to talk about specific re-authorization issues. I'll try not to make it too boring and deal with it this way, but I think we need to deal with specific issues you will face in the days and weeks ahead, so I'd like to make comments about them.

You should have a copy this. It should be somewhere there on your table. If it's not, I will get it for you (indicating throughout).

The CHAIRMAN. I don't have one, but why don't you go ahead and begin your testimony.

Mr. HASKINS. There are 50 copies, so people in the audience do have it too. What I tried to look for for several months is one chart that captures welfare reform, and I think that's what this chart does. What this chart shows is—it's from the current population

survey. This is the bottom 20 percent of female-headed families, so this is all female-headed families in the United States below \$21,000, including zero. What this shows, between 1993 and 2001, is their income from welfare, which is primarily cash and food stamps, and from earnings plus the earned income tax credit. As you can see, throughout this period earnings from welfare is declining, and simultaneously earnings—income from earnings is increasing.

So think of this, Mr. Chairman. Over a 10-year period on this, after welfare reform passed, income from welfare for female-headed families in the United States is declining continuously, and earnings plus EITC is increasing continuously. This is for the whole country. It goes all the way down to about the bottom 6 or 7, 25 percent.

So this shows that welfare reform has been a smashing success. If the definition of “dependency” is less welfare income and more earnings, then that is exactly what’s happening in the United States following welfare reform.

The bottom line here is: They earned the money themselves. It’s the single mothers that really deserve the great congratulations. Of course, the Senate Finance Committee had the foresight to give states the authority to set these programs up in ways that work for the income purposes circumstances.

The second chart—and you will recall, Mr. Chairman, that we had quite a serious and sometimes even colorful debate about family composition issues in ’96, and we’re having another one. Republicans were insistent on including a number of provisions that would reduce nonmarital births and in the legislation put in 15 provisions that they thought would reduce nonmarital births.

What I have brought here is data from the National Center for Health Statistics. As you can see by all three of these measures—these are all measures of nonmarital births. By all three measures, nonmarital births increase relentlessly starting even at the end of World War II and increased more and more until the Welfare Reform Era starting in about 1996, and now it has leveled off.

In fact, we have a number of studies which show that especially for black families and black families with children only under age 6 that marriage rates have actually started to increase. So not only does it reduce nonmarital birth, it increases the marriage rate. This is exactly, again, what the act intended to achieve, and we’re moving at least in that direction.

These results are not as dramatic as the results from work shown in the first chart, but I think they do show you that things have been successful.

What do we do now that we have to re-authorize this legislation? Obviously, the basic answer is: Leave most things the way they are. The thing is working very well. I think that helps very much as a background condition.

There are additional things we can do, and let me talk about them in two categories, as I have the results; the work and the family composition issues. On work, as you know, we got all cross-wise in Washington. I think a lot of it was unnecessary. I think there are compromises here to be had.

As you know very well, the Senate did not pass a bill last year. If the Senate had passed a bill and we had gotten to the situation where you guys could really cut some deals in the House/Senate conference, I think we would have gotten a bill last year because there are compromises to be had here. The biggest difference in the work requirements is the hours, and this is what Representative Heaton was referring to; that a lot of the states do not like 40 hours. The problem is that there's a glitch in the '96 legislation so that states, despite all the fanfare, basically have no work requirement, because they got credit for the declining caseload. As a result, the average State only has a 5 percent requirement.

Now, the states point out, and I think it's correct, they've done a good job even without a true work requirement, but still, I believe the Federal statutes should reflect the actual policies that Congress favors. So that glitch needs to be fixed.

The President recommends that we create a 70 percent work requirement and modify the caseload reduction credit so that the average State would have around a 20 percent credit. So the real percentage requirement would be 50 percent, and I think that's an entirely reasonable approach.

Now, the problem was the caseload reduction credit or in this case the employment credit, which is a version of the same thing that your committee came up with last year—not you personally, but other members of the committee—actually had the effect, again, of undermining the whole work requirement. So the thing is not going to work. The Administration was very clear about this. We met several times with people who worked on credit. It has to be different credit.

Mr. Chairman, I hope when you draft the final credit, the State should get credit for helping people leave the roles or getting jobs or some combination of those things, but it should not reduce the work requirement below 50 percent. That will solve it. We can get a deal there. I think the Democrats and Republicans will accept it.

Now, on the work requirement, the Administration wants 24 hours of actual work; that you would be in work program 24 hours, and 16 hours of other things not very carefully specified, and a lot of things qualify for that 16. So the total is 40 hours. All sides have agreed to the 24 hours, which, to me, is the most critical part of the requirement. So the real fighting is over the 16. To be honest with you, I bet people in this audience, if they could hear some of these discussions, they might be a little surprised that these people in Washington get all worked up about this 16 hours.

The key is to have a serious, substantial work requirement, so I don't think 40 hours is magic. If it's 24, if it's a real 50 percent requirement, then I think it would work then if it were 35 or 36 hours or 34.

Representative Heaton might want to say 30. I think there are a number of deals available along these lines, so we can fix the flaw in the statute and do a good job of having the serious work requirement.

Now, the family composition issues. First we need to leave several things in place, all those 15 things I talked about in the legislation, and the President's bill proposes to do that.

The second thing is that the President proposes about a \$200 million a year marriage initiative. It totals 300 and advocates the states manage the money, which is something I think you should carefully consider. In view of the state's financial condition, it might be difficult to get states to do it.

This is exactly a reasonable proposal. The states don't have to do it. If they want to do it, they can adopt programs; counseling programs, employment programs, all kinds of different programs that would help young parents, often parents that already have a child, and about half of them already co-habit.

About 80 percent of them tell interviewers that they have thought about marriage and are interested in marriage. If they're interested in marriage, then the State could have programs to try to help move them towards marriage, such as employment programs, parenting programs, and so forth. This is entirely reasonable. It's voluntary. If Iowa doesn't want to do it, they shouldn't have to do it. But marriage, as research now shows clearly and has total bipartisan agreement, is the best situation for children, and children reared in single-parent families are disadvantaged in many, many respects. So the more children in two-parent families, the less crime, the higher school achievement, the less delinquency, and so forth.

This is a reasonable approach. We don't know if this will work. This is a key point, Mr. Chairman. You should insist that there be careful research attached and evaluate all of this, when the states try these demonstrations, like we studied in the early 1990's and late 1980's, they'll find out what works, and if that happens 5 years from now when we have another re-authorization, we'll have a lot more information about whether these marriage programs work and the other programs that have to do with family composition and will be a great help.

Mr. Chairman, there shouldn't be any question of your leadership or the leadership of the finance committee that we can pass a bill this year and give the states 5 years of certainty that they're going to get these funds that they need so badly to continue these programs that have been spectacularly successful.

Thank you, Mr. Chairman.

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

The CHAIRMAN. Thank you very much. I'm going to have some questions for this panel, and then we will immediately go to the questions that have been submitted. I think I want to follow up with Ron, just as a way of clarification, but I think you've said it adequately enough, but let me ask a very direct question.

There's nothing in the President's proposal about marriage that's going to have the Federal Government insert itself into State laws on marriage. There's nothing in the President's proposal that's going to make states force people to get married. There isn't anything in the President's proposal that does anything, other than encourage states to put programs in place, if they want to, that would encourage healthy marriages.

Mr. HASKINS. Yes, and I can go a step further. At least half the states are already mounting some usually fairly small programs. Oklahoma does have quite a large program, and all of these pro-

grams are voluntary in nature. There's nothing coercive about these programs, so the answer is clearly yes.

The CHAIRMAN. Representative Heaton, I've talked to you over many years because of your work on welfare reform in the State Legislature, and I appreciate your leadership in that area; most importantly, your constant consultation with me and discussing with me over the years, problems not just in areas of welfare but a lot of other areas as well.

Based on what you've stated even though the '96 reform programs have worked are there changes that we could make to the program that would preserve the flexibility currently available to states while at the same time enabling us to improve work participation requirements that Mr. Haskins has discussed very thoroughly?

Representative HEATON. Well, I think, first of all, I'd like to congratulate Mr. Haskins for being here and you inviting him, Senator, because for those of us who work with the re-authorization, his book that he wrote with another individual not only gives us a history of the making of the bill in the first place, but the performance that has happened in these last 5 years are a textbook for us in helping us come up with our decisions. I appreciate your contribution to all people in the United States who are working with this issue.

Well, I think, Senator, that I'm concerned about some of the mandates that might come about that would cause us to lose some of our flexibility. For instance, in the area of child care, there's been discussion in Congress that strings be attached to any new child care money that might come to the states; that they would mandate to us that the money be used for education, which I have no problem with, but I might have a disagreement on how much; and also a discussion that they would tell us that we would raise the wages that we pay in our child care system, which I know there is a great need.

However, we have heard about waiting lists, and we have heard about shortage of slots for child care. So if the requirements that you ask us to do in receiving this new money are to—are at a high enough level, a high enough request, if we made an analysis with new money we received, it would probably amount to zero in new child care money available to the state; and therefore, a shortage would continue to exist.

The CHAIRMAN. And, thus, hurt Iowa's ability to meet the work participation rates? Is that your point? Because my question was related to flexibility and work participation rates.

Representative HEATON. That's absolutely true. I mean, in other words, to get people to leave—to move off welfare and into the workplace, you know, the big thing about what you've done is that we have moved from cash assistance—and this system was built on that precept on the first place, but as we have experienced success in removing people from cash assistance, the money that's been left has allowed for a system to evolve that provides support for those people to continue to be in the workplace and to provide a safety net for them so that they will not fall back into poverty.

The CHAIRMAN. Could you suggest to us any way Iowa could make improvements in the area of moving people to full-time work?

Representative HEATON. I think, as far as I know—and I use Mrs. Bingaman as a resource. I think that we're doing an outstanding job. You know, if there are improvements, I'd be welcome to support them, but I have nothing specific at this time.

The CHAIRMAN. That's legitimate.

Now I'd like to move on to Ms. Marquez. I thank you too for your participation. Your analysis of the issues facing those attempting to make the transition to self-sufficiency has been valuable, because you're working in the grass roots on it. You raise a number of important issues.

So referring to your testimony, some of the challenges unique to rural areas is what you were talking about. Could you elaborate on any of the challenges—I'd like to have you touch on especially those associated with transportation. You've already dealt with quality child care.

What can we do at the Federal level where you see the money being expended to make your job a little easier?

Ms. MARQUEZ. I would start by saying we've addressed the transportation issue in providing transportation for preschool students through our empowerment grant. At the local level you have to be somewhat creative. When you're looking at rural Iowa, not all services are available in all areas. So when I look at my three-county area, we've been very creative in contracting with school districts to provide transportation. Not all school districts have stepped forward because of the costs associated with that.

In some areas I've actually contracted with taxi cabs to take a child, and I've purchased the car seat for the cab. They go, and they pick the child up and take them to and from preschool.

In another area we have a Southwest Iowa Transit. It can be somewhat costly, but there's a child care provider that has several children, and it's much more cost effective when you can pick up, you know, three or four children and take them to a preschool environment and back.

So I would say allowing the communities the flexibility to spend the money and seek out those local opportunities. We have to be able to create those opportunities. If we see that need and we have—we know that we are in need of that service, let the local communities have the flexibility to develop what's going to work for them.

The CHAIRMAN. I think you gave us a pretty good illustration through the Villisca, Iowa example, about certain activities that you do in the way of mentoring. Do you have additional examples? Because I think I'd like to know if you are working with groups, other than the senior citizens like you did in Villisca.

Ms. MARQUEZ. If I had the opportunity, I would replicate that program in every community that I work in. It's been an overwhelming success, and I think it stems from the community coming together, and they did an excellent job. They surveyed the community members, the parents, the students to see if they really wanted to come, and all of this just laid the groundwork for a wonderful program.

The intergenerational mentoring is, I think, probably the highlight of that program. Working—

The CHAIRMAN. But do you have—that's a very successful program, but even though other programs might be less successful, do you still have programs like that in other places in your area?

Ms. MARQUEZ. We have in the past been able to support those programs through empowerment dollars, which I was highlighting at the beginning of my testimony. Those dollars are specific for a zero to five population. So we're not able to expand that into the school-age support of child care. So when we're looking at before and after school programs, those funds have really been depleted at the local area.

If you have an opportunity to consider block granting money down to the local communities to support the rural school districts in developing the before and after school programs, it provides a safe, nurturing environment. The children are cared for, and there's transportation opportunities through the school districts, if we could explore some incentives or some sort of financial assistance for them.

The CHAIRMAN. Mr. Haskins, following on a very strong argument you made about marriage, it makes a degree of practical sense that promoting healthy marriages would function as a prevention strategy against bad outcomes, such as school failures for children or economic hardships for families. I assume that there's no doubt you agree with that premises. If you do, could you elaborate on how promoting healthy marriages works to combat negative scenarios.

Mr. HASKINS. Let me say, first of all, that the marriage strategy is, I think, exactly correct, but it has one flaw, and that is: There is no program that indicates that you actually can increase rates of marriage. That's why I think the President's proposal was just the right one, because the states are the energy of almost all social policy.

They're the ones that develop new techniques and new approaches. So if we give states money and set the goal and let them figure it out, they will, and there will be successful programs around the country.

And they will do—all social scientists or virtually all social scientists agree now that—you know, I should point out that your former colleague, Daniel Patrick Moynihan, was really the first person to raise this issue in 1965, when he was an assistant secretary to the Department of Labor. And he wrote a paper arguing that the reason many low-income families in the United States could not get ahead is because the children were born outside the marriage, and that imposed tremendous disadvantages on them generation after generation. And that created a huge uproar; in fact, so much so that that topic really disappeared from sight for many years.

But researchers eventually began to study it very carefully, and they found exactly what he said; that both the children and, incidentally, the adults as well, are better off in marrying and having two-parent families for the children rather than in single-parent families.

So if we could increase the proportion of American children who are in married, healthy relationships, as we, in fact, are doing now, partly as a result of welfare reform, then the country is going to

be better off, and many of our domestic social problems—crime, school failure, welfare use in the second generation—will also decline.

The CHAIRMAN. I think you answered my second question I have for you in this one statement you just made. I have 8 minutes before we get to the bottom of the hour. I just wondered if it would be appropriate—this isn't something you have to do—if there's something somebody wants to supplement from one panel to the other or within a panel or some disagreement that you would like to have a rebuttal for or anything like that, I think it would be valuable for me, but I don't want to take more than 8 minutes to do that, and I don't want one person to take 8 minutes.

Representative HEATON. I just want to be short. There was one concern I wanted to ask you about that is important to me, and that is the work requirement.

Yes, I do have concerns about a 40-hour work requirement. I think there's a more reasonable level; 32, 30, somewhere in that area. Twenty-four hours of actual work, I do have some concerns that job training or job search will not be included in the 24 hours. I think that that flexibility needs to be included in the 24. But it's the balance of the—after the 24 what do we do with the remaining hours? It's been suggested that make work in communities, service work, whatever, needs to be done. These type of activities could be included to try to reach the amount of total work that you might require.

The thing that bothers me so much is not necessarily going out and doing other things besides your job. Remember, you're dealing with a lot of single-parent moms here who have children at home, and they might not be able to do these kinds of activities and still be a good mom.

And at the same time we have the participation rate. I'm fine, Mr. Haskins, if it's at 50 percent. I'm very fine. But if it's maintained at a tough, no-compromised 70 percent, then I feel, then, that—and this work will have to be documented, because at the end of the 5 years, we will have to prove it; that 70 percent, we've engaged 70 percent in work activities and have the documents to prove it. The documentation of make work in communities and to have all those documents available and provable will be an administrative cost that will be huge to the State of Iowa, and as you get into the more populous states, will be a tremendous sum of money.

The CHAIRMAN. Thank you, Representative Heaton.

Now Ms. Bingaman.

Ms. BINGAMAN. Just two points. I also believe 50 percent at 24 hours is a doable level of a requirement, but I want to point out that Iowa is a highly service-driven State. Our employment is usually around service. A lot in hotels, hospitals, restaurants, insurance companies. Most of the jobs that are available for entry-level people are not full time. They do not have benefits.

Lastly, even those people who leave FIP, our welfare reform evaluations show the leavers who left because they were no longer income eligible were only working 32 hours a week. I don't see how 40 hours is reasonable, given the fact that we know the participants, even those who leave, don't get 40 hours of work.

The CHAIRMAN. Anybody else before I go to the questions from the audience?

[No response.]

The CHAIRMAN. Okay. Then we'll have extra time for questions from the audience.

Becky here is our finance committee staff person in this area. She has some other people that work with her. I've asked her to kind of go through the questions we've got and kind of get some that are kind of typical so we get a wide array.

First one is to Mr. Haskins. This is on the Mathematica Research Project which found that the Iowa FIP program recipients married less often than a control group that received benefits from ADC.

Mr. HASKINS. Yes. I have read the study. It's a remarkable study. I think that Ms. Bingaman may want to make some comments about it as well. I would point out to you that Mathematica is a very reputable organization. We have to accept the results and pay attention to them.

I would point out to you, first of all, it's the only recipient, Mr. Chairman, that show these negative effects. The other groups in the study showed more positive effects.

The second thing is that as much as random assignment, when you have an experimental control group as far as social science, so is replication, and these results have never been replicated. In fact, most other State results also by random assignment, very good studies from like the Manpower Administration Research Corporation, show the opposite; that people in mandatory programs, especially if they increase their income, actually marriage increases, and family violence declines.

So I think we have to pay attention to this result. It's a serious result, but nobody can explain how it happened, and I would caution you it's only one group. It's only the applicants that had these negative effects. And Ms. Bingaman may have something to add to this.

The CHAIRMAN. If you want to, you can. It wasn't directed to you, but if you want to comment, please go ahead.

Ms. BINGAMAN. I'd still be happy for the opportunity. As Mr. Haskins indicated, there is some limitation to the findings. The evaluators had about three theories for why this could have happened. Off the top of my head, this report came out in June.

I can remember two of the theories. One was an aversion by the potential partner of involvement in our Promise Jobs program. If they married and they were still on welfare, that person had to agree to do a family investment agreement and be working towards self-sufficiency. So there is the potential that it was the other partner who didn't want to get involved. Another theory was that the women were learning that they could support their family. They were outside in the workforce meeting new and different people, and they didn't feel the rush to become married in order to support their family.

I want to point out lastly that those who—I thought I had the microphone on. I'm so sorry. I hope you heard that. It was important. I won't repeat myself, but I hope you caught some of that.

Lastly, for those who did marry in the control group, the new partner brought I know it was less than \$150 a month into the

family. I don't know that that's necessarily a successful marriage. I guess that really does lead me to my last point.

We really don't know what the success of those marriages were. We don't know if it lasted or didn't last for either the control or experimental group. So there's a lot to think about when you get an evaluation finding.

The CHAIRMAN. Now to Donna. What is your opinion on the availability of programs, like the customer contact program, that partners individuals seeking skills with employers who hire them? How did this program help your self-confidence and work readiness skills, and would you have the job you have today without investing in your education?

Ms. LITTREL. Well, the answer to the last question is: Absolutely not. I'm very confident that Ageon wouldn't have hired me if it hadn't been through the Customer Contact Training Program. Ageon, along with about seven or eight other businesses in the local community, partnered together to help this program become successful.

They really had a business need for well-trained representatives, and it didn't seem as though there was, quite frankly, the education out there. You know, there really isn't a school for customer call centers, and they decided to create this program.

As part of the program we learned, you know, about what a call center environment is like. Without becoming—without being an employee of a call center previously, I really had no telephone skills or computer skills, and I learned all of those skills at the class.

We also had the opportunity of going to each one of those businesses and looking at how they operated and seeing for ourselves that that would be a place that we would want to work rather than just getting a job, going there, and finding out later that that wasn't what we wanted to do. They also, you know, helped us with interviewing and resumes. It was a great opportunity. Thank you.

The CHAIRMAN. Thank you. I think the next question is for me and maybe could also apply to Representative Heaton.

What are your suggestions of how we listen to families and involve families in shaping policy versus demanding families fit the requirements that others have designed? Then the comment is that often the ones who design the policies have never been in the shoes of those who are being told to meet the requirements. I won't go into my background. I've never been on welfare, but I think as a factory worker on minimum wage during my early years in politics and starting out farming that I know what it is to live on a low income, and I'm one of the few people that have gone to Congress that actually made money going to Congress. Most people in Congress lose money going to Congress. I know you aren't going to feel sorry for them anyway. When I leave Congress to go back to the farm, I'll have a lower income.

Well, I shouldn't say that. That's not right. I'll have retirement from the Senate, but let me say this: Okay. First of all, that's what this meeting is all about partly, but I think, more importantly, it's town meetings I have. You know, I have—you probably get tired of me bragging about it, but I go to every county every year to hold a town meeting.

It's not the case that during every one of my town meetings do people on welfare come, but yesterday two people that came to my town meeting in Vinton expressed their points of view not necessarily about this legislation, as the question implies: "what do we do to listen to people about our legislation", but they've at least come to my town meetings to tell me what it's like to be on food stamps and to get help of one sort or the other and to be unemployed for a long period of time. And I always open up my town meetings by saying, "It doesn't do people any good to come and spend an hour with us face to face in the spirit of representative government, Q and A, if you don't follow it up by letters."

I always try to answer every letter. In fact, I brag about answering every letter, and if you write me a letter and don't get an answer, you need to write me and ask me why I didn't answer you.

Representative HEATON.

I'm really glad that somebody asked that question. Since I've been involved in the human services committee and been the chair for the last 4 years, we have during the session taken trips out of the Capitol and out into the city, and I want my people on that committee to be exposed to the services that are offered to our folks in this community. We have been to a PMIC facility; we've been to Orchard Place; we've been to the Department of Human Services' office over here, not in West Des Moines, but over here on the west side of town.

We will be making other trips. In fact, we will have one special trip that I have arranged with Representative Fallon and some other representatives from the near north side to have an opportunity for my committee to spend an afternoon walking in poverty and seeing poverty, observing poverty so that when they are in the committee and doing their work, they have an idea of the population and the issues that—and how these issues will affect them.

You know, too many times in legislation, when we talk about child protection and families in crisis and the things that we propose for these families to do, we are imposing middle class values on working families. We don't really understand or appreciate the decisions and the stress that exists in a family in need. I think—you know, I just—I believe that every member of my committee should have that opportunity to feel.

Mr. HASKINS. Mr. Chairman, could I add something briefly to that?

The CHAIRMAN. Yes.

Mr. HASKINS. The effect of this legislation was to take power out of Senator Grassley's hands and put it in Mr. Heaton's hands, and I think this is a huge step in the direction of making sure that the policies are, in fact, tailored for people who lived in the various states and counties around the country.

We found many states turned around and took the power and let some of it go from Mr. Heaton to local officials, to county boards and to city councils and to mayors and so forth so the decisions are much closer to the people who actually live in Iowa.

Many people in this room have probably had the opportunity to try to come to Washington and influence legislation in Washington, and that is a very difficult proposition. It's much easier for people to have an influence on legislation in their own city, their own

county, their own State than it is in Washington. So this legislation has moved far in the direction of responding to the questioner's concern.

The CHAIRMAN. To Deb or Linda. It's good to hear success stories, but many young women who are single parents do not have above a sixth grade education that I see. How do you help repeat failures? Women who can't see opportunities and pull themselves up by their boot straps; women who don't have social skills; maybe have drug or alcohol problems; women who are in domestic violence situations; women who don't have support systems; women who have borderline personality disorders or mental health problems. They appear just lucid enough to keep appointments but never follow through with actions. Shouldn't all situations be assessed for IQ; in other words, individual cases be assessed for IQ, chemical dependency, illiteracy, mental health before being given a set of government standards to adhere to?

Ms. ANDERSON. I can answer the nontechnical part, I guess. Many of the jobs at Mercy require either a high school education or a GED, and I believe that the counselors at Promise Jobs would work on getting people to complete a GED. As far as the assessments and poor work histories, those are, I think, ongoing problems, and I'm going to let Deb address those.

Ms. BINGAMAN. What you've just described is what I was talking about earlier when I talked about people's unique situations and individual needs and strengths. Some have more, some have less of both.

What we do today through Promise Jobs is we do assessments. We do up to 3 weeks to help assess families' abilities, needs, et cetera. The type of family that you described there is the type of family that's best served in our FaDSS program. That's what was being discussed here when she talked about Cornerstone coming out to her house every other week.

They work with a person where the person is. They have many, many people they work with who sound just like that, and they go after one thing at a time.

Sometimes—I'll never forget the story I heard about the major success they had with a family when the parent was able to open her drapes and let the outside in. That's what they face every day.

The CHAIRMAN. Thank you very much. The next is for Mr. Haskins. Outcome from Minnesota's welfare evaluation found an increase in marriage and decrease in domestic violence attributed in part to an increase in job training and education. Research shows that when an individual's income and education increase, then marriage increases.

How could these realities be incorporated into efforts to increase child well-being?

Mr. HASKINS. First of all, in the Minnesota experiment, I want to make it clear that the families that were especially likely to get married and that had domestic violence decreased were families primarily that had increases in income, and I think most people, who carefully studied the Minnesota results—there are similar results from a study in Canada—think that the additional income plays a major role.

And I would point out to you, Mr. Chairman, that this whole enterprise of taking people off welfare, especially in states like Iowa that don't have huge benefits, and even putting them in low-wage jobs and making sure they get the earned income tax credit, which for a mom and two kids is \$4,000; food stamps, which can add another \$2,000; and Medicaid coverage indefinitely for the children and 1 year for the mother, that that family isn't much better off financially as the data I showed you that the census bureau demonstrates. So that probably, in part, accounts for the national data that we're seeing that there are slight increases in marriage.

I think education plays a role. Education definitely plays a role, but I want to be real cautious about this. The Welfare Reform Bill was probably the first Federal legislation that made it very clear, "This bill is not about education. This program is about work, and the funds that we give the states, we allow some education, but the education is going to be limited because what works is work." I think the results speak for themselves. Under current law states can use a year of education and still count it toward the work participation standard.

Let me make one more point, Mr. Chairman, that many members do not seem to grasp, and that is: The states can do whatever they want to. They can send their whole caseload to college and use the TANF dollars. There's no restriction on that, but they must meet the participation standard, and under the current law the participation standard includes 1 year of education. The House bill would change that to 4 or 5 months, depending on how you count it, and then that additional 16 hours could also be education. So all the bills allow some education, but all the bills also have some restrictions on education, and I think those restrictions are very important.

The CHAIRMAN. This is for Sonja. The proposed shift to a requirement that clients participate 40 hours a week in a work program raises concerns. In light of current economic conditions, especially in rural areas, is it your opinion that lesser hours, maybe 32, 34, may be more realistic?

Ms. MARQUEZ. I definitely think that 32 or 30 would be much more reasonable. I think when you consider the transportation needs and the child care availability in rural Iowa, the expectations of a 40-hour week and the costs of a quality child care setting is just not feasible at this time.

The CHAIRMAN. This one is for me. According to President Bush's website, his goal for TANF is to encourage the formation and maintenance of healthy, two-parent married families and responsible fatherhood. That's a quote; "encourage fatherhood," is a quote. He especially wants States to increase their efforts to promote marriage and to require them to report their marriage program's goals and achievements in their state's plans. How do you feel about the language that he's proposed? What are the chances of that language passing, and what is the time line for passage?

Well, the time line for passage, obviously, is the easiest one to answer, and that is probably after the stimulus package, after the prescription drug bill, and so that puts—and by the way, all these things are worked on at the member level, the further down the

road they are, but they're being worked on by staff even starting right now. So there's lots of work going in on all these things.

But they definitely have to be passed by September 30th; the sooner the better. It would have been better to have it last year, because states that only meet every other year would be able to enact programs that are in conformity. So it's one of the top priorities.

I suppose the chances specifically of the President's language passing would be the Administration's, but I think that we have a very good opportunity to get the essence of what the President wants passed. I think, as Mr. Haskins has vocalized it good, is the leeway that it gives to the states and de-emphasizing the impression that the Federal government is going to step into the marriage business. That is not true, you know. So we will need to overcome that sort of demagogic challenge to the legislation. But we can get over the hurdle and get the bill passed.

How do I personally feel? I guess I would answer the question this way. It's something I feel strongly about in the way of what is common to all poverty and indices of poverty. There may be a thousand reasons for poverty or a million reasons for poverty, but in indices there's two things that show up to indicate why poverty. One, lack of education; two, single parent.

So the extent to which we help people get educated, the extent to which we encourage two-parent families, and the stability of marriage as opposed to just partnering. Obviously, I want to promote those things in basic welfare legislation. I guess I forgot a follow-up. What precautions will be taken to ensure these funds won't be directed away from their intended purpose?

States have the right to take the funds under the purpose so they'll be used for that purpose. In this particular instance it would be for states to have the leeway of how they use them to promote marriage and only for that purpose, and then if they don't want to use them for that purpose, then don't ask for the money.

A question for Deb. What is the State doing regarding child support collection? What can be done to improve this child support delivery system?

Ms. BINGAMAN. Well, that's one of the few programs in the department that I don't manage, but I can tell you that our child support recovery unit is seen as a national leader. We collect a great deal of current support for our families. We have paternities established on a lot of families. I can't give you the specific data, but I know that the manager of our program, of our child support program, is constantly looking for how to do that better and differently. So I guess I have to leave it at pretty vague answers.

The CHAIRMAN. Then another question to you. Donna Littrel talked about the importance of job training as part of her path to self-sufficiency. At a State level, has education and training been a successful part of the Iowa's welfare reform program?

Ms. BINGAMAN. I am so glad that question was asked. Yes, I believe that education and training is a vital component of our program. We don't put everybody in education or training. You have to have an aptitude and an ability to succeed. You have to want to do that, and it has to be in a job that we know has a job market in Iowa where you can be successful. We don't pay for the fresh-

man year of a 4-year degree. They have to prove they're going to follow through and be a good student before we help to support that.

The results show that for those people who have some postsecondary education compared to those who have none, their earnings is 21 percent more when they leave cash assistance. The earnings is always more over time. We've been tracking families for up to 5 years after they leave. Their earnings are always more than those who have education, and they stay off of cash assistance longer. I can't stress how important I think education is.

The CHAIRMAN. Could I follow up—it's not related to the question, but something she said reminds me of what I think we ought to make an effort to encourage people to think about.

In Washington certain leaders want you to believe that once you're in poverty, you're in poverty for a lifetime. Once you're rich, you're always rich for a lifetime, but there are studies that have gone on with the same people with a long period of time that have demonstrated that after—I don't know whether it's 5 or 6 years, but some period of time that people are in the lower quintile—lowest quintile of income and that they have risen to the second or third quintile of income.

So we have great economic mobility within our society. We have an economic system so that people with opportunity have a chance to move up, and only 10 percent—I believe it's 10 percent of the people that were in the lowest quintile were in the lowest quintile over the course of the 10 years.

On the other hand, people that are rich in the top quintile of income also are not always in the top quintile; they move down to the fourth or fifth. I doubt if people move way down to the bottom quintile, but people that are in the top income move down, and people that are in the lowest income move up. So we have a very dynamic society, and we have an economic system that gives opportunity for mobility.

What we have to do through this and a lot of other legislation that's not even related to welfare is to make sure that we give people maximum opportunity.

Mr. Haskins, per your first graph, can you detail the average wage earned per individual who are included in your aggregate numbers?

Mr. HASKINS. We have a ton of research on—they're called leaver studies on people in welfare. Here in Iowa Ms. Bingaman was just talking about that. From those studies we know in the country as a whole the average wage for people who need welfare is around 7.50. So the idea of people earning minimum wages in most cases is not correct. The average is about 7.50. I'm not sure what it is here in Iowa.

For that data that's everybody in the country, and there are, obviously, people who make the minimum wage. So there would be a distribution of wages even at the bottom, but for the people who need welfare, the average wage, we know from a whole bunch of studies, is about \$7.50.

The CHAIRMAN. For Deb. I would like to find out more about Cornerstone. What is it, and how and who do you contact; what person in the service area?

Ms. GALVIN. I'm the coordinator of Cornerstone.

The CHAIRMAN. Okay. Would you stand up and give your name, address, phone number, e-mail, and all that stuff.

Ms. GALVIN. I'm Penny Galvin, and I'm with Four Oaks, and I'm the coordinator for Cornerstone. I can be reached at (319) 364-0259, Extension 210. FaDSS is also in all the counties in the State of Iowa. So if you aren't in our county region, we can direct you to the region you need to be in in the State of Iowa.

The CHAIRMAN. If you're with Four Oaks, don't you send out solicitations for contributions?

Ms. GALVIN. Yes, we do. Are you going to contribute to us?

The CHAIRMAN. Go back and see if I don't. If I don't, contact my wife.

Ms. GALVIN. I'll send you that nasty e-mail.

The CHAIRMAN. This is for me. U.S. census data illustrates an increase in earnings, but families while off welfare continue to live in poverty. How will the Senate address the goal of alleviating poverty versus simply a drop in welfare dependency? I hope I answered that with the previous statement I made. I don't know whether I can say much more than what I already have in regard to that opportunity.

Let me say it another way. For 60 years we took people who had problems and put them off to the edge of society; out of sight, out of work. Call them "welfare" or whatever you want to. What we've done since '96 is try to bring them back into the mainstream of society. Not the mainstream necessarily of what you might call the middle class. We'd hope that they get there, but the mainstream of society is the world of work. If people don't have an opportunity to get in the world of work, they're never going to have an opportunity to improve themselves.

Also, all of us who are better off ought to relate and rub elbows with people that aren't as well off, but it's pretty easy for people on welfare to be so far off on the edge of society that you never interact with them.

Ms. Littrel, of the programs you were able to participate in, which would you say was the most beneficial? Also, are your children on Medicaid or Hawkeye? You mentioned they were on Hawkeye.

Ms. LITTREL. Medicaid.

The CHAIRMAN. Oh. I thought you said—well, whatever you said, you said.

Ms. LITTREL. That's a very good question and very difficult to answer because, you know, they've just all helped so much. I would have to say one led to another. You know, the fact that our family was on FIP, it was a requirement to be on—if you're on FIP, you need to go through a Promise Jobs training; and at Promise Jobs you have to fill out this agreement that these are your goals, and this is what you plan on doing to get off FIP.

Part of those goals was to go to the class, which was the Breaking Barriers class, and you know, we learned many different things at the Breaking Barriers class. They handed that flyer to me there that day, and I looked at it and thought, "Wow. What a great opportunity. I'm going to do this, and I'm going to do the best I can and see what happens," and thank God I did.

But it just—it kind of all just flowed together for me. They work together, and it's hard to really pick out one of those that was the most beneficial. Thank you.

The CHAIRMAN. I want to thank everybody who participated today. Every one of you probably could have contributed the same way that each of our panelists did contribute, and you contributed through your questions.

If you have written comments that you want included, they will be included, and at some point, if somebody wants it after it's transcribed, after it's bound, we can send people copies. You can get copies of the transcript of these 2 hours. Also, any printed or submitted statements that are made would also be part of that. So you'd have a complete record of anybody's views that they wanted our committee to consider.

But I hope that you agree that we do have a good assortment of panelists here to give us their views. The extent to which you agree with them or don't agree with them is immaterial except that we tried to do as best we could to present different points of view.

So I have the opportunity before adjourning the meeting—I should have done this at the beginning—obviously, we're at the American Institute of Business. They've cooperated generously with us in helping to set up the room and to make it available. Their president, Nancy Williams, is a person who I want to personally thank. Then we had Mary Ann Nielsen for help and support. Darcy Mettler of Cassidy Reporting is here. I want to thank you for your hard work or the hard work that's coming up as you transcribe it. We're going to leave the record open. How long would you say we'd leave the record open, if people want to submit testimony?

Ms. SHIPP. Two weeks.

The CHAIRMAN. For those of you who didn't know you could submit testimony to us, we will leave the record open for 2 weeks for you to mail or e-mail to us anything that you have to say. Oh, we're high-tech. The format is on the website.

With that, thank you all for coming. This meeting is adjourned.
[Whereas the proceedings concluded at 12:00 noon.]

APPENDIX

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

PREPARED STATEMENT OF LINDA ANDERSON

Good Morning, Mr. Chairman. Thank you for asking me to testify today. My name is Linda Anderson, and I have worked as a Human Resource Recruiter at Mercy Medical Center in Des Moines, Iowa for the past six years.

I have a Bachelor's Degree in Education and a Master's Degree in Counseling and Personnel. In my previous work history, I have taught High School in Syracuse, New York and worked as a County Social Worker in Albany, New York. I have worked in healthcare for the past 17 years both as a Director of Volunteer Services and in Human Resources.

During the previous 3 years, I have served as a contact with Promise Jobs (the Welfare to Work Program). I have participated in Job Fairs and interviewed applicants. In my role as a Recruiter, I screen applicants for positions in the hospital—both entry level and professional. It is in this capacity that I am able to describe some of the challenges and successes associated with moving individuals from assistance to meaningful employment.

Some challenges that applicants face are related to both Child Care and transportation. In the hospital, many entry level jobs require that individuals work every other week-end. A barrier that some applicants, including those in Promise Jobs, face is that there is no public transportation on Sundays. Counselors at Workforce Development assist applicants with the resolution of those potential barriers.

Applications also face challenges related to Child Care. Mercy provides an accredited Child Development Center for employees. It is open for both first and second shift employees until midnight Monday through Friday. On-site child care assists prospective employees cope with arranging for child care when working second shift. This is advantageous because the second shift pays a differential so the salary is higher.

The availability of close, reliable and reasonably priced Day Care eliminates a potential barrier to employment and increases availability of potential jobs. There are, however, income levels that Promise Jobs determines for the subsidy of child care costs. This can put some applicants in the difficult position of not earning enough money to cover total child care costs while at the same time losing their child care subsidy.

Since Mercy pays well above minimum wage, there was one applicant we hired who needed to have her work schedule shortened so she could maintain her Child Care subsidy. Her department manager willingly made this accommodation so this employee could keep her job as well as the subsidy. This is an example of employers being willing to assist partners in the community and retain a qualified employee.

Other challenges to finding employment may be the acquisition of the "soft skills" such as interviewing techniques, resume preparation, and appropriate dress for interviews. Generally speaking, Promise Jobs sends applicants who are well-prepared.

Should someone arrive who is not appropriate in either dress or resume, partnerships with employers allow for feedback.

I work with counselors so that the next time this individual interviews, he or she will approach the interview more professionally. In terms of retention of employees, I have found that those who are prepared well regarding attendance policies and employers expectations are more likely to succeed in their jobs.

At Mercy, we have a six month probationary period. Employees who stay beyond this period are much more likely to become long-term employees. Promise Jobs is helpful and provides follow-up for newly placed employees. This allows employees

to address concerns or problems that might come up during the probationary period. These follow-up activities assist both the employer and the new employee increase the probability of success.

Mercy has hired people whose work history has been spotty to begin employment as Contingent employees. This gives an individual an opportunity to demonstrate reliability and dependability on the job. Individuals can then post for either full or part-time jobs.

I remember one young woman who applied for a position in Food Service. She began as Contingent (PRN) and then posted for full-time. This is a win-win as the department gets to observe what the person is able to do and the employee can demonstrate consistency and reliability. Job counselors who are open to such arrangements encourage applicants to look at alternative ways to enter the work force. This has proven to be a successful strategy when working with individuals looking to move toward meaningful full time employment.

My experience has been that the skills provided to Promise Job participants have enabled them to compete in the marketplace and increase their opportunities to succeed. I am pleased to be here to testify before the Committee and am happy to answer any questions you might have.

PREPARED STATEMENT OF DEB BINGAMAN

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

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

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

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

Continuing Themes of Iowa's Welfare Reform:

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

- work experience,
 - Life Skills,
 - substance abuse treatment,
 - caring for chronically ill children,
 - cooperation with court or child welfare officials,
 - Family Development and Self-Sufficiency (FaDSS),
 - General Equivalency Diplomas (GED),
 - English as a Second Language,
 - Adult Basic Education,
 - short term training or certificate programs,
 - postsecondary education (when the educational degree is shown to have an appropriate job market in Iowa, allowed for 24 out of 36 months without concurrent work responsibilities, and the state does not support the freshman year of a four-year program).
 - *Self-Sufficiency*—The ultimate goal for families is self-sufficiency, using state programs as a transition rather than programs of maintenance.
- Although Iowa implemented welfare reform under waivers in 1993, the federal welfare reform legislation passed in 1996 caused very few changes to Iowa's policies. For the most part, the federal law allowed the flexibility the state needed to continue its program.

PREVENTING WELFARE NEED

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

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

- Early childhood initiatives designed at the local level,
- Pregnancy prevention,
- Family planning,
- Individual Development Accounts,
- Emergency Assistance to prevent homelessness,
- Child Care,
- Initiatives to engage fathers in the lives of their children, physically and emotionally in addition to financially,
- Child Abuse prevention,
- Foster Care Treatment,
- Family Preservation services,
- Family Centered services,
- Replacing Social Services Block Grant funding so that community services for adults with mental illness, mental retardation, or other developmental disability could continue, and
- Locally designed diversion programs that meet the immediate needs of families so that the family doesn't need to enter the welfare system.

Diversion

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

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

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

Results:

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

Challenges:

- While the legislature has continued to appropriate TANF for this purpose, the number of diversion projects has decreased. This decline is due to the states' economy which has caused more families to be in need and provides fewer staff to serve them.

- To simplify policy and process in other programs and in diversion so that it is more feasible to administer.

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

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

Results:

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

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

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

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

SUPPORT FOR FAMILIES WITH CHILDREN

Family Investment Program

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

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

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

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

1. The first leg is the FIP cash assistance that provides a financial base so that the most basic needs of children can be met for:

- families working toward self-sufficiency
- caretaker relatives, mostly elderly
- children whose parents are on SSI and unable to work

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

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

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

5-Year Limit and Hardship Exemption

The federal 5-year limit has had a positive effect on the Iowa program in that it focused both the program participants and state agencies on helping families

move to self-sufficiency as quickly as possible. We have been able to do that while maintaining the original “themes” of welfare reform.

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

Extension reasons:

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

Denial Reasons:

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

FIP Results:

- FIP families were making an average of \$1.54 more per hour, or 24.5% more, when leaving FIP in SFY 2002 than those who left in state fiscal year 1996. (Hourly wages increased from \$6.27 in SFY 1996, to \$7.81 in SFY 2002.)
- Individuals who have post-secondary education earn more (up to 21 % more at the time they leave FIP) and stay off of FIP longer than those who do not have that education.
- More and more families who leave welfare stay off of welfare. Of those who left welfare in 1997, 47.3% did not return in five years. That compares to 41.5% for those who left welfare in 1992.
- The length of time families use FIP has decreased by 31% from 1992 to 2002, a decrease of almost a year.
- More families stay off FIP longer now than in prior years.
- By federal standards of success, Iowa has met work participation rate requirements and was awarded High Performance Bonuses for FFY 1998 and for FFY 2000. The FFY 2000 award was the maximum per-capita award possible.

Challenges:

In spite of these promising results:

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

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

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

future generations won't need welfare, to address the needs of significant barriers families face and to provide quality, affordable child care.

PREPARED STATEMENT OF RON HASKINS

Chairman Grassley and Members of the Finance Committee:

My name is Ron Haskins. I am a Senior Fellow at the Brookings Institution in Washington, DC and a Senior Consultant at the Annie E. Casey Foundation in Baltimore. In the past, I have been a welfare staffer for the Ways and Means Committee in the House of Representatives and an advisor to President Bush for welfare policy. My testimony does not necessarily reflect the views of the Bush Administration. I thank you for the opportunity to appear before your important Committee to testify on reauthorization of the 1996 welfare reform law.

My testimony addresses two issues: what has the 1996 welfare reform legislation, crafted in significant part by members of this Committee, achieved; and what measures should Congress take in this year's reauthorization bill to strengthen welfare reform.

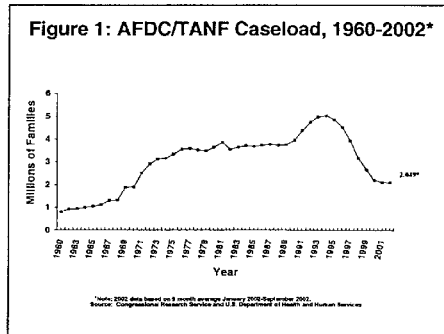
Effects of Welfare Reform

Welfare Dependency and Work Effort

Like most of the academic research and media coverage on welfare reform, my testimony will focus on the effects of the Temporary Assistance for Needy Families (TANF) program that replaced the Aid to Families with Dependent Children (AFDC) program. However, the reauthorization debate provides an ideal time to examine the many other important reforms contained in the 1996 legislation. These include major reforms of child care, child support enforcement, Supplemental Security Income for children, food stamps, child nutrition, welfare benefits for noncitizens, and welfare benefits for drug addicts and alcoholics. Good information about the effects of each of these reforms is beginning to appear. Especially because these important and, in many cases, far-reaching reforms have largely been ignored, Congress could perform a very useful public service by reviewing and bringing attention to what we have learned about these other reforms.

In concentrating attention on the TANF program, I take my cue from the 1996 legislation itself. The major goals of TANF were to increase self-sufficiency by promoting work and increasing the proportion of children being reared in two-parent families. Before making decisions about reauthorization, it is appropriate and useful to examine the extent to which these two goals have been achieved.

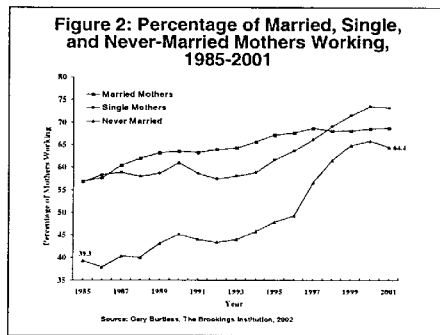
Figures 1 through 4 present four types of information bearing on whether TANF has been accompanied by increased work effort and declining welfare dependency. Figure 1 shows the trend in the AFDC/TANF caseload since 1960. The period after 1994



is the first time that AFDC/TANF caseload experienced a sustained decline. The rolls have now fallen by about 60 percent since 1994, most of which occurred after enactment of the 1996 reforms. The proportion of females on welfare has now reached a low level not seen since the early 1960s. Thus, the incidence of welfare dependency as measured by the number of families receiving cash welfare has fallen more than anyone thought possible when the 1996 reforms were passed.

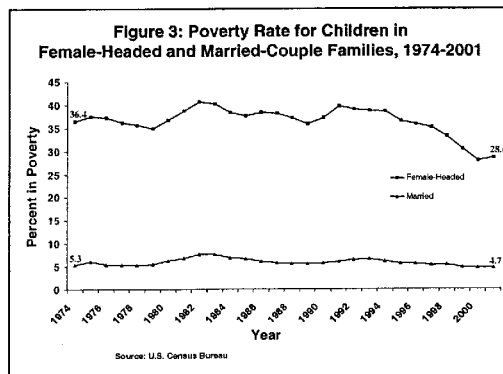
Figure 2 shows that work among single mothers heading families has experienced historic increases. While married mothers increased their employment only slightly after 1995, work by all single mothers and never-married single mothers stood at all-time highs. I would draw the Committee's attention in particular to the work effort of never-married mothers.

These are the mothers most likely to drop out of school, least likely to have work experience, and most likely to go on welfare and stay for many years. And yet, employment among these most disadvantaged mothers increased almost 40 percent over the four-year period beginning in 1996. This outcome, perhaps more than any other, shows that disadvantaged mothers previously dependent on welfare have responded forcefully to the TANF reforms.



If welfare is down and work is up, are families any better off? Figure 3 presents poverty rates for married-couple families and for female-headed families since 1974.

A word about poverty trends in recent decades is in order here. As shown by Vee Burke of the Congressional Research Service and Robert Rector of the Heritage Foundation,



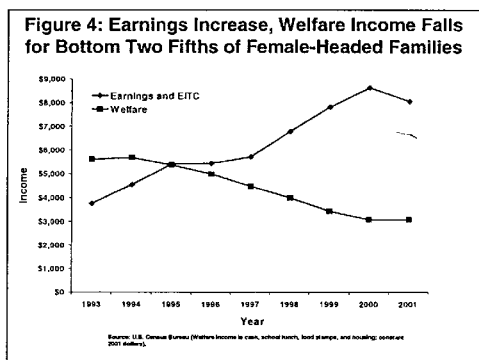
between 1965 and 1995, federal and state spending on social programs (cash, food, medical assistance, training, and so forth) increased from about \$50 billion to about \$350 billion in constant dollars. And yet, child poverty stagnated and even increased during this period. The primary reason that the nation failed to make progress against poverty despite the increased welfare spending was that a higher and

higher fraction of American children were being reared in single parent families. As Figure 3 shows, poverty rates among female-headed families are about six or seven times higher than poverty rates for married-couple families. If the proportion of children living in married-couple families declines while the proportion living in female-headed families increases, all else equal, poverty will increase. Studies by Isabel Sawhill of the Brookings Institute and others show that this is exactly what happened during this period. Other studies, reviewed in detail by Larry Mead of New York University in his important book *The New Politics of Poverty*, show unequivocally that a major reason single mothers and their children were poor is that the mothers were unlikely to work. Thus, they were dependent on welfare and welfare benefits in every state guaranteed a life below the poverty line.

Although remarkable, perhaps the data in Figure 3 should not be surprising. Mothers left welfare and went to work. Simultaneously, poverty among female-headed families entered its first sustained decline since the early 1970s. By 2000, poverty among all children was lower than at any time since 1978 while among black children poverty reached its lowest level ever. Indeed, until the welfare reform era, black child poverty had never fallen below 40 percent. The latest Census Bureau data show that in 2001 it stood at 30.2 percent.

Is the fact that mothers were working the reason so many children escaped poverty? Figure 4, which summarizes annual inflation-adjusted income data from the Census Bureau, provides strong evidence on this question. The line graphs in the figure present income from welfare (primarily cash welfare and food stamps) and from earnings plus the Earned Income Tax Credit for females heading families in the bottom 20 percent of income (below about \$21,000) for all families headed by females. The figure shows a consistent picture of income from welfare declining and income from earnings rising throughout the 1990s. Total income increased by around 20 percent over the period. Thus, rising earnings more than made up for the declines in welfare income.

The trends captured in Figures 1 through 4 show that the 1996 welfare reform



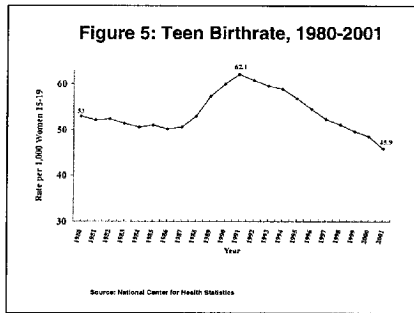
legislation achieved one of its primary purposes. If welfare use and income has declined sharply, if work and earnings have increased at historic rates, and if child poverty has declined smartly primarily because of increased earnings by single mothers, it is undeniable that millions of female-headed families have broken the cycle of welfare dependency. These data portray a signal legislative achievement of great magnitude.

Family Composition

One of the two major goals of the 1996 reforms was to increase the proportion of children living in two-parent families. This goal was formulated by Congress because by 1995 there was widespread agreement that living in female-headed families, as compared with married-couple families, was bad for both children and adults. Daniel Patrick Moynihan, a former member of this Committee, was among the first to draw attention to the serious disadvantages suffered by children from single-parent families. In 1965, as an Assistant Secretary in President Lyndon Johnson's Department of Labor, Moynihan published a detailed paper arguing that African Americans were being held back because so many of their children were reared by never-married mothers. The reaction against this argument was swift and devastating, although no one provided an evidence-based case against the Moynihan thesis. Nonetheless, the effect of the assault against Moynihan's message was to virtually close down debate on the topic for several decades. Charles Murray broke the silence on this issue with his 1984 book *Losing Ground*. Murray presented a very strong case, based on empirical evidence, that nonmarital births were a major domestic problem that was arguably the most important underlying cause of many unfavorable trends such as falling school achievement, rising crime, and rising welfare dependency. But Murray, a widely-known conservative, was attacked in the same fashion as Moynihan had been two decades earlier. The ice covering the issue of nonmarital births was broken for good in 1994 by a slim but seminal volume written by scholars Sara McLanahan and Gary Sandefur. In *Growing Up with a Single Parent*, McLanahan and Sandefur reviewed massive evidence showing that adolescents from female-headed families were more likely to drop out of high school, more likely to have babies outside marriage, and more likely to be unemployed than children reared in two-parent families. Research conducted since the appearance of the McLanahan and Sandefur volume has continued to show that children from single-parent families suffer

serious disadvantages and that children from never-married single parent families are the most disadvantaged.

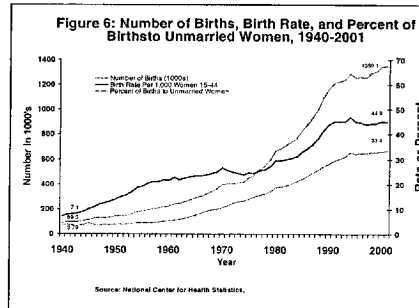
Thus, in the 1996 welfare reform law Congress wisely decided to adopt policies aimed at reducing the proportion of children being reared in single-parent, especially never-married, families. At least fifteen policies in the 1996 law were directed at this end. These included strong paternity establishment requirements to qualify for welfare, stronger child support enforcement, a requirement that teen mothers live at home or under adult supervision to qualify for welfare, an option for states to stop paying additional money to mothers on welfare who have additional children outside marriage (generally called the "family cap"), a new abstinence education program, and an annual cash bonus for states that manage to reduce their rate of nonmarital births. Never before had Congress launched such a broad and aggressive set of policies aimed at reducing the proportion of children being reared in single-parent families.



Although less spectacular than the effects of the welfare-to-work provisions of the 1996 law, evidence seems to indicate that the nation is at last making modest progress against nonmarital births and the previously relentless increase in single parent families. Figure 5 shows that the frequency of teen births has been declining since 1991. Due in all likelihood both to increased abstinence among teenagers and to more effective use of birth control, the reduced

incidence of teen births is a very welcome development. Unfortunately, even after all this progress, the U.S. still has the highest rate of teen births among the industrialized nations. Much more must be done to reduce teen births.

But only about one-third of nonmarital births are to teenagers. Thus, the trend in nonmarital births among women beyond their teen years is also of great importance for any strategy designed to reduce the proportion of children being reared in single-parent families. Figure 6 shows three measures of nonmarital births published by the National Center for Health Statistics. All three measures show that the rising tide of nonmarital births has been held at bay for the last five years. Although stopping the increase is a major



incidence of teen births is a very welcome development. Unfortunately, even after all this progress, the U.S. still has the highest rate of teen births among the industrialized nations. Much more must be done to reduce teen births.

achievement, in this area too more progress is possible and necessary.

Due in part to these favorable trends in nonmarital births, several national data sets are now showing modest increases in the proportion of children residing with two parents. These include studies at the Urban Institute and the Center on Budget and Policy Priorities in Washington, DC as well as the nonpartisan Office of Management and Budget. The trend toward children living with both parents appears to be especially strong among African-Americans. According to Richard Bavier of the Office of Management and Budget, a decline in the share of unmarried women with a child under age 6 and a decline in the mean number of children among unmarried mothers were major underlying causes of the increased share of young children living with married parents. Research at the Urban Institute suggests that welfare reform may be playing a role in these favorable trends.

Although these trends are new and poorly understood, they suggest that the 1996 legislation may be having an impact on the number of children living without both parents, arguably the nation's foremost domestic problem. In considering reauthorization legislation, Congress should keep in mind that additional investments in this area may pay for themselves many times over.

Proposals for Reauthorization

Work Requirements and Child Care

Given that the 1996 reforms have been so successful, we should leave intact the major features of the reforms. Thus, the block grant and state flexibility has proven its value and should be maintained. Similarly, even though the welfare rolls have declined substantially, we should maintain the full level of block grant funding at \$16.6 billion per year. The reason the block grant should be maintained at a high level is that states are spending money, not just on cash welfare payments, but to provide work supports to former welfare recipients and other low-income families. This spending, especially on child care, is important to the continuing success of welfare reform and to expanding the fight against welfare dependency.

The work requirements in the 1996 law have been a vital part of the success of welfare reform. Even so, there is a major shortcoming in the work requirements as they were drafted in 1996. During negotiations on the 1996 reforms, governors made the reasonable point that they should receive credit toward fulfilling the participation requirements if they managed to reduce their rolls. Hoping to avoid giving states an incentive to simply drop people from the rolls by changing their eligibility standards, Congress agreed to give credit to states that reduced their rolls, but only if the reduction did not result from policy changes. As shown in Figure 1, the welfare rolls fell precipitously, an outcome the magnitude of which no one predicted. As a result, because of the caseload reduction credit, the average state now has only a 5 percent work participation requirement and many states have a zero requirement.

States argue that they have done a good job even without a true work requirement. And so they have. But the federal statutes should reflect the policy that Congress supports. The bipartisan agreement back in 1996 – and an agreement that was largely accepted by governors – was that states should have half their caseload in work programs by 2002. This reasonable policy should be reflected in the federal statutes. It follows that the caseload reduction credit must be changed.

The President has proposed and Congress seems to have accepted on a bipartisan basis that the work requirement should be raised from 50 percent to 70 percent and the caseload reduction credit modified. As Congress takes up reauthorization, there seems to be bipartisan agreement that states should receive credit against the work requirement for good performance. There is disagreement, however, over whether the credit should be based on reducing the rolls or on placing welfare recipients in jobs. Both are reasonable criteria. The former is reasonable because a major role of welfare reform is to get people off welfare. The latter is reasonable because it is also important to place recipients leaving welfare in jobs. The Administration favored an employment credit, but the House enacted a caseload reduction credit.

Whether states get credit for reducing the caseload or for placing people in jobs or both is less important than how the credit is constructed. The employment credit created by this Committee last year had the unfortunate effect of virtually eliminating any work requirement. I recommend that the Committee fashion a caseload reduction credit that would have the effect of reducing the participation requirement from 70 to about 50 percent in the average state. HHS can help the Committee conduct empirical analyses to ensure that whatever credit the Committee adopts will have this effect. To be certain that a substantial work requirement is maintained, I would also recommend that the Committee adopt a provision stating that, when fully implemented, the work requirement cannot fall below 50 percent regardless of the effect of the caseload reduction or employment credit.

The number of hours of work a recipient must perform to count toward the participation standard was one of the more contentious issues in last year's reauthorization debate. Current law requires most recipients to participate in programs for a total of 30 hours per week, at least 20 of which must be actual work (as opposed to training, education, drug treatment, and so forth). The Administration proposed and the House has twice passed an increase in the requirement to 24 hours of actual work and a total of 40 hours of participation. Because of the manner in which the 40 hours is calculated, the requirement is actually around 37 hours.

Last year this Committee accepted the 24 hour requirement but refused to raise total hours to 40. Neither the composition of this Committee nor of the Senate itself has changed enough to give confidence that a majority of Senators supports 40 hours. I do not think this is a tragedy. If the 24 hours of work is adopted and the work requirement is maintained at 50 percent or more, I think 34 or 35 total hours would be adequate. This level would ensure a serious work requirement that goes a long way toward preparing mothers on welfare for full-time jobs in the private sector and yet does not impose an

undue burden on state spending. Whatever the Committee does, I hope all members will agree that a strong work requirement is the backbone of welfare reform.

Education has also been a contentious issue in this Committee and in the Senate. I want to be straightforward with the Committee in stating that I am hopelessly biased on this issue. I have believed for many years that the key to helping mothers break their dependency on welfare is work. A modest amount of education and training may be fine, but the statute as now constructed strictly limits the amount of education and training that can count toward the work requirement. I strongly support these limitations and hope the Committee will ensure that we don't turn our back on proven success and suddenly allow extended education to count as work. For more than three decades, studies of the effects of education and training programs on the employment and earnings of poor adolescents and young adults have revealed a series of major failures and minor successes. Substantial investments, such as the Job Corps which cost on the order of the \$17,000 per recipient, are useful, but most programs, including those designed specifically to help welfare recipients, have failed. There is some reason to think that very short-term training on the order of three months may be effective, but the empirical literature shows that what works is work.

Nonetheless, it is clear that several members of the Committee, including some Republicans, feel strongly that the reauthorization bill should allow for more education than is counted under current law. For these members, let me point out that states are free to use as much education as they want. Indeed, Maine, Arkansas, and a few other states have allowed some recipients to attend four-year colleges. There is nothing in the TANF statute to prevent this policy, and TANF funds may be used to support extended education and training. However, only one year of education can count toward the work requirement.

The President's recommendation and the House bill accommodate education in two ways. First, states can enroll recipients in any type of job-preparation program, including education and training, during the first three or four months of enrollment and for one four-month period every 24 months thereafter. Second, recipients can participate in non-work activities to make up the difference between the 24 hour work requirement and the total 40 hour requirement. Even if the Committee reduced the 40 hours, there would probably still be 10 or more hours left for education each week.

Given the substantial body of research on the failure of education to promote employment and earnings among disadvantaged youth and the even more substantial body of research on the effectiveness of work first programs in promoting employment and earnings, the education provisions in the President's recommendation seem just about right. However, because members of this Committee are intent on increasing education, I hope that the Committee will not permit a loosening of the work standards beyond the education already permitted in current law. Specifically, perhaps the Committee could compromise by adopting a definition of work that would allow education to count toward the participation standard for one year.

Another aspect of the welfare-to-work requirements that demands careful consideration by Congress is child care. The House bill recommends an increase of \$1 billion in entitlement spending over the next five years. The entitlement portion of the Child Care and Development Block Grant increased at the rate of \$200 million per year between 1999 and 2002. In effect, the House bill continues this pattern for one year and then holds spending at that increased level for the next four years.

Spending through the Child Care and Development Block Grant is not the only source of funding for child care. The TANF block grant was designed to provide states with flexibility in the use of federal resources. States have seized upon this flexibility and now spend around \$4 billion per year in TANF funds on child care. This is entirely appropriate and demonstrates once again the wisdom of Congress in providing states with such flexibility in the use of TANF funds to promote employment. In deciding how much to spend on child care, the Committee should take into account this flexibility in use of TANF dollars.

Despite the reasonableness of the House position on child care, many in the Senate would like to spend much more than a mere \$1 billion in additional funds on child care. But given the huge pressures on the budget in 2004 and beyond, combined with the flexibility states have in using TANF dollars, the amount of additional spending on child care will probably be modest. I doubt that the Committee or the Senate will settle for \$1 billion, especially because a number of Republicans want to spend more. However, I would recommend caution in deciding how much more money to spend on child care. The final number will in all likelihood be only modestly greater than \$1 billion and almost certainly will not be more than \$2 or \$3 billion over five years.

A final provision in the President's recommendation and in the House bill deserves brief comment. Senator Grassley will recall the major fight waged in 1996 over whether child support collections on arrearages owed to the government should be given to mothers who have left welfare. As a result of the 1996 compromise, states can now keep (and split with the federal government) about half of these collections once the mother leaves welfare, but must give the other half to mothers and children. The Administration proposed, and the House adopted, a policy that would give states the option of providing all collections to these mothers and their children. The policy includes a financial incentive for states to do so because the federal government would pay its share of all child support collections sent to mothers and children who have left welfare. Because these funds would help roughly 250,000 mothers remain off welfare, and would also have the effect of showing children that their fathers are providing financial support; I would strongly recommend that the Committee adopt this policy in its bill.

Family Composition

As shown above, the incidence of teenage childbirth has been declining since the early 1990s and the decades-long growth in the proportion of children born outside marriage has held more or less steady for the last five years. Research at the Urban

Institute in Washington, DC and elsewhere suggests that welfare reform may be playing some role in these favorable trends.

But much more could be done. The President has called for \$300 million per year in spending on programs that attempt to increase marriage rates among low-income families. There is little question that increased marriage rates among the poor would greatly reduce poverty and lead to improved school performance, improved social behavior, and improved health among children.

There are, however, some problems with the marriage agenda that must be frankly acknowledged. First, there is little evidence that marriage programs will actually increase marriage rates. In view of this fact, the President's proposal seems to be the ideal approach. The Administration strategy is to encourage states, community organizations, and faith-based organizations to design and conduct programs that might increase the rates of healthy marriages among the poor. Following the precedent set by the many years of high quality experimentation with welfare-to-work programs, the marriage programs should be carefully evaluated to determine whether they produce their intended effects. Research should also collect information on possible unintended positive and negative side effects such as increased earnings and family violence respectively. If we follow this strategy, five years from now this Committee will have the advantage of good research information that will help members decide whether these programs hold promise and should be continued.

A concrete example of such a marriage demonstration program might prove helpful. Research by Sara McLanahan and her colleagues at Princeton based on a large national sample of unmarried first-time parents shows that about half of the unwed parents are cohabiting at the time of the birth. An additional 30 percent say that they are romantically involved with their partner. Interviews show that most of these couples look favorably on marriage and have actually thought about marrying their partner. McLanahan's research confirms what many previous studies have shown; namely, that poor and low-income young adults hold out marriage as an ideal. The assumption that low-income adults have rejected marriage as an important and ideal institution is simply false. Despite these views and attitudes, marriage rates among poor and low-income adults have fallen dramatically in recent decades. Perhaps these couples would choose to prolong their relationship and move toward marriage if they were given additional supports such as counseling, improved health care, assistance with employment, suspension of child support payments for fathers who live with and support their nonmarital children, and other forms of assistance that states or community organizations think would be helpful. These possibilities could be tested through a large-scale demonstration, perhaps conducted on a cooperative basis between state government, local departments of social services, and local churches. A demonstration of this type would yield very important information about the potential success of the marriage agenda in promoting employment and in supporting the healthy development of children.

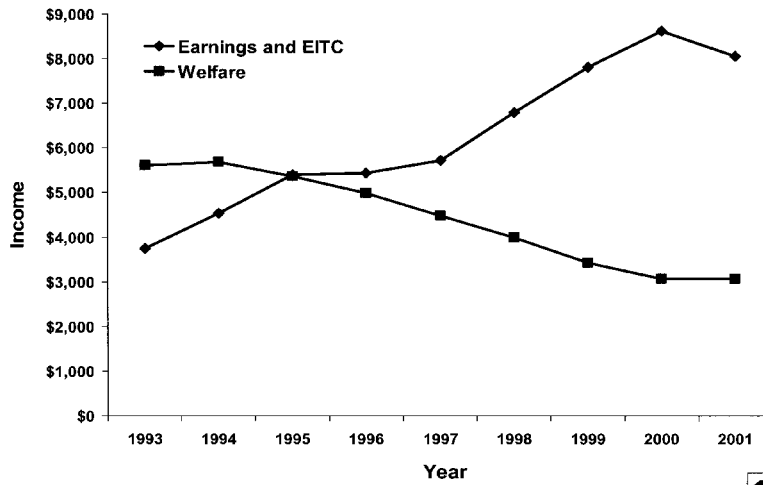
Another issue in the marriage agenda is that young women eligible for welfare have limited choices when they try to select a spouse. As Paul Offner of the Urban Institute has shown, especially among minorities, young males often have low levels of education, poor employment records, high rates of crime and involvement with the justice

system, and high levels of violence, some of which may be directed against domestic partners. Even so, sophisticated research by Isabel Sawhill at the Brookings Institution, and by several other respected researchers, has shown that if low-income couples marry each other the incidence of child poverty would be very substantially reduced. Whether increased marriage would lead to increased domestic violence is an issue for careful study. If young parents could be supported in forming lasting bonds through marriage, and thereby improving their child's chances for a successful future, both the parents and their children would be winners. So would society. As long as marriage is freely chosen, programs that promote this choice and help sustain it could make a major contribution to the public good. Certainly \$300 million per year for a few years to find out is a reasonable investment.

References

- Acs, Gregory, and Sandi Nelson. 2001. *Honey, I'm Home: Changes in Living Arrangements in the Late 1990s* (Assessing the New Federalism Policy Brief B-38). Washington, DC: Urban Institute.
- Bavier, Richard. 2002. *Recent Increases in the Share of Young Children Living with Married Mothers*. Washington, DC: Office of Management and Budget.
- Blank, Rebecca M., and Robert F. Schoeni. 2003. "Changes in the Distribution of Children's Family Income over the 1990's." Paper presented at the annual meeting of the American Economic Association, Washington, DC.
- Blank, Rebecca, and Ron Haskins, editors. 2001. *The New World of Welfare*. Washington, DC: Brookings.
- Burke, Vee. 1999. *Cash and Noncash Benefits for Persons with Limited Income: Eligibility Rules, Recipient and Expenditure Data, FY 1996-1998*. (RL 30401). Washington, DC: Congressional Budget Office.
- Dupree, Alan, and Wendell Primus. 2001. *Declining Share of Children Lived with Single Mothers in the Late 1990s*. Washington, DC: Center on Budget and Policy Priorities.
- Haskins, Ron. 2001. *Welfare Reform: What Has Been Achieved? What Remains to be done?* Washington, DC: Project for Conservative Reform.
- McLanahan, Sara, and Gary Sandefur. 1994. *Growing Up with a Single Parent: What Hurts, What Helps*. Cambridge, MA: Harvard.
- Mead, Lawrence M. 1992. *The New Politics of Poverty: The Nonworking Poor in America*. New York: Basic Books.
- Moynihan, Daniel P. 1965. *The Negro Family: The Case for National Action*. Washington, DC: U.S. Department of Labor.
- Offner, Paul, and Harry Holzer. 2002, January 3. "Welfare: What About the Men?" *Washington Post*, A17.
- O'Neill, June, and M. Anne Hill. 2003. *Gaining Ground, Moving Up: The Change in Economic Status of Single Mothers Under Welfare Reform* (Civic Report No. 34). New York: Manhattan Institute.
- Rector, Robert, and William F. Lauber. 1995. *America's Failed \$5.4 Trillion War on Poverty*. Washington, DC: Heritage Foundation.
- Thomas, Adam, and Isabel V. Sawhill. 2002. "For Richer or Poorer: Marriage as an Antipoverty Strategy." *Journal of Policy Analysis and Management*, 21(3): 587-599.
- Weaver, Kent. 2000. *Ending Welfare As We Know It*. Washington, DC: Brookings.

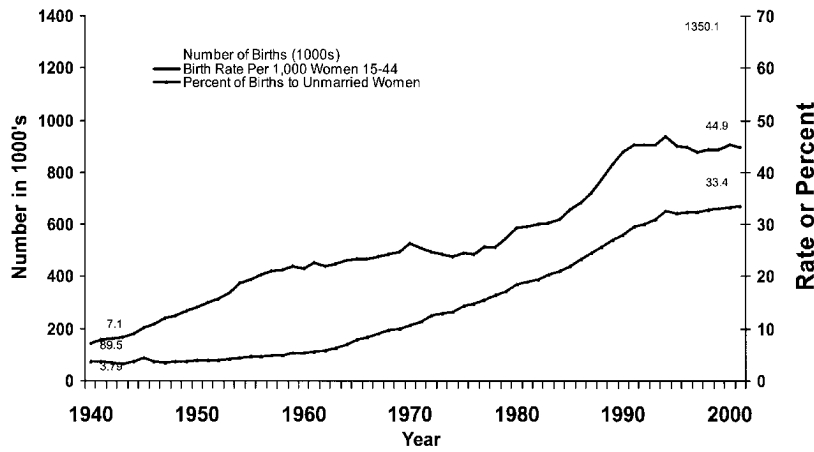
Earnings Increase: Welfare Income Falls for Bottom Two Fifths of Female-Headed Families



Source: U.S. Census Bureau (Welfare income is cash, school lunch, food stamps, and housing; constant 2001 dollars).
Prepared by The Brookings Welfare Reform & Beyond Initiative, February, 2003



Number of Births, Birth Rate, and Percent of Births to Unmarried Women, 1940-2001



Source: National Center for Health Statistics,
Prepared by The Brookings Welfare Reform & Beyond Initiative, February, 2003



PREPARED STATEMENT OF HON. DAVID HEATON

Chairman Grassley, Ranking Member Baucus, and the members of the Finance Committee, I am Representative Dave Heaton. I chair the House Health and Human Services Appropriations Subcommittee in the Iowa House of Representatives and it is an honor to testify before you today. I am joined today by a number of my colleagues, including the chair of the House Human Resource Committee which has jurisdiction over welfare policy issues, Representative Dan Boddicker.

On behalf of the members of the Iowa Legislature, we would like to welcome you to Iowa and thank you for having a conversation with us about the success of Iowa's Family Investment Program and the future of Welfare Reform. We are very appreciative that you have chosen to visit us for your first field hearing on this issue. Iowans are very proud that we have been able to help thousands of families move from welfare to work, and we look forward to continuing these efforts in the future.

Mr. Chairman, as key stakeholders in welfare reform, state legislators are keeping a close eye on your efforts in Washington to reauthorize the historic 1996 welfare reform law. As the members and staff of my committee can tell you, the issue of reauthorizing welfare reform has been a priority for me. As a vice chair of the National Conference of State Legislatures Human Services Committee and a member of the Welfare Reform Reauthorization Task Force, I have been able to ensure that Iowa has a voice in formulating NCSL's policy on welfare reform authorization. You are in a far better position to ensure that the needs and hopes of Iowans can be addressed through this process. As we have this conversation on reauthorization during the next year, I would invite all of you to talk about these issues with your state's legislators. I believe you will find that we are very willing partners in this task.

State legislators are responsible for writing, financing and implementing laws governing the TANF program in their states, for overseeing the programs in their states, and for appropriating TANF and Maintenance of Effort (MOE) funds. How we have devised our programs and the innovative approaches we have taken offer you and the rest of Congress a chance to see what really works to help struggling families, just as the federal government drew on state efforts to reform welfare in crafting the 1996 law.

Iowa was fortunate in 1993 to have been granted the flexibility by the federal government to start the process of reforming our welfare system. At that time, Iowans were confronted with some significant issues. In April of 1994 there were 40,659 families on our welfare rolls. The state spent \$14.492 million that month on cash assistance payments. Iowa had to change its focus and reinvent welfare if we were to help move families from welfare to work.

When Iowa implemented the Family Investment Program, we placed an emphasis on work and acquiring the skills to successfully enter the work force. We invested funding and resources into providing enhanced job training and education to help our welfare recipients gain the necessary skills. While some had doubts about the potential of the program, we forged ahead. Thanks to the hard work of the people of the Iowa Department of Human Services, thousands of Iowans now get a paycheck instead of a government check.

Today, all Iowans can be proud of the accomplishments of the Family Investment Program. This January, there were 19,648 families taking part in the Family Investment Program, a reduction of 51.68 percent over April 1994. The state now paid out just \$6.429 million in cash assistance in January. That is a reduction of 55.64 percent over the April 1994 amount. Charts showing these declines are at the end of my written testimony. I would like to thank Deb Bingaman and her staff for putting them together for me.

Thanks to our ability to lower our caseload and expenditures, Iowa has been able to creatively and effectively use TANF funds to improve the lives of Iowans. These efforts range from an increased commitment to childcare, creating innovative programs that encourage Iowans to save for a home or to create a new business, and helping teens to make better choices. These innovative approaches will have long-term benefits to the people of Iowa if we can continue to build on our successes.

The freedom granted to Iowa in 1993 and to all states in 1996 has allowed us to transform the nation's welfare system so that it better serves local needs and different populations. Instead of having a one size fits all program across the country, states have crafted different approaches that respond better to local economies. Here in Iowa and around the nation, we have learned a great deal about the successes and remaining challenges of welfare reform and the creativity and enthusiasm of government, for-profit, not-for-profit and faith-based and community organizations in serving these families. Federal law should help foster this creativity and not stifle

this enthusiasm. This is the basic tenet by which legislators will judge the proposals coming from Washington.

The work of reforming the welfare system is not done. While caseloads have declined dramatically, many families struggle with barriers to self-sufficiency. Given the current economy and the ongoing impact of the tragic events of September 11th on industries that have traditionally hired former welfare recipients, special attention is needed to ensure that there are no adverse unintended consequences in reauthorization.

State legislators also believe that welfare reform is an ongoing process of sustaining the work effort of former welfare recipients. This includes services that support job placement, retention and advancement to prevent welfare recidivism and improve the lives of children and families. Our work must continue to help states implement welfare prevention strategies including teen pregnancy prevention, non-custodial parents and fatherhood programs, promoting marriage and other family formation strategies.

In essence Mr. Chairman flexibility is the key to helping families break free of the shackles of poverty. I would like to discuss a few issues that are being discussed as a part of the reauthorization process. These issues are critical to the success of welfare reform in Iowa and throughout the country. I would ask you to consider these and talk to legislators from your states about how they impact their programs.

FUNDING

Iowa is not alone in maximizing our use of welfare reform funds. All states and territories have used the flexibility in the TANF program to fund services such as flexible childcare services, substance abuse treatment, pre-kindergarten classes, training to help parents get better jobs and after school programs aimed at reducing teen pregnancy. In FY2000, only 50% of TANF was spent on cash assistance. 20% was spent on childcare and the remainder was spent on other services.

The TANF program today serves a very different population than the AFDC program at its inception in the 1930s. People accessing our services are no longer widows and most children on welfare are not orphans. Most women work outside the home and our economy has changed the type of job opportunities available to low-skilled workers. The caseload for cash assistance has declined nearly 60% nationally since passage of PRWORA; however, as we provide increasing support to ensure job retention and advancement as well as services for children and families, the total caseload receiving services has increased. This is why continued full funding is critical.

FINANCIAL FLEXIBILITY

In my opinion, the key element of success of welfare reform has been Washington's willingness to let us decide how to use our block grant funds. This flexibility has provided Iowans with access to better childcare, increased child welfare funding, and additional resources for teen pregnancy prevention. *Preserving states' flexibility is vital to the continued success of TANF.*

Much of what I am going to touch on in the remainder of my testimony underscores the need to maintain the states' ability to craft programs that fit the needs of their citizens. I would ask that you keep this in mind as you examine these programs and take some time to consider how they would be able to function if states' flexibility would be taken away.

WORK

Mr. Chairman, state legislators across the country believe strongly in the value of work. In fact, states changed their welfare programs into programs that require and support work using waivers *before* the federal government acted. 48 states operated their welfare programs under these waivers before 1996. The rigid rules of the old AFDC program actually prevented programs from implementing strategies to help welfare recipients become self-sufficient. For every dollar earned, welfare recipients lost a dollar in benefits. If we make it advantageous to go to work and provide support to those confronting tough challenges, parents will work. Iowans supported the federal bill in 1996 because our experience showed that the old system had trapped too many families in poverty by not having any expectation that individuals work or make themselves ready to work.

States are strongly committed to the work first focus of TANF. But, Federal constraints will compromise our ability to allocate our resources and design flexible prams to best serve individual recipients. Major changes in the current requirements could upend state spending decisions. If we revert back to the pre-1996 system of cookie cutter programs being forced upon the states, I can guarantee that you will lose two critical components of this program:

- State and local officials that have bought in to the program and are willing to work with Washington to improve the lives of families; and
- The creative and innovative programs that have been the lynchpin of welfare reform, letting families get a paycheck instead of a government check.

States have learned that different strategies are needed for clients who have very different barriers to work. We also believe that part-time employment with some support is better than no employment, and feel that states should be able to count all recipient work effort. We value job retention and advancement efforts. These supports are critical for long-term self-sufficiency and truly represent the next phase of welfare reform. States are best suited to decide what work activities a recipient can perform. We know we must work quickly to get recipients into the workforce. After all, TANF is a time-limited program, with a 60 month lifetime limit on benefits.

a. Work Participation Rules/Job Training

One of the biggest concerns that we have in Iowa relates to the work participation rules and how they will be calculated. In Iowa, we have made great strides in moving people from welfare to work. Part of this process has been helping Iowans acquire the necessary skills to move into the work force. But our success could be undermined by the desire of some in Washington to take away state flexibility and set strict rules on what counts towards the work participation rules. Under the proposals being currently discussed, job search and vocational education would not count for the first 24 hours of the work requirement as they do under current law. Another proposal is to raise the percentage of welfare recipients engaged in work. For Iowa, these are critical issues.

I would like to illustrate the potential problem of this job training issue with a situation that is very close to home. For the people of my community of Mount Pleasant, we have seen the need for moving our community's economy into the 21st century. This fall, we lost the BlueBird Bus Company—one of our biggest employers. Now, many of my friends and neighbors have had to find new jobs.

As a state, we in Iowa are recognizing that we must change the focus of our economy if we are to survive in the world economy. The days of smokestacks and heavy industry are gone. Leaders across Iowa, from Governor Vilsack and our legislative leadership to local chambers of commerce have recognized that we need to take our skills and resources and maximize Iowa's potential. We are now focusing on biotechnology, insurance and financial services, and high technology. In order for Iowa to survive, we must change. And we will.

Putting Iowa on the cutting edge of technology and production will require Iowans to acquire the skills necessary to perform this work. In some areas like Mount Pleasant, this may mean that welfare recipients will have undertake extensive re-training and education. A worker that has been building bus chassis does not have the skills to take a new job at a biopharmaceutical facility. We need to have the flexibility to allow Iowans to get the skills that will allow them to get a good-paying, high quality job that will keep them from enrolling in FIR I fear that the rules relating to how Iowans meet the work requirements could restrict our citizens from getting the job skills for Iowa's new economy.

While raising the number of recipients engaged in work is a proposal many would support in theory, its application can be problematic. This has the potential of having a disproportionately negative effect on rural states. In many parts of Iowa, we do not have the job growth needed to meet this standard. If our efforts to modernize Iowa's economy are successful, this will be a temporary problem. But again I would ask that you consider these factors before making a decision.

b. Public work employment

I understand that some of those in favor of increasing the work requirements and having universal engagement believe that these requirements could be met by having recipients working in public sector jobs in some sort of workfare program. This would be very difficult in Iowa due to the rural nature of the state. While urban areas would have a number of options for welfare recipients to fulfill this requirement, residents in rural parts of Iowa would be hard-pressed to meet this standard. It would not be for a lack of trying—there just isn't enough public service opportunities in small towns like New London, Havelock, or Carson. How would states like Iowa be able to meet this standard if vast parts of a state did not have public service opportunities?

An additional concern is compliance with the proposed reporting requirements. Just who in these small towns will document, keep track of, and report this work to the state and federal government? Most of the communities in this state do not have nor can afford to hire personnel to perform this function. If it is Congress's

intent to require that there be a public service component, I would strongly request that you grant us flexibility in how this is met. Without such flexibility, states like Iowa are unlikely to meet Washington's requirements.

c. Diversion

States also face a dilemma related to the standards we could be held to in programs that keep families from getting on the welfare rolls. Current law does not give states like Iowa credit for those we help who never touch cash assistance and are diverted from the welfare system. Iowa was one of the pioneers in these efforts with the creation of FIP Diversion. FIP Diversion programs simply work with families who could potentially end up on FIR. Instead of going on the program, FIP Diversion works with the family to address the issues that are preventing them from working. By removing those barriers, we are able to help the family keep off FIP.

This program is a great example of how states can wisely use TANF funds to give a family the freedom to make a better life for themselves and avoid cash assistance. Yet if the caseload reduction credit is replaced with an employment credit that does not take Diversion—like programs into account, states will have absolutely no incentives to continue these programs. Does it make sense for the federal government to provide incentives for states to enroll families into welfare programs for the sake of meeting a standard, when before the changes the state would have worked to keep them off the program? To me, there is a simple answer—please work with us to ensure that we can keep these programs by allowing us to count these families in our calculations.

d. Reporting requirements/staffing issues

Mr. Chairman, I know you have been contacted by a number of employees of DHS over the past two years concerning the budget problems faced by Iowa. Just like other employers who have faced difficult choices due to the current economy, the state has been forced to reduce its workforce. This has raised the caseload of our frontline workers in all parts of the state. The additional requirements that are being urged by some inside the Beltway will simply overwhelm our caseworkers ability to serve Iowans in need. Why is this? It's simple—if we don't devote the resources to meeting the reporting requirements being proposed, we will lose the money. We have seen how this impacts our child welfare system during the past few years. It will happen again, if the reporting requirements are too onerous.

As I said before, the TANF program has given each state the freedom to respond to its own unique set of needs and circumstances. *If new and inflexible work requirements are added to the program, states, constrained by the fixed sum of money available from the block grant and their own economic difficulties, will be forced to cut back on other TANF funded programs that support work.* Can Iowans on welfare succeed with reduced access to childcare or other valuable services that would be sacrificed in order to try to meet these requirements? No.

e. Penalties

With all of these issues, there is an underlying fear of what could happen if we are unable to meet these aggressive standards. Under one of the proposals before you, states would be vulnerable to having to face substantial fiscal penalties—losing 5% of TANF block grant, backfilling this penalty with state dollars and an increase in 5% for the state maintenance of effort requirement. And those are just the penalties for the first year of compliance.

For Iowa, the exposure could be even greater. An analysis done by NCSL has found that Iowa's potential exposure for not meeting the proposed work participation standards could be as much as \$67 million. Iowa simply could not handle such a loss of funds. The impact to childcare, job training, child welfare programs, and pregnancy prevention in Iowa would be devastating.

The proposed penalty is not limited to loss of federal funds. States would be required to backfill the lost federal funds with state funds. If Iowa could not meet these high standards and lose the \$67 million, our Legislature would be forced to make choices between increasing funding to our schools or ensuring adequate care for our seniors. That is a choice no state should be forced into because of federal standards.

I would again ask that you again recognize the partnership that is welfare reform and give the states the latitude to establish how they would meet work participation requirements. Please remember that in rural parts of America, the high standards for performance may be difficult to attain. This will require ingenuity and patience from Washington, but I am convinced we can achieve these goals. By working together and recognizing the differences between states, we can continue to build on our sizable successes.

CHILD CARE

Increased funding for childcare is essential to the continued success of TANF. In my four plus years as chair of the budget committee overseeing welfare, I have discovered just how valuable childcare has become in our society. Mothers and fathers cannot work without safe, reliable childcare. And in this state, childcare is a critical issue. Iowa leads the nation in two-parent working families. Meeting the childcare needs of individual Iowans is a challenge. Providing for the childcare needs of Iowans in the Family Investment Program is a greater challenge.

To meet this need, the people of Iowa have dramatically increased the resources being used for childcare. As with other states, Iowa is devoting over 20% of our TANF funds to childcare. And yet, we still struggle with deciding whether the poor families who have never been on TANF or poor families who are moving off cash assistance or low income poor families who never received welfare but are a crisis away should receive subsidies. By the way, the amount of TANF funds being used on childcare is more than the entire value of the federal Child Care Development Fund.

As I said earlier, we in Iowa have made dramatic increases in the resources we devote to childcare. Since the implementation of welfare reform, Iowa has increased spending on childcare by over 200 percent. Since 1997, we have increased eligibility for state childcare assistance and the rate the state pays for childcare. And we are committed to doing more.

One of the innovative programs that we have developed is our Community Empowerment initiative. They are local-controlled programs that are charged with helping families have their children age 0–5 ready to learn when they enter school. We believe that these efforts at improving parenting skills, promoting healthy children, and addressing potential health and learning disorders at a point where they can be corrected is a vital component of our state's program to help families meet their potential.

A major part of this effort is funded with TANF funds. We have dedicated over \$6 million in TANF dollars annually to be distributed to Community Empowerment Areas to address local childcare needs. Every community has different childcare issues, and allowing local citizens to find solutions has been a tremendous success. Communities are utilizing their funds to provide childcare during non-traditional working hours. For most people leaving the FIP program, the jobs they acquire are not the typical 9 to 5 workday. By giving communities the resources to provide childcare at night, on the weekends, or for sick children we are addressing a critical barrier to the success of FIP participants. Communities are also encouraged to use these funds to help providers improve the quality of care. Sonya Marquez, from Boost 4 Families, is here to discuss with you the successes of these efforts.

Last year, the Finance Committee considered providing additional childcare funds for states. Needless to say, we would gladly welcome any increase in childcare funding. When we studied that, we discovered that the requirements that were being discussed would have caused our state to take resources being used to provide childcare services and use them to meet the quality requirements of the bill. In the end, fewer Iowa children would have gotten childcare.

In Iowa, we have a wide range in access to childcare. While urban areas like Des Moines may have a variety of providers for families to choose from, many families in Iowa's rural communities have very limited childcare resources to call upon. We in Iowa understand that we have work to do in improving the quality of our childcare. We would ask that Congress give states the flexibility needed to craft a childcare program that meets the needs of their communities and their children.

Mr. Chairman, I would like to again state that access to childcare is a key component for the success of welfare reform. I would urge that the Committee remember that any increase in work requirements will mean that states will have to put more resources into childcare. With tight budgets facing virtually every state, meeting that need can only be done with your help.

FAMILY FORMATION AND MARRIAGE

While marriage is an issue that transcends discussion of the reauthorization of the TANF program, promoting the formation of stable families is part of ensuring that the cycle of dependency on government programs is broken. Marriage provides important benefits, including economic ones, for adults and children. Government policy should be to support healthy marriages, and, perhaps as critically, not to set up barriers to marriage. While we have made great progress has been in reducing dependence on welfare, state legislators recognize that much remains to be done in addressing the underlying causes of poverty. That includes strengthening two-parent families. State legislators also recognize that not everyone will choose to marry or choose to stay married.

We would ask that you consider existing efforts to support family formation and marriage and find ways to strengthen these initiatives. States are already working to promote marriage outside the TANF program. Some examples of actions states have taken include establishing fatherhood programs, providing incentives for marriage education including reduced fees for marriage licenses, enacting earned income tax credits without penalizing marital status, enacting family law related to both marriage and divorce and creating programs to sustain the marriages of parents of children with disabilities with respite care services. We would ask that you consider existing efforts to support family formation and marriage and find ways to strengthen these initiatives.

TEEN PREGNANCY

Teen pregnancy has declined, but it still must be a focus of efforts to reduce out-of-wedlock child bearing. Legislators of both parties believe that this problem deserves our continued attention at the local, state and national level. Researchers have found through research that teen mothers and fathers have worse future outcomes including educational attainment and income than other teens. Over time, teen parents have much more difficulty remaining self-sufficient and are more vulnerable to economic shifts in the labor market.

In the reauthorization of welfare reform, I would ask that Congress maintain its strong commitment to working with states to reduce teen pregnancies. Flexibility is again a key to the success of these programs. By allowing states to craft programs and services to meet the need of their youth to make good choices, we can continue to reduce the rate of teen pregnancy.

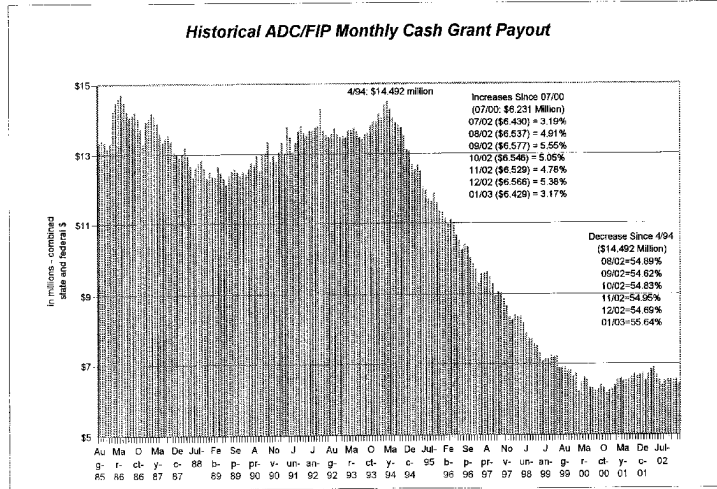
CHILD SUPPORT ENFORCEMENT/NONCUSTODIAL PARENTS

Child support enforcement is a critical component of welfare reform and these payments represent an important part of family income. Child support payments can make the difference in a working family living in or moving out of poverty. As in other states, the members of the Iowa Legislature have been at the forefront of innovative efforts to improve child support including establishment of orders, collection, enforcement and work with noncustodial parents.

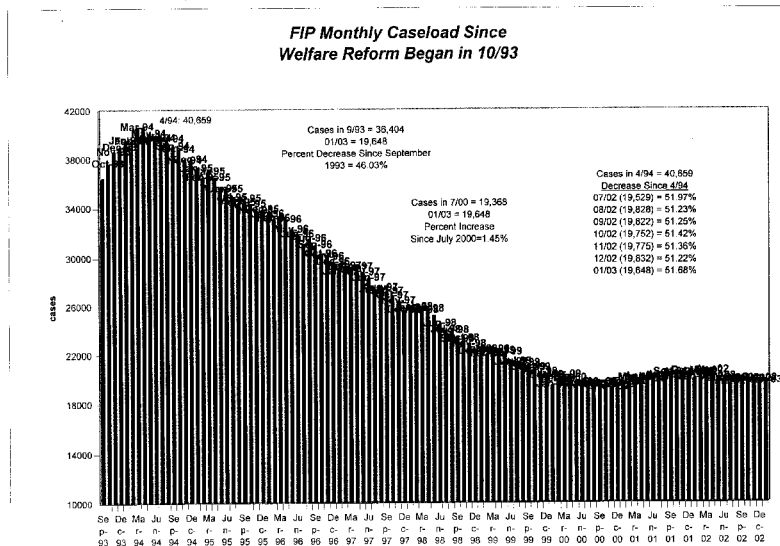
Thanks to the strong efforts of Iowa's Child Support Recovery Unit, our program has been recognized across the country as being amongst the best. Yet, we know there is more that we can do to further improve the system. There is concern about the potential for unfunded mandates and preemption of state law in any new federal child support law. We would hope that the Committee would consult with state child support officials and legislators before any action would be taken.

One area that many members of Congress and the public are interested in is the concept of a pass through of support payments directly to the child. This is an idea that may have some merit and warrants further discussion. I would ask that as you consider this, please remember that some states may face financial difficulties due to passing through the payments instead of offsetting welfare payments. We would hope that implementation of this would be a state's decision, with the support of the federal government.

Mr. Chairman, that concludes my testimony, I would be very happy to respond to any questions that you and the members of the Committee have at this time.



hooov3s1aaccrasst.71\FIP Data\FY 03\row-Header FIP Data.xls\Payout
 Division of Financial, Health and Work Supports
 Iowa Department of Human Services
 2/19/03



hooov3s1aaccrasst.771charts\FIP Data\FY 03\graph handout Michelle.xls\FIP Caseload Since 10-93
 Division of Financial, Health and Work Supports
 Iowa Department of Human Services
 2/19/2003

PREPARED STATEMENT OF DONNA LITREL

Good morning Mr. Chairman. Thank you for inviting me to testify before the Committee today. My name is Donna Littrel, and I would like to share with you how Promise Jobs, Cornerstone, the Family Investment Program—otherwise known as “FIP” and other resources have helped my family. We have benefitted so much

from these programs that it is hard to think of where we would be right now without them.

In May I will celebrate my fourth anniversary at Aegon Insurance Company. Since starting there, I have obtained my Series 6 and 63 insurance licenses, a Life and Health insurance license, and am currently furthering my education by continuing to take classes and pass tests. I have a great position in the sales and conservation unit, where I help clients to make decisions about their investments. It is a great opportunity, but the road to where I am now was very bumpy indeed.

I met my husband, Anthony, seven years ago. During our first months together we lived in my camper at a little park south of Iowa City. With us were his three children who were between the ages of two and five years old at the time. We received assistance for food stamps to help get us by. We were homeless and down and out for quite a while.

The kids' mother cared for the children long enough for us to get an apartment. In one month Anthony and I saved the money for a place to live while living in our car and working at a restaurant. A year later we had our first child together. In the fall of 1997, our baby was only a few months old, we found ourselves homeless again.

It was very hard for us, at the time we had nothing, it felt like there was no light at the end of the tunnel. Neither of us had family to turn to. I went to DHS and they were willing to give me money for rent. Additionally, they provided general assistance to help us on a down payment for a place to live.

During this time I hopped around from one restaurant job to another. We had the help of the FIP program, food stamps, and Medicaid to keep us going. Our family still suffered from its own set of problems, other than the financial burdens we faced. We both drank quite a bit during this time. When I became pregnant again I stopped drinking and by the grace of God, Anthony became sober on April 14, 1998 and hasn't touched a drink since. For us, before things got better they got worse. Newly sober, life wasn't always that easy.

We were both unemployed and managed to live off the FIP program and food stamps alone. We were going through the Promise Jobs program at the time. Anthony and I were in a BASICS class that was to teach us to be self-sufficient.

I learned a lot from the class but the most helpful thing I received was a little flyer about a new program that was starting called the Customer Contact Training Program. This new program would be a gateway for people to obtain the skills needed to work in a call center. There were several businesses that were partnering to sponsor the program with hundreds of thousands of dollars coming from a grant provided by the state. The class was four hours a day, five days a week and lasted for three months. Promise Jobs not only provided this opportunity for me without cost, but also paid for my transportation to and from class and for the childcare my children received while I was there.

I used this class as my chance to prove to myself that I could be a good employee, which I failed at previously. I proved this by only missing one day of class and I graduating at the top of the class. I was very proud of my accomplishments. I had four job interviews; two of the companies offered me a position. Aegon hired me in May of 1999.

Becoming an Aegon employee was a turning point for my family and me. Our family still received assistance for our medical bills and some food stamps, but we no longer had to rely on FIP to provide us an income. I had never imagined I would be working for such a wonderful company. It was a very liberating feeling.

Our family also received help from a program called Cornerstone for a couple of years. They helped us by providing a counselor who came to our house every other week. We attended the classes they offered and took our children to functions they supported. After a year of living in a single-wide mobile home, we moved into a larger home in the same community.

In March of 2002 we had another baby. Because of illness, my husband is unable to work; he stays at home and cares for the children. I recently went to DHS to apply for food stamps. We have been approved to receive them, and having the extra help, we will be able to afford our expenses. Being a one-income household with six children, it is difficult to keep above water at times. But, with all the help that we have been provided, it has been possible. I enjoy my job and my family; we have come along way over the years. I hope that by sharing my experiences we will be able to help others some day. When things looked grim and hopeless, there was always someone watching out for us. Thank you for the opportunity to share with you.

PREPARED STATEMENT OF SONJA M. MARQUEZ

Chairman Grassley, and distinguished members of the Finance Committee, thank you for this opportunity to appear before you today to discuss Welfare Reform. My name is Sonja Marquez; I am the coordinator of the Community Empowerment Initiative in a three county area in southwest Iowa. During the 1998 Iowa legislative session, the Iowa Community Empowerment Initiative was adopted. This bipartisan effort encouraged partnerships between communities and state government with an initial emphasis to improve the well-being of families with young children. I am here today to talk to you about how community efforts focused on children and families can have an impact on the success of Welfare to Work.

Boost4Families is the name of the three-county collaborative in southwest Iowa serving the counties of Cass, Mills and Montgomery—the total population in the three counties is just over 41,000. When Iowa's legislature created the Empowerment Initiative, Boost4Families chose to add this to its areas of focus. Boost4Families has been effectively working together since 1995 on issues impacting children and families, and continues to identify needs and blend various funding sources to provide both early education and prevention programs to our communities. Boost4Families' success in bringing together citizens, government, and local agencies was recognized in 1999 by the National Partnership for Re-Inventing Government by being designated a "Boost4Kids" site, and 2002 by the Metropolitan Area Planning Agency with the Regional Service Award.

Boost4Families relies on many community lay participants, as well as public and private agencies to help achieve our goals. We firmly believe that strong families are Iowa's future. Boost4Families has been successful at implementing locally identified programs to promote school readiness, early childhood education and improve the quality of child care offered in our three county area. My perspective during this discussion will be based on my experience of community challenges and opportunities that rural Iowa faces when addressing child care, transportation and other supports for children and families.

Iowa ranks second in the country in the number of working parents with young children and first in the country in the number of working parents with school-age kids. The Iowa State Child Care Administration reports that approximately 85% of families in Iowa need child care. Here is a great example:

Frances was a divorced mother of two, living in the small rural community of Villisca Iowa. She worked long hours in a factory in Clarinda, which was located about 20 miles away. One of her children attended special classes for children diagnosed with Behavior Disorders in Lenox, approximately 30 miles away. This situation left her young daughter at home alone before school and after school.

Once Villisca established a before and after school program, Frances enrolled her daughter and feels assured that she is provided breakfast and taken care of when she is at work.

In rural areas, it is not unusual for work, school, and home to be located in three different communities, often in opposite directions. The Villisca Community School District, a district with a high proportion of low-income households, identified many families in their community facing this problem. The district pursued development of a before- and after-school program for students in kindergarten through 5th grade; their vision was for a program that also included opportunities for parental learning. School officials and community members were aware of a significant number of Villisca-area children who are routinely left without supervision while parents fulfill work responsibilities.

Villisca's innovative family support program includes on-site before- and after-school academic and enrichment activities for children, plus a number of parent-child learning activities, including nutrition; health; fire safety; substance abuse; domestic violence; first aid; asset-building; and a mentoring program which includes service learning, intergenerational mentoring, and academic encouragement. Students from the Villisca before and after school program spend time at a nearby nursing home, often sharing snack-time, one-on-one time, and recreational activities with the home's residents. Older youth and senior citizens in the Villisca community act as volunteer tutors and mentors for the younger students. Parents do not simply leave their children to be cared for at the site—they commit to taking an active role, making donations of board games, volunteer time, career skills, puzzles and other indoor activities. This program has over 100 students enrolled—this is from a district in which the K-5th grade population is 176 students. When state child welfare funding was no longer available for this project, fundraisers, local grants, and community support continued to sustain it for the community. The need was there, the

solution was explored and an opportunity was created to solve the problem. Local ownership of the solution has made a big difference for the families in Villisca.

Each community faces challenges to support children and families. The direction this program took is a great example of how communities can develop solutions to local issues. Our government—both state and federal—can play an important role in the implementation and support of these programs. Incentives should be available to employers in rural Iowa to establish child care for our youngest children. Federal assistance could be developed to assist local rural school districts in developing before and after school care for children. The 21st Century Learning Centers grants represent a great beginning for the state of Iowa, but many school districts—not just those in low income areas—need these opportunities. Iowa and our Federal Government cannot turn a blind eye to the dilemmas created by the rural nature of our communities and the high number of working parents.

Although the Welfare to Work legislation had good intentions, it left a gap for working mothers in rural areas. Child care and transportation are areas that need additional resources in order to ensure that these families' needs are being met and that each of them can be assured of a safe and secure place for their children.

The Villisca stories that I shared with you today provide an example of “what works” for families. I would encourage you when considering the Welfare to Work initiative, to give strong consideration to the lessons we have learned in Iowa's rural communities. Working parents can be successful when given the critical supports of child care and transportation.

COMMUNICATIONS

STATEMENT OF THE CHILD AND FAMILY POLICY CENTER

[SUBMITTED BY CHARLES BRUNER AND VICTOR ELIAS]

Chairman Grassley and Members of the Senate Finance Committee:

Thank you for this opportunity to provide you with some input as your Senate Finance Committee begins its work to reauthorize the 1996 Personal Responsibility and Work Opportunity Reconciliation Act provisions for the Temporary Assistance for Needy Families (TANF) block grant.

The Child and Family Policy Center has done considerable work over the last few years in trying to help Iowa communities address the issues of assisting people in leaving Iowa's Family Investment Program under TANF, while at the same time trying to address the workforce needs of Iowa employers.

Our work with the Polk County Human Services Planning Alliance (HSPA) Self Sufficiency Work Group, the Creative Visions and Urban Dreams hard to employ WIA grant, and Career Builders have helped identify some of the barriers and supports needed to assist the "untapped workforce" become self sufficient while simultaneously addressing employer workforce needs.

The WIA grant to Creative Visions and Urban Dreams concentrated on long term TANF recipients with multiple barriers to employment, and the non-custodial parent of such TANF recipients. Career Builders was a beta test of an employer and participant lead concept to place and support members of the "untapped workforce," including TANF recipients and non-custodial parents, in employment at entry level positions with some of Des Moines' better paying employers.

After working with and evaluating these programs, it became apparent that long term TANF recipients need long term support in applying their soft skills training to actual employment, and at the same time improving their "hard" jobs skills; especially in the education and training areas (literacy, calculation skills, GED, and post secondary education). Addressing the need for this support is vital to obtaining self sufficiency and meeting the workforce needs of better paying Iowa employers. However, as we look at the two major federal programs in this area, neither TANF nor WIA is funding these efforts. As our experience and the research shows, without the development of this kind of support system, the formal education and training, job skills, job search, and job placement services will not be successful in helping these long term recipients facing multiple barriers to succeed in obtaining and retaining employment.

While WIA funded agencies can provide formal education and training, job search, and job placement services, the long term support of participants in the job placement process, and the follow up job retention services are often better provided by agencies working within a participant's community.

Agencies providing such support services must have strong ties within the community with which participants identify. They must have a reputation in the community of understanding and successfully addressing the community's needs and strengths. They must be seen by the community as a welcoming resource where members of the community can obtain advice and assistance on a variety of issues that affect their lives, beyond those strictly limited to workforce involvement.

Workers providing and arranging long term support services must develop a relationship of trust with participants. Such workers must understand, and may have personally experienced, the kinds of situations a participant faces in the workforce.

Agencies have to be very supportive and persistent in working with individuals. Constant follow-up is needed. Frequent contact with participants must be maintained: to see if appointments are kept, if they are actively seeking employment or attending training, and if employed how are they doing on a job. Even just a contact to "see how things are going" is important to success.

Individuals may have little or no job experience, and may come from backgrounds where employment is not a visible part of an individual's family or neighborhood experience. Addressing the lack of job skills is comparatively easier if the attitudinal, basic soft skill and educational issues are successfully addressed. However, addressing these non-job skill issues is very difficult work. Where agencies have been successful in this area they have used intensive one-on-one counseling support, along with peer support groups. In addition, they have tried to identify and demonstrate successful role models among their staff or others in the community.

Agencies must help individuals address a variety of issues that can get in the way of obtaining or retaining employment which are not directly employment related. Helping provide for the basic needs of food, clothing, shelter, child care and transportation are make or break factors in obtaining and retaining employment. Agencies have met these needs by either providing services directly (driving participants to job interviews, jobs, child care, training, etc.) or by referring participants to community or public resources (church or neighborhood groups, county assistance, food banks, public assistance programs, etc.).

Long term TANF recipients often lack literacy or language skills, and the educational levels often required by good paying Iowa employers. The opportunity to obtain these competencies, while at the same time meeting work requirements and child and family obligations is very difficult. However, participants ability to obtain these competencies is vital to obtaining their own self sufficiency, and to meeting the workforce needs of Iowa employers.

Please consider and address these issues that have fallen in the gap of the existing TANF and WIA programs as you consider their reauthorization. Appropriate education and training, and the time and support needed to acquire and implement these skills are of vital necessity to helping TANF recipients become self sufficient while at the same time addressing the workforce needs of Iowa's best employers.

We would be happy to provide further information to you and your staff.

STATEMENT OF FETNER, TINA, PH.D., ASSISTANT PROFESSOR OF SOCIOLOGY,
CORNELL COLLEGE

I strongly oppose the welfare marriage promotion initiative. It violates basic principles that Americans hold dearly: privacy and independence. It inserts government agencies into the intimate lives of poor women, and it diverts valuable resources away from poverty relief programs toward propaganda programs.

The thinking behind this measure may be well intentioned, but it is wrong-headed. This measure implies that the cause of poverty is a lack of marriage among poor women. This is not true. The root cause of poverty is economic: too few jobs that pay living wages. This is the problem that the welfare bill should be addressing.

Research shows that marriage is not always a way out of poverty for poor women. When poor women form intimate partnerships with men, either through marriage or cohabitation, most of the men are too poor to lift them and their children above the poverty line. Studies show that children do best when they are raised by at least one caring and competent parent, and that the marital status and sexual orientation of the parent is irrelevant to children's well-being.

Poor single mother should not be subjected to moralistic propaganda in exchange for their benefits. These women are working mothers, trying to balance work (or job training) and child care. They do not need additional burdens of time and energy that this program would require. This measure will set aside over \$100 million in monies that could go to direct relief of poverty for government bureaucracies and "faith-based" agencies to waste the precious time of poor women. Why not provide direct aid or subsidized child care instead?

All women—rich and poor alike—have the right to make their own decisions about their personal lives. The government should not become involved in the love lives of poor women. Marriage decisions belong to individuals, not government, and this program is a colossal waste of taxpayers money.

This program ignores the needs of women who cannot be helped by the "one size fits all" policy of marriage promotion. Women who have successfully fled from abusive marriages, lesbian women, and women who are single parents by choice, will not be served by marriage promotion. The many poor women who would like to be married but simply cannot find that special someone also will not be served by this measure. The federal government should be concerned for the safety and well-being of all men and women, not dedicated to a single family form that it prefers over all others.

There are important roles for government to play in family life. The government should support living wages for families. It should ensure that resources are avail-

able for the health and well-being of families. It should make sure that no child goes hungry, even one day a month. But, it should not pressure people (especially a vulnerable subset of the population) to make particular decisions about the form of their families.

I urge the Senate to move the funds set aside for marriage promotion into poverty relief funds, and stop micro-managing the lives of poor women. This measure won't work, it is costly, and it is taking money out of the mouths of poor children.

STATEMENT OF THE FOOD BANK OF IOWA

[SUBMITTED BY KAREN R. FORD]

Chairman Grassley:

My name is Karen Ford and I am the Executive Director of the Food Bank of Iowa, an America's Second Harvest affiliate that serves 260 charitable organizations in 42 Iowa counties. Thank you for bringing your Senate Committee on Finance Public Hearing on: Welfare Reform: the Reauthorization of the Temporary Assistance to Needy Families (TANF) program to Iowa. I appreciated the opportunity to attend the hearing yet left feeling two important issues were not discussed. Thank you for the opportunity to address them in written testimony.

Since the passage of Welfare Reform (The Personal Responsibility and Work Opportunity Reconciliation Act of 1996, or PROWRA), thousands of families moved from welfare to work. Many have seen success, but others with low-paying jobs are struggling to make ends meet.

As you know, this latest round of TANF Reauthorization has included not only the TANF program itself, but a host of federal programs that act as work supports. I would like to address one of these work support programs for low-income families in particular: the Food Stamp Program. As the Executive Director of a food bank, I cannot stress enough how crucial the Food Stamp Program is to the well being of children and families that we serve. Very simply, the Food Stamp Program prevents hunger for Iowa's children and families, and allows working families to stretch their hard-earned dollars.

The Food Stamp Program has been the first line of defense against hunger in America since the Nixon Administration made it a national priority, and ensured access uniformly across our nation. More and more, however, low-income people are falling through the cracks, and charities we serve have become "first responders" to hunger. Despite efforts to implement the provisions of the Farm Bill during a financial crisis, Iowa's long applications, lack of outreach, and inaccessibility combine to deter potential participants of the program. This has put an enormous strain on hunger relief charities such as ours. Many low-income people simply find it easier to come to a food pantry than to go through the long and difficult process of applying for Food Stamps. While committed to ensuring that no family should go hungry, lean economic times have hit us with a double-whammy: decreased donations and increased demand for food.

Hunger is a very real problem in Iowa. The USDA found that approximately 7.6 percent of Iowa households were food insecure between 1999 and 2001. This means that they do not know consistently where their next meal will come from. In addition, over two percent of households in Iowa are in situations so severe that they are classified as experiencing hunger—they may be forced to reduce their food intake due to a lack of food or skip meals altogether.

The changes made to the Food Stamp Program in last year's Farm Bill were a major victory for Iowa's low-income families. We thank the Bush Administration, and leadership of both parties in Congress to ensure that the well being of America's families was put ahead of partisan differences. Among the changes was a new set of options that allow states the flexibility to line-up eligibility requirements so that low-income people can apply for several different programs at one time. To the extent that states take advantage of such options, low-income people will see tremendous benefits.

Mr. Chairman, let me be clear. Now is not the time to jeopardize the improvements made in the Food Stamp Program. We did not expect that when the debate on TANF began last year that we would be forced to defend the integrity and efficacy of the Food Stamp program. Yet there are two proposals in the house-passed TANF bill (H.R. 4, 108th Congress and H.R. 4700, 107th Congress) that threaten to cripple the Food Stamp program, and more importantly, the lives of the low-income people we serve: The 5-State Food Stamp Block Grant, and tire so-called "Superwaiver."

Having worked at a Food Bank for two decades I understand first-hand that strong federal nutrition programs mean stronger families, and a stronger State of Iowa. Though these proposals have good intentions—namely to increase flexibility for states—We strongly oppose both proposals because we believe they will severely weaken the integrity and effectiveness of crucial federal nutrition programs, and will hurt the families they intend to help.

The Superwaiver

First, I would like to address the potential impact of the Superwaiver for Iowa's families. As you know, the Superwaiver gives the Executive Branch sweeping authority to override regulations and protections on a range of low-income programs, including the Food Stamp Program. The proposal is intended to ensure flexibility for low-income programs. Make no mistake: ensuring flexibility in the administration of low-income programs is crucial to moving families toward self-sufficiency. We are concerned, however, that the proposed "Superwaiver" authority would severely compromise the integrity of crucial federal programs, and would hurt the families they intend to help. The Superwaiver does not provide eligibility protections for certain groups, does not provide an opportunity for sufficient public input, and gives financial incentives to states to supplant funds from low-income programs to patch mounting budget deficits. If Iowa were to opt into the Superwaiver, eligibility protections in the Food Stamp program could be waived. Protections for many groups of individuals could be jeopardized. Many groups of low-income individuals could be doomed ineligible or time-limited simply because they are politically unpopular. Broad flexibility that preserves the quality and underlying goals of the Food Stamp Program is already allowed under the Food Stamp program thanks to changes in 1996, as well as new changes in the recent Farm Bill. Iowa has not used state options until recently when the State applied for the 3 month time limit waiver. Broad, unchecked superwaiver authority, however, could severely compromise essential program goals, and hurt the quality of programs for our families.

If Iowa were to opt into the Superwaiver, there is no guarantee that our organization, nor any others, would be able to provide input into the waiver process. In fact, members of Congress such as yourself would have no guarantee that you would have the opportunity to weigh in on what would amount to drastic changes in congressionally appropriated programs. Although the Congress and the Executive Branch are co-equals, the implementation of the Superwaiver would essentially be an unprecedented transfer of authority from Congress to the Executive Branch. Mr. Chairman, you and your colleagues have, for many years, debated many different ways to strengthen and improve the Food Stamp Program. You and your colleagues have spent decades brainstorming, negotiating, thoughtfully crafting, and enacting food stamp initiatives, most recently in the Farm Security and Rural Investment Act (Public Law 107-171). The enactment of a Superwaiver would undo all of your hard work to ensure that low-income families can access food. To give the executive branch at the federal and state levels the ability to circumvent the will of the Congress sets a dangerous precedence.

Changing the rules for public programs should be a public process. Yet under a Superwaiver, the integrity of these federal programs could be bypassed by the lone authority of the Administration in power, and without any evidence that proposed waivers would protect or benefit low-income Iowans.

If Iowa were to opt the Food Stamp Program into the Superwaiver, this would effectively block grant the program, putting the Food Stamp Program funds at risk of competing with other budget priorities. In addition there are few protections against supplanting funds away from the original purpose of the Food Stamp Program. This is a harsh reality that we would face, especially difficult given the current budget crisis that Iowa, and most other states in our nation currently face.

In areas in which the administration and Congress agree that states should have more flexibility and that flexibility helps—not harms—families, states should be given new state options rather than being required to go through a cumbersome waiver process. The options provided to states in the Food Stamp Program in the recently passed Farm Bill are a good example of a better approach to providing state flexibility.

The 5-State Food Stamp Block Grant

As you know, H.R. 4 included authority to block grant the Food Stamp Program in five states that elect to do so. No hearings were held on the idea of a Food Stamp Block Grant in last year's, or this year's discussion on TANF reauthorization.

As you know, the Food Stamp Program is an entitlement program, which means that expenditures adjust to the number of people on the program, not the other way around. The recent economic downturn shows us precisely why a block grant for the

Food Stamp Program is a bad idea. A block grant would freeze federal funding. This means less, not more, flexibility for states administering the program, especially during difficult times such as these.

We applaud the efforts of the Bush Administration to conduct aggressive outreach for Food Stamps, with the goal of reaching and enrolling every eligible individual and family. We particularly thank Secretary Ann Veneman and Undersecretary Eric Bost at USDA for their work to implement this noble goal. The Food Stamp block grant, however, threatens to undo much of the progress that has been made during this administration. A fixed pot of money means states will have fiscal incentives to conduct less outreach to low-income families. Simply put, you can't encourage families to enroll for Food Stamps when there is no money to pay for enrollment. The bottom line here is that if Iowa opted into the block grant, more families in Iowa will turn to food pantries and soup kitchens for food.

The Block Grant would eliminate protections from hunger for many groups, including the working-poor, the elderly, and the disabled. States would have significant fiscal incentives to close budget deficits by transferring funds out of Food Stamp Program costs to other budgetary interests. Because the majority of states face massive deficits, now is not the time to gamble away nutrition for America's families.

Conclusion

We believe that both of these proposals will force more of Iowa's families to turn to already-constrained food pantries and soup kitchens for food. We urge you to oppose the 5-State Food Stamp Block Grant and the Superwaiver proposals as part of any TANF proposal.

Once again, I would like to thank you for coming to Iowa to hear the realities that low-income Iowans face. I look forward to working together to ensure that this year's round of TANF Reauthorization will truly empower Iowa's families to move toward self-sufficiency.

STATEMENT OF GREDER, KIMBERLY, IOWA STATE UNIVERSITY

Research Findings from Iowa

The shift in welfare policy from focusing on income security to focusing on work and self-sufficiency has affected the ability of some families to meet their daily living needs. Even in Iowa low-income families have struggled since the passage of PRWORA. For example:

- More than half of the Iowa families leaving welfare in 1999 had incomes around the poverty line two years later;
- Among a random sample of Iowa households who received Food Stamps in 1997, in 1999 two-thirds had incomes below poverty, over half were food insecure, and over one-quarter were experiencing hunger;
- Food insecurity was greater in 2000 than in 1997 for Iowa WIC participants; and
- In rural Iowa areas, the restructuring of local economies from high-wage to low-wage industries and to service sector employment disproportionately hurt poor families and families headed by women.

Health, child care, and transportation problems permeate this population:

- Among a random sample of Iowa households who received Food Stamps in 1997, one-fifth of the respondents considered themselves to be disabled and one-third considered themselves to be in poor health;
- Iowa families with limited incomes find it difficult to locate affordable child care for their children while they work;
- Some Iowa parents choose not to work, jeopardizing their FIP benefits to take care of their children;
- Regarding transportation, TANF leavers in Iowa report that the cost of vehicle maintenance can be a challenge for those who work or hope to work; and
- Transportation issues for rural Iowans include: (a) barriers to owning and operating a personal vehicle, (b) owning vehicles described as old and invariably unreliable, and (c) the rarity of any form of public transportation except local school busses.

Survival strategies for Iowa families center on meeting their nutritional, housing, and basic needs. Low-income families in Iowa meet their needs by:

- Relying on others: a common strategy for meeting housing needs employed by rural Iowa welfare recipients is informal arrangements made with families and friends that tend to be temporary, or at least are thought of as such;

- Trading-off food for housing; as food stamp benefits decrease with increased earnings, the additional income is used to pay the rent or utilities;
- Participating in multiple assistance programs: Families who were able to leave welfare often found food stamp benefits were important to a successful transition; and
- Using community resources such as emergency shelters, county relief benefits, or privately provided food assistance.

Policy and Implementation Guidelines

Survival often depends on flexibility in policy and implementation guidelines. Initiatives to help families will have a higher likelihood of succeeding if policymakers and program administrators seek input from the families they serve. Families need:

- Sufficient resources to meet basic needs;
- Community participation skills,
- Financial skills to manager their resources; and
- Educational supports to help families identify strategies, to network, and to contribute to meeting their own communities' needs.

Beyond Welfare is an example of a program that is working:

Beyond Welfare (BW) seeks to instill participants with a sense of advocacy and build a constituency for systemic change. Families in poverty are invited to participate and are equipped to become leaders in the program and in the community by learning how to communicate and advocate for themselves. The BW Board of Directors is comprised of a majority of members who have been or are currently marginalized by poverty. At the same time, BW also facilitates relationships that assist and support families. Community members are recruited and trained as "Family Partners" for intentional friendships with BW participants. These partnerships are based on common interests, yet focus around the safety, stability, self-sufficiency, and well being of the BW participant family. These relationships provide the beginnings of an effective social support network. They help to reduce isolation, erode stigma, and replace feelings of victimization while simultaneously helping participants *learn new ways of coping* with daily problems and setbacks from those who have been able to do so with a modicum of success. At the same time, Family Partners learn firsthand the strengths and challenges of people on welfare and the working poor.

Concluding Thoughts

How can we develop policies that help low-income families not only survive, but also thrive and work towards a higher quality of life? The common theme of the programs reviewed is the importance of including participating families in programmatic decisions. Low-income families can be empowered to improve their quality of life. Families in poverty and on public assistance can provide us with new ways of understanding how our policies affect their lives and what policies should be changed. First, we must believe in the competence of these families regarding giving us valuable and importance policy information. Then, with this presumption of competence and our support, these families can be empowered to be persistent and successful self-advocates in their quest for a better way of life.

STATEMENT OF THE IOWA COALITION AGAINST DOMESTIC VIOLENCE

[SUBMITTED BY AMY CORREIA]

Thank you for providing this opportunity to comment on the Temporary Assistance to Needy Families program. The Iowa Coalition Against Domestic Violence (ICADV) is a state-wide advocacy and technical assistance provider representing its 33 member domestic violence programs in Iowa. In FY 2000, 2,099 women and 2,358 children were sheltered in one of Iowa's domestic violence shelters, and 18,300 domestic abuse victims received services from one of Iowa's victim service agencies.

A study of domestic violence programs in 1998 found that over half of women residing in an emergency domestic abuse shelter received welfare benefits. Additionally, poverty disproportionately affects female-headed households in Iowa. Forty-five percent of female-headed households with children under the age of 18 live in poverty (as reported in the Iowa Department of Economic Development's Consolidated Plan, submitted to the U.S. Department of Housing and Urban Development in 1995).

Our experience with women seeking shelter and other services tells us that domestic violence and poverty are interconnected. Many women apply for welfare benefits as a lifeline to safety for themselves and their children.

In October 2001, I visited with low-income women (some current and others past recipients of welfare benefits) in three communities across Eastern Iowa to assess what they need to achieve economic security. A few of their stories follow:

A young woman with one child told me of her dreams of becoming a psychologist. Her welfare-to-work case manager told her that she couldn't pursue a 4-year college degree while on welfare. To meet her welfare requirements, she works at a low-wage job in the local shopping mall, spending two hours round-trip on the bus, and as a result has only a few hours with her daughter in the evening before bed-time as a result.

A mother with a young child was sanctioned off of welfare benefits because she lost her job when her car broke down (she lives in a town with limited public transportation). She left numerous messages for her welfare caseworker to explain the situation. This worker never returned her phone calls, and she received a letter in the mail telling her that she was being cut from benefits for not complying with the work requirement. She is reapplying for benefits.

Another mother lost critical support benefits (Medicaid and Food Stamps) when she financed a car worth more than the allowable ceiling to ensure that she would have reliable transportation to get to a job where she earns only \$800 a month.

All of the women expressed the desire to work. Critical to their success at work are supportive services, including transportation, childcare, Food Stamps, and medical insurance. The eligibility levels and funds available for these supportive services should be expanded and increased. H.R. 4 does not address the fact that current childcare funding levels prevent 6 out of every 7 children from getting the child care assistance for which they are eligible. Parents will have difficulty increasing their economic stability if affordable childcare is not available. Low-wage jobs (under \$11/hour) do not pay enough so that parents can afford childcare in the private market. Childcare subsidies are a critical support that increases the well-being of children and the success of parents at work.

All of the women with whom I spoke believe that increasing opportunities for job training and education is critical to their success. Most felt they could get a minimum wage job, but that the income from these jobs would not go far in supporting their families. H.R. 4 shuts the door to better education and training opportunities for low-skilled parents. Educational attainment is the one proven method for improving a family's economic stability. According to 1993 Census data, a woman with a high school diploma earned on average of \$19,168/year, while a woman with a Bachelor of Arts degree earned on average of \$32,291/year.

The women with whom I spoke have complicated histories, which include domestic violence, substance abuse, mental health and physical disability issues. While all want to work, some may need more time to meet requirements than is currently allowed. It is critical that the welfare program allow recipients time to address life issues that impede their success at work and their family's well-being. Research studies document the high incidence of domestic abuse within the TANF population—30% of TANF recipients report current abuse and more than 50% report abuse at some time in their adulthood. The Family Violence Option should be expanded so that every state has policies and programs in place to address the safety and self-sufficiency of its welfare caseload.

Regarding marriage promotion policies, ICADV is concerned that any efforts to promote marriage through the welfare office may be detrimental to abused women.

On June 4, 2002 two survivors of domestic violence met with Senator Grassley via conference call to discuss welfare reauthorization. The two survivors prepared a written statement in advance of that meeting, and read this statement during the conference call. The text of this statement follows:

"We as survivors of domestic violence feel that the idea of promoting marriage to the father of your child or children is a short-sighted solution for a difficult and varied amount of social, economical, and religious problems. More needs to be researched and developed to bring about the types of change and results that this bill is proposing to accomplish.

"Although we agree with your idea that strengthening families will bring about a change in welfare, we do also believe as survivors of domestic violence that women are going to be forced into more violence situations and have more detrimental effects on family relationships—financially, emotionally and physically, thus tearing down the family structure. So, we feel this would defeat the purpose of your proposal, therefore putting us back to square one"

Many women leave abusive relationships after years of blaming themselves for the abuse and trying to make the abuse stop through a variety of avenues, including couples counseling and/or conflict management classes. Marriage promotion programs may have the negative effect of encouraging women to stay in abusive rela-

tionships, or could be the back-up abusers use to coerce their partner into staying in the relationship. The potential impact of these policies on abused women should be further analyzed before implementation.

Given the complexity of policy and program issues that marriage promotion strategies raise, we strongly recommend that the Senate bill require such programs to consult and collaborate with domestic violence coalitions in states to ensure that domestic violence issues are appropriately addressed. Such consultation should be conducted at every phase of the design, implementation and evaluation of these programs. Such steps will address the safety and well-being of all children and families.

ICADV's work with battered immigrant women leads us to also urge an expansion of welfare benefits for immigrant families. States should be able to provide services to qualified immigrant families prior to the current 5-year residency requirement.

Thank you for your consideration of our comments. Please feel free to contact ICADV with any questions or further input.

STATEMENT OF THE IOWA COMMUNITY ADVISORY TEAM

[SUBMITTED BY DEANA BRICKLES]

I am De Brickles, a working mother here today to represent the Community Advisory Team and give a consumer's view of the Iowa Child Care Experience. The Community Advisory Team is an Iowa effort funded by the Joyce Foundation to bring TANF participants together to help one another get out of poverty. Local teams in seven Iowa counties also work together and with volunteers and local welfare departments to identify barriers to self-sufficiency and advocate for needed changes to the system. Representatives from the seven counties form a state team that advises the Iowa Department of Human Services on how the system can work better. Child care is the number one issue that has been identified by the Community Advisory Team as needing improvement—safe, affordable, quality child care. Many of the recommendations from the Community Advisory Team, and many of the family stories of Team members, are provided in the Iowa report.

Looking at all the statistics, graphs, charts, and tables is important, but there also are stories of real people trying to get out of poverty that need to be heard. Although some families will successfully meet their goals for economic self-sufficiency, which is the goal for virtually all families I know who have been on TANF, their efforts often get them off the welfare rolls but not out of poverty.

Some find themselves in a symbolic rotating door, fighting issues related to minimum and low wage jobs and child care needs versus TANF and child care subsidy program eligibility. Many other low-income families, who are not on TANF, also find themselves in the same situation, and the Community Advisory Team strongly supports a child care system that addresses the needs of all low and moderate income families.

While Iowa's current child care subsidy program does provide help to the families it serves, as families begin to raise their earnings, they lose eligibility and often end up little better off than they were before. I want to provide one story from the report that illustrates the dilemma families face:

Roberta, the single parent of two small children, went onto TANF in May, 2000. She got a child care subsidy while she finished her education to get a better paying job. She got a job paying \$1640 per month and continued to receive a subsidy, on a sliding fee schedule, that only required her to pay \$150 per month for what she considered ideal care, at a registered family day care home. Two months after her hire, she got a \$1000 per year raise, which put her \$16 per month over the eligibility limit for child care. Immediately, her child care bill went to \$550 per month or \$6600 per year, or one-third of her income. She was forced to move her daughter to a cheaper child care arrangement, which has not been reliable or satisfactory. Although there have been several times when the provider has been neglectful in caring for her daughter, she doesn't know what else she can do.

This is not an isolated story. Low-income families (below \$25,000 for a family of three) in Iowa who do not have child care subsidies often spend between 20% and 45% of their income on child care. Further, if they are fortunate enough to begin earning more—because food stamp benefits, TANF payments, health care coverage, the earned income credit, child care subsidies, and other benefits all phase out at similar points—they receive only a small portion of the increase in earnings to help their own families. The report provides two examples of how much they really are "taxed" on their increase in earnings.

The Community Advisory Team's primary mission is to ensure that all families leave welfare safely and permanently, by helping them move into a satisfying career that pays enough and allows them enough time to take care of and nurture their children. This cannot be done without federal and state investments in child care. When it comes to keeping our children out of poverty and our families safe and strong, we (and that means families seeking to leave welfare and other low-income families) are at your service and want to help make needed changes. CAT's strategy to bring its mission to reality is "to bring consumers, volunteers, community leaders, and policy makers together to develop solutions to support families." We hope reauthorization will recognize the role that consumers can play in improving the system, at the federal, state, and community levels.

Following are letters and personal testimonies of several CAT members and friends of CAT. They appreciate being able to share with you and your staff their trials and tribulations as well as their successes as they continue striving for self-sufficiency. CAT members are people who are currently on the TANF roles or who have recently transitioned off of assistance. They hold a strong belief that all people have gifts and talents to share with the world and that reciprocity is part of the growing process.

February 18, 2003

Melinda Landon

I would like to take just a few moments of your time to address the issue of childcare with you. This is an issue that is very important to me, and to my entire family.

I am a single mother with a 2 year-old son and a 1 year-old daughter. For the past 2 years I have been a student at Des Moines Area Community College. This has only been made possible because I have received assistance with my childcare.

During these past two years the State Block grant, Promise Jobs, and Protective Daycare through the Department of Human Services have assisted me with my childcare needs. They have all been my saviors during this time.

As a single mother I receive just over \$400 per month. This amount has to cover rent, utilities, phone, gas, and diapers for two babies, and any other items that I need to keep my family and myself healthy. As you can see, there is barely enough money to buy laundry soap, let alone pay hundreds of dollars per month for childcare. My monthly childcare bill is actually more than what I receive each month and is the higher than all of my other bills combined.

Yes, I could leave my children with the neighbor that I barely know, but that is will to babysit for a few dollars a week, but I love my children too much to leave them in substandard care. A person would not leave their Porsche to be repaired with the stock boy at HyVee, so why would I leave what means the most to me with someone who is not licensed, certified, and thoroughly check out by those who specialize in that area?

Being provided childcare has allowed me to attend school and to work towards a college degree. This is the only hope that I have of getting out of the gutter that is the life of a single, low-income parent. Education is the key to the future for my children and myself. With a degree I will be able to secure a decent wage job that will allow me to leave the welfare roles and to become a positive asset to my community and to my state. Without an education, well, who knows where my children and me would end up?

Please see to it that all low-income parents, single or married, have this same opportunity. There is absolutely no way that a person can obtain an education unless you have adequate, reliable childcare. Not only does this allow parents to concern themselves with securing a future, it also protects our children and their future. Without childcare assistance many parents will be forced to resort to using the lady down the street whose background may be questionable. This type of care will only cause further damage to children who are already suffering the effects of poverty and today's society.

I, for one, want my children to be in positive environments with childcare providers who have the skills and the knowledge to take my place while I cannot be with my children. I don't know if you have children, but wouldn't you want the same for them? Or for your grandchildren?

I know that I am not alone in the way I feel about childcare. The majority of my friends are in the same boat that I am in and they are looking forward to the day when they can write that check and pay for their own childcare bill. But, for now, this is not possible, and as soon as we are able to foot the bill there will be many more behind us who will not be able to write that check.

There are many working parents out there also who are feeling the pressure of the high cost of childcare. Just a few years back I was in a drug treatment program (I have now been clean for 2 years), and during this time my parents cared for my son. My step-dad was a full-time student at the time and my mother had a full-time job. Fortunately, they were able to apply for and receive the State Block Grant that paid for my son's daycare during the times that both of my parents were out of the home. This was a relief to me knowing that my mother did not have the burden of paying for an expensive childcare bill. This allowed her to make sure that my infant son received quality childcare during the hours that she could not care for him.

So, as you see, childcare assistance has made a real difference in not only my life, but also in the lives of my children and other family members. Please, make sure it does keep making a difference for families like mine.

Thank you for your time and your attention to this matter. It is nice to know that there are people like you who are looking out for young mothers like me and for the welfare of my children.

February 2003

Trena Thompson

I am no longer attending school because I was overwhelmed with juggling school, work and taking care of my two-year-old daughter. There are very few programs specifically for single parents going to school either full time or part time that can help out financially and guide them through with assistance so that more of us can complete school and get our degree, certificates, or diplomas.

My child is in child care at the Homes of Oakridge Early Enrichment Center. Polk County provides my child care assistance since I am working a full time job. My co-pay is \$180.00 per month. Though I haven't really had many troubles so far with my assistance I know of some stories of others who make 20 cents over the limit of income per hour and they get totally cut off of child care assistance and end up having to pay around \$600.00 a month for child care. They just cannot afford it.

I also have a suggestion regarding housing. I would like to see all Polk County subsidized housing places such as Oakridge, River Hills, Public Housing, and Section 8 be turned into transitional housing and by this I mean there should be a limit to the number of years you can live there and only under certain circumstances can you come back if you need too. They need to provide programming for their residents that is mandatory to help them get to self-sufficiency. Some examples: parenting classes, budgeting skills, job-seeking skills, self-esteem building etc. . . .

On another note, I currently have an issue with Medicaid I would like to talk briefly about. I have never had a job in the past with benefits because I have never worked over 40 hours a week. Now that I do, I've come to problems. I missed my enrollment date for benefits at my job because I couldn't understand the packet of information they sent to me. The next enrollment date is one year from now so for one full year I will bare all expenses for medical for my daughter and myself. The only program I know of out there is Hawk-I which is only for children and for low-income families and I will try to get my daughter in this but I have no idea what I will do for myself.

Thank you for your time.

February 2003

Ruby Killings

I have just finished my Child Development Associates (CDA) degree from the Des Moines Area Community College (DMACC) last year. I was employed until recently. The reason I don't have a job now is because of my daycare situation. I was working at a daycare for 10 years before I got laid off and I'm now having a really hard time trying to find work.

I never had to ask for no help until now because I use to always use the bus to take my children to daycare because they went to the daycare where I worked. I'm finding it hard now because I don't have a car and they go to different daycare locations. I didn't realize how the buses worked because I thought they ran every 15 minutes but after 8 am they run every hour and then after 3 pm they go back to every 15 minutes.

Promise Jobs only paid for my childcare. I get 5 hours of childcare paid for per day for both children. I don't have a care so I have to catch the bus. Since the bus runs every hour after 8 pm I drop off on of my children at his daycare and then have to wait another hour before I can catch another bus to drop my daughter off

at her childcare center or walk the 18 blocks with her. In warm weather there is no problem it is the cold weather that is the problem. So getting them to quality daycare uses up 3 hours of the 5 paid for my Promise Jobs.

I still have to do 20 job contacts per week but I only really do 10 because I don't have the transportation I need and I have to use the bus system to get around and Promise Jobs just doesn't give my family enough childcare hours to be able to get it all done.

Thank you.

February 19th, 2003

Sheri Gale

Beyond Welfare (a family support organization in Ames, IA) has become an invaluable resource for my family, and without the services provided the journey to self-sufficiency would be filled with barriers and roadblocks. My life was in chaos at the beginning of my participation with Beyond Welfare, and with their help and support my life is beginning to come together and I can now see the day where I will no longer need government assistance to survive.

One of the services provided by Beyond Welfare is "Wheels for Work", through this program I was provided a vehicle to assist in finding full-time employment. However, this provided so much more transportation. It was a peace of mind to ensure that I could assist my daughter in finishing her High School career even through she was a teen mother. It meant that I could get my special needs son to his necessary counseling and medical appointments.

The support offered by Beyond Welfare is one of the most vital assets of the program. Beyond the weekly meeting for support, they act as an impartial sounding board and problem solving team. They hold me accountable for my actions as well as my plans. Beyond Welfare and the Iowa Community Advisory Team (a statewide initiative funding by a Joyce Foundation Grant and Coordinated by the Child and Family Policy Center in Des Moines, IA) have lead me down a road that I feel will be beneficial to my family as well as myself.

The Community Advisory Team has offered me an opportunity to increase my leadership skills, build a broader peer group, and increased my skills that I can take into the workforce. For example: I have been actively involved in trying to make a difference in the system—not only for my immediate benefit but also for the benefit of the future families that will be involved in government assistance. Although it would be great to see a future of governmental assistance not being a necessity for our families, it is a sad truth that some families will need assistance for basic survival.

One of the keys to helping me stay off of assistance is that I was able to build a strong peer group and I have the safety of having medical insurance through Title 19 and my daughter had child care assistance. Without these types of services and many more like them, my family's future would be in jeopardy of having no hope, no future and no pursuit of happiness.

Thank you, Senator Grassley, for listening to our stories and for caring for our families.

STATEMENT OF THE IOWA KIDS COUNT FOR THE CHILD AND FAMILY POLICY CENTER

[SUBMITTED BY MICHAEL CRAWFORD, DIRECTOR]

Chairman Grassley and Members of the Finance Committee:

My name is Michael Crawford and I serve as the Director of Iowa Kids Count for the Child and Family Policy Center, a nonprofit organization whose mission is "to better link research and policy on issues vital to children and families." I thank you for the opportunity to present this testimony regarding a small, but significant, aspect of the reauthorization of the 1996 Personal Responsibility and Work Opportunity Reconciliation Act.

Good information is needed to guide good policy and to make needed adjustments and refinements to policy. In the case of the 1996 Personal Responsibility and Work Opportunity Reconciliation Act, much attention was directed to collecting information on the effects of those reforms, both through federal direction and through private sector and foundation efforts to track the effects of reform. "Welfare leavers" and other studies conducted by states helped identify where welfare reform was working, and where children and families still remained vulnerable.

As the Act is reauthorized, it is even more important to maintain a strong focus upon establishing strong and comprehensive data systems that can track impacts,

particularly impacts upon children. Ultimately, the purpose of welfare and welfare reform is to improve the lives of children. President Bush's reauthorization proposal explicitly designates TANF as "a program designed to improve the well-being of children." In the long term, it is likely to be far more important to society's future how children in these households grow and develop into healthy productive adults than it is whether their parents are attached to the workforce (although there is a strong and important interplay between the two).

Through the leadership of Senators Grassley, Baucus, and others, last year's tri-partisan Senate bill contained excellent language calling for comprehensive tracking across states of important measures of child and youth well-being. This language should be included in the Personal Responsibility and Work Opportunity Reconciliation Act reauthorization. Fortunately, through the "Assessing the New Federalism" project and other efforts, a great deal of research and data collection occurred regarding the impacts of initial reform over the first few years of the Act. There may or may not be that level of private sector and foundation interest around reauthorization experiences, however. Hopefully there will be, but in any event, the federal government can and should take the lead in assuring that comprehensive baseline information is routinely gathered and made available regarding the well-being of children and youth, particularly those who have been part of families receiving TANF. Inclusion of language similar to that contained in the tri-partisan bill of last year would help insure that this occurs.

STATEMENT OF THE IOWA COMMISSION ON THE STATUS OF WOMEN

[SUBMITTED BY CHARLOTTE NELSON, EXECUTIVE DIRECTOR]

Based on our experience in administering grants to programs that serve displaced homemakers and single parents in Iowa, the Iowa Commission on the Status of Women urges you to consider the following concerns relative to the reauthorization of TANF:

- Education and training are critical components of the welfare program. We know that participants need well-paying jobs in order to support themselves and their families. The route to those jobs is through assessment and goal-setting, followed by the appropriate education or training. Investment in preparation for employment results in long-term benefits, as participants become self-sufficient, tax-paying citizens contributing to our society. Entry-level, low-paying jobs are not in anyone's best interest. In Iowa, a participant's Family Investment Plan identifies goals and steps to meeting them; it is vital that education and training be an option.
- It is unrealistic to require a 40-hour work week for welfare recipients. Addressing their needs for education and training, in addition to maintaining a household, meeting transportation needs, and caring for children, cannot be accomplished without adequate time. Besides negatively impacting the well-being of the family, the resulting stress jeopardizes any success in the long-term goal of achieving self-sufficiency.
- Governmental intrusion into family formation is risky at best. We are concerned for the safety of single-parent women who may find themselves in an abusive relationship, hastily entered because of incentives they might receive. Both men and women need to enter and maintain marriage relationships only as they are committed to respect each other as full partners.

Thank you for your consideration.

STATEMENT OF THE NATIONAL ASSOCIATION OF CHILD ADVOCATES

The National Association of Child Advocates (NACA) submits the following comments on welfare reauthorization. The National Association of Child Advocates (NACA), soon to be Voices for America's Children, is the only national association devoted to state and local child advocacy. NACA's member organizations provide critical leadership on children's issues in their states and localities. Its members are professional advocates, not direct service providers. They educate decision makers on children's programs, collect data on the status of children and the operation of children's programs, inform the public and the media about children's issues, and litigate on behalf of children when necessary. Many of NACA's members have worked extensively to identify and support strong policies to benefit children in the implementation of both TANF and the CCDBG, and have tracked the results of poli-

cies in their states. They have a clear understanding of how its provisions have affected children.

Because of the great importance of the TANF and CCDBG block grants for low income children and families, and because the decisions made during reauthorization will shape state policies on supporting low income families for years to come, the NACA Board has adopted the following priorities for reauthorization of TANF and the CCDBG. These policy positions are based on the experiences of state advocates from across the country, and their knowledge of what has worked, what needs to be changed, and what will best help children thrive.

1. Increase CCDBG funding: Funding levels for the CCDBG should be substantially increased so that all families that meet the eligibility requirements including participation in work activities where required should be entitled to receive child care subsidies. The unmet need for child care funding is large even before any increase in the work requirements, and we need to make a significant first step in addressing those needs as well as fully funding any increased child care costs from stiffer work requirements.

2. Retain the current work requirements in TANF: The bill should retain current work requirements rather than increase them, or at least modify the work requirements to make them more feasible. The goal of welfare should be to help parents move to real jobs that can support their families—not to increase the number of families working while on welfare. Increasing the percentage of the caseload subject to work requirements to 70% is the wrong goal, not what the public wants, and will result in agencies trying to keep working families on the rolls instead of moving them off. The work requirements should stay at 30 hours per week for most recipients and 20 hours for parents of children under six; the definition of work requirement should be broad enough to include the activities that currently count, such as job search, and increase activities such as training and education, substance abuse treatment, and other activities that will adequately prepare parents to move to good full time jobs that will support their families.

3. Modify the child support collections rules: Modify the collection rules so that states that choose to pass through all or some of the child support collected from a non-custodial parent to the family that is receiving TANF benefits are excused from paying the federal government a share of the funds they collected, as is required under current law. This change would make the option much more fiscally feasible for states. NACA members support such a change because, in addition to providing the children and family with more desperately needed resources, it increases the non-custodial parent's willingness to pay child support, it lets the children know that their non-custodial parent is supporting them, it increases the likelihood that the non-custodial parent will spend time with the children, and it allows the custodial parent to budget realistically for moving from welfare to work by showing exactly how much child support income that parent is likely to receive.

STATEMENT OF THE NORTHEAST IOWA FOOD BANK

[SUBMITTED BY BARBARA P. PRATHER]

Chairman Grassley:

On behalf of the Northeast Iowa Food Bank, I thank you for coming to Iowa to listen to the voices of communities that will be affected by the pending legislation on Temporary Assistance to Needy Families (TANF). Unfortunately I was unable to attend. I would also like to thank you for this opportunity to submit testimony, and share how the debate in Congress over TANF affects our work here in Iowa. Your commitment to ensuring that the debate on TANF is driven by the real needs of low-income families is paramount to passing legislation that will truly empower families to move toward self sufficiency.

My name is Barbara Prather, and I am the Executive Director of the Northeast Iowa Food Bank, formerly the Cedar Valley Food Bank, in Waterloo, which serves 16 counties in Northeast Iowa including Poweshiek, Tama, Black Hawk, Grundy, Butler, Bremer, Floyd, Mitchell, Winnesheik, Fayette, Buchanan, Delaware, Clayton, Allamakee, Chickasaw and Howard Counties. In addition the Food Bank also provides food to counties that border these through an agreement with other food banks. Working at a food bank, the TANF program affects my work deeply. Today, in 2003, our great nation has put a man on the moon, cured diseases once thought incurable, and mapped the human genome. Yet here in Iowa, America's heartland, too many face the tragic reality of hunger. I am very proud to be part of the solution

to alleviate hunger. Last year alone, we ensured that over 2.7 million pounds of food was distributed to over 350 member agency sites in these areas. Pantries alone provided over 45,000 people with food during last fiscal year and on-site programs provided over 212,000 meals. But while I am deeply fulfilled by my job of serving Iowa's hungry, I want to live to see the day when no one has to line up at a food pantry or a soup kitchen in the first place.

We agree that this is the essence of the TANF program—to empower families to move toward self-sufficiency. Since the passage of Welfare Reform (The Personal Responsibility and Work Opportunity Reconciliation Act of 1996, or PROWRA), we have seen thousands of families move from welfare to work. Many have seen success, while others are still struggling to make ends meet. I am encouraged that you share our goal to ensure that every family has the resources to move toward self-sufficiency.

As you know, this latest round of TANF Reauthorization has included debate not only on the TANF program itself, but on a host of federal programs that act as work supports. I would like to address one of these work support programs for low-income families in particular: the Food Stamp Program. As the Executive Director of the Northeast Iowa Food Bank, I cannot stress enough how crucial the Food Stamp Program is to the well being of children and families that we serve. Very simply, the Food Stamp Program prevents hunger for Iowa's children and families, and allows working families to stretch their hard-earned dollars.

The Food Stamp Program has been the first line of defense against hunger in America since the Nixon Administration made it a national priority, and ensured access uniformly across our nation. We are seeing more and more, however, that low-income people are falling through the cracks, and charities such as ours have become "first responders" to hunger. Long and onerous applications, lack of outreach, and inaccessibility combine to deter potential participants of the program. This has put an enormous strain on hunger relief charities such as ours. According to independent research conducted for America's Second Harvest, the nation's largest network of food banks and food recovery organizations of which the Northeast Iowa Food Bank is a member, charitable organizations such as food banks, community kitchens, and shelters, serve more people than the Food Stamp Program. In a study conducted by the University of Northern Iowa in the fall of 2001 at the Cedar Valley Food Pantry in Waterloo, IA, 48% of the recipients were on Food Stamps, while 22% were denied, another 18% said their food stamps did not last them longer than one week, the remaining did not respond. Many low-income people simply find it easier to come to a food pantry than to go through the long and difficult process of applying for Food Stamps. While we are committed to ensuring that no family should go hungry, lean economic times have hit us with a double-whammy: decreased donations and increased demand for food.

Hunger is a very real problem in Iowa. The USDA found that approximately 7.6 percent of Iowa households were food insecure between 1999 and 2001. This means that these households do not know consistently where their next meal will come from. In addition, over two percent of households in Iowa are in situations so severe that they are classified as experiencing hunger—they may be forced to reduce their food intake due to a lack of food or skip meals altogether. A 2002 survey of food stamp "leavers" by the USDA found that Iowa's food stamp recipients combine earnings and public and private assistance in an effort to meet basic needs. Unfortunately, these efforts are often not successful. The Department concluded that food assistance programs, as well as private food assistance, remain important resources for low-income Iowans.

I frequently see these needs first-hand at the Northeast Iowa Food Bank. Just recently, I received an email from a woman who was denied food stamps and was looking for help. Her husband was employed, but his hours had been decreased dramatically and she had been forced to leave her job due to a severe disability. Despite their dire economic situation, the couple was denied food stamps because the value of their vehicle—which is used to get to and from work—was above the \$4,650 limit allowed under the Food Stamp Program. When she contacted us, she and her husband had only rice, water, and bread to eat. We were able to put her in touch with a local pantry, which will help her immediate need for food, but as a non-profit charity, we are limited in our ability to serve as a long-term solution to increasing numbers of hungry working families, children, and senior citizens.

While the Food Stamp Program may be an imperfect safety net for low-income Iowans, changes made to the Program under last year's Farm Bill were a major victory for Iowa's low-income families. I greatly appreciate all of your work, and the efforts of President Bush, to ensure that positive improvements to the Food Stamp Program were included in the final law. As you know, among the changes was a new set of options that allow states the flexibility to line-up eligibility requirements

so that low-income people can apply for several different programs at one time. To the extent that states take advantage of such options, low-income people will see tremendous benefits.

Mr. Chairman, let me make this very clear. Now is not the time to jeopardize the improvements the Farm Bill made to the Food Stamp Program. We had hoped that when the debate on TANF began this year, we would not be forced to defend the integrity and efficacy of the Food Stamp Program. Unfortunately, there are two proposals in the House-passed TANF bill (H.R. 4) that threaten to cripple the Food Stamp Program: The Five-State Food Stamp Block Grant, and the so-called "Superwaiver." These provisions, if passed by the Congress, will tear very large holes in the Food Stamp safety net and will increase the likelihood that hunger in Iowa will grow dramatically.

I have served as the Executive Director at the Northeast Iowa Food Bank for 3 and one-half years; prior to my current role, I served for nearly 7 years at the Capital Area Food Bank in Washington, DC. I understand first-hand that strong federal nutrition programs mean stronger families, and a stronger State of Iowa. Although the pilot food stamp block grant and superwaiver proposals may have good intentions—namely to increase flexibility for states—I **strongly oppose both proposals because I believe they will severely weaken the integrity and effectiveness of crucial federal nutrition programs, and will hurt the families they intend to help.**

The Superwaiver

The Superwaiver Allows the Executive Branch to Override the Will of the Congress

As you know, the Superwaiver gives the Executive Branch sweeping authority to override federal law and regulations concerning a range of low-income programs, including the Food Stamp Program. Although the Congress and the Executive Branch are co-equals, the implementation of the Superwaiver would essentially be an unprecedented transfer of authority from Congress to the Executive Branch. This would shift the balance of power between Congress and the Executive Branch in the Executive Branch's favor. Members of Congress, such as yourself, would have no guarantee that you would have the opportunity to influence what would amount to drastic changes in a Congressionally-authorized program. Under a Superwaiver, the integrity of many federal programs could be bypassed by the lone authority of the administration in power, without any evidence that its proposed waivers would protect or benefit low-income Iowans.

Mr. Chairman, you and your colleagues have, for many years, debated many different ways to strengthen and improve the Food Stamp Program. You and your colleagues have spent decades brainstorming, negotiating, thoughtfully crafting, and enacting food stamp initiatives, most recently in the Farm Security and Rural Investment Act (Public Law 107-171). The enactment of a Superwaiver would undo all of your hard work to ensure that low-income families are able to access federal food assistance. To give the executive branch at the federal and state levels the ability to circumvent the will of the Congress sets a dangerous precedence and will undoubtedly have a tremendous negative impact on low-income Iowans, charitable feeding providers, farmers, grocers, and others.

The Superwaiver Would Likely Alter the Fundamental Nature of the Food Stamp Program

Because the Superwaiver allows almost any programmatic provision related to the Food Stamp Program (and other low-income assistance programs) to be waived, this authority ensures that major changes to the fundamental nature of the Food Stamp Program could be made by individual states. For example, current federal requirements mandate that statewide food stamp waivers may not be used to terminate eligibility or sharply cut benefits for certain categories of households that are currently eligible for food stamps. Under a Superwaiver, these protections could be waived. The Superwaiver does not provide eligibility protections for low-income families, seniors, or children. If Iowa opts into a Superwaiver, eligibility protections in the Food Stamp Program could be waived and thus, current existing protections for many groups of individuals could be jeopardized. The passage of the Superwaiver would effectively block grant the Food Stamp Program, which has been, for many years, an entitlement program serving all hungry eligibles.

The Superwaiver Would Allow States to Shift Funds, Damaging Some Low-Income Programs at the Expense of Others

The Superwaiver gives financial incentives to states to supplant funds from low-income programs to patch mounting budget deficits. States could use the Super-

waiver to shift funds from one federal program (by decreasing eligibility) to meet other program goals, such as increased work participation numbers. This is a harsh reality, given the current budget crisis that Iowa, and almost every other state in our nation, currently faces.

The Farm Bill (P.L. 107-171) Included Provisions to Provide States with Increased Flexibility in Operating the Food Stamp Program

Proponents of the Superwaiver argue that additional flexibility to states is needed for their administration of low-income programs. I agree that flexibility in the administration of low-income programs is crucial to helping families move toward self-sufficiency. Broad flexibility that preserves the quality and underlying goals of the Food Stamp Program is already allowed under the Food Stamp Program, however, thanks to changes in 1996, as well as new changes in the 2002 Farm Bill.

In areas in which the Administration and Congress agree that states should have more flexibility and that flexibility helps—not harms—families, states should be given new state options rather than being required to go through a cumbersome waiver process. The options provided to states in the Food Stamp Program in the recently passed Farm Bill are a good example of a better approach to providing state flexibility.

The Five-State Food Stamp Block Grant

As you know, H.R. 4 included authority to block grant the Food Stamp Program in five states that elect to do so. No hearings were held on the idea of a Food Stamp Block Grant in last year's, nor this year's discussion on TANF reauthorization.

Participating States Would Be Less Able to Meet the Needs of Low-Income Families Under the Food Stamp Pilot

As you know, the Food Stamp Program is an entitlement program, which means that expenditures adjust to the number of people on the program, not the other way around. The recent economic downturn shows us precisely why a block grant for the Food Stamp Program is a bad idea. The Five-State Block Grant would freeze federal funding for five years, during which time it would decline in value due to inflation. As a result, the program would lose its ability to expand or contract in response to recession or changes in need, which is especially critical for low-income workers facing hour cut-backs and layoffs. **The Block Grant means less, not more, flexibility for states administering the program, especially during difficult economic times such as these.**

Food Stamp Outreach Efforts Would Diminish in the Pilot States

I applaud the efforts of the Bush Administration to conduct aggressive outreach for Food Stamps, with the goal of reaching and enrolling every eligible individual and family. I am particularly grateful for the efforts of USDA Secretary Ann Veneman and Under Secretary Eric Bost for their work to implement this important goal. The Food Stamp Block Grant, however, threatens to undo much of the progress that has been made during this administration. A fixed pot of money means states will have fiscal incentives to conduct less outreach to low-income families. Simply put, you can't encourage families to enroll for Food Stamps when there is no money to pay for enrollment. The bottom line here is that if Iowa opted into the block grant, more families in Iowa will turn to food pantries and soup kitchens for food.

Food Stamp Pilot Gives States Incentives to Transfer Funds Out of the Food Stamp Program

The Food Stamp Block Grant would eliminate protections from hunger for many groups, including the working-poor, the elderly, and the disabled. Without the implementation of requirements that the block grant pilot be evaluated or the impact on beneficiaries be measured, states would have significant fiscal incentives to close budget deficits by transferring funds out of Food Stamp Program costs to other budgetary interests. Because the majority of states face massive deficits, now is not the time to gamble away the food safety net for America's families.

Conclusion

I believe that the passage of both the Superwaiver authority and Five-State Food Stamp Block Grant Pilot will force more of Iowa's families to turn to already-constrained food pantries and soup kitchens for food. As you consider TANF reauthorization, I urge you to reject the inclusion of the Superwaiver or the Five-State Food Stamp Block Grant proposals in your plan.

Once again, I would like to thank you for your willingness to come to Iowa to hear from local communities about the realities that low-income Iowans face. I look for-

ward to working together to ensure that this year's round of TANF Reauthorization will truly empower Iowa's families to move toward self-sufficiency.

STATEMENT OF THE SOCIAL POLICY ACTION NETWORK (SPAN)

[SUBMITTED BY KATHLEEN SYLVESTER]

Chairman Grassley and Members of the Finance Committee:

The 1996 welfare reform law succeeded in allowing millions of low-income, single mothers to enter the workforce and reduce their reliance on government assistance. The law also helped countless American children by creating tough new child support measures, dramatically increasing child support collections. Still, many of the families who have left the welfare roles continue to rely on one salary and continue to live in poverty. Low-income children need the financial support of both parents.

Low-income, noncustodial fathers who are unable to meet their child support obligation are not necessarily "deadbeat dads." In fact, many of them play active roles in their children's lives and provide both financial and emotional support to their children. Unfortunately, with little education and limited work histories, many of these fathers struggle to meet child support obligations and to be dependable caregivers.

Millions of fathers work in jobs that offer low pay, no benefits, and little opportunity for advancement. With such unstable employment, many of these fathers accumulate overdue child support debt and face the tough penalties enacted by welfare reform in 1996. Research demonstrates the reasons why many low-income, noncustodial fathers struggle to earn wages sufficient to support their children.

First, single fathers face many of the same obstacles as single mothers, but are much less likely to receive needed services. In 2001, the Urban Institute reported that low-income, noncustodial fathers suffer from similarly low levels of educational attainment and high levels of unemployment as their female partners. Despite these similarities, far fewer noncustodial fathers benefit from government-sponsored education or job training programs. The most recent study of federally funded workforce readiness programs found that only 4 percent of low-income, noncustodial fathers had received job training or GED classes, compared to 19 percent of low-income mothers.

Research by the Washington DC-based Center for Law and Social Policy shows that some laws meant to help families have the unintended effect of alienating fathers. The most obvious case arises in cases related to the child support system, which allows states to charge high rates of interest on overdue payments, often sinking low-income fathers into thousands of dollars in debt. In California, for example, child support officials often set child support orders without first determining fathers' incomes or place of employment. Rather than trying to maintain relationships with their children—thereby risking going to jail because nonpayment of child support is a criminal offense—many low-income fathers stop trying altogether, abandoning both their financial responsibilities and their children.

What makes this abandonment more unsettling are results from the Fragile Families and Child Wellbeing Study, a joint project of Princeton and Columbia Universities. The project is studying poor, unwed parents and their children in 20 cities over a five-year period beginning with the birth of their children. The study's results so far strongly contradict the stereotypes about low-income, unmarried fathers. Researchers found that new fathers want to be involved in their children's lives and support their new families. Clearly, many fathers can't pay child support because they lack steady incomes, not because they don't want to provide for their children.

And more recent research specifically demonstrates the obstacles that low-income fathers face in paying child support. A 2002 report from the Social Policy Action Network examined what happens when noncustodial fathers in four cities—Austin; Columbus, Ohio; Minneapolis; and Philadelphia—tried to get the services they need to nurture and support their families.

The report found that caseworkers in many social services agencies don't think of fathers as their clients. Although they frequently referred women to available services, caseworkers rarely considered doing so for men. Partly, this was due to lack of training about how to work with men. Many front-line workers don't view fathers as members of the families they serve, but as the cause of their families' problems. The report also found that the child support system frustrates fathers by offering no apparent connection between what fathers pay and what their children receive. Passing child support payments directly to children, instead of to the state to repay welfare benefits, encourages father involvement. Furthermore, payments

made to states reduce the ability of fathers to provide in-kind benefits such as diapers, food, and clothing.

In reality, some fathers do not assume responsibility for their children and child support enforcement penalties must compel them to do so. But for those fathers who want to support their families, giving them a chance would be well worth the investment. If the changing makeup of our nation's families has taught us anything, it is that fathers' absence can be devastating for children. Census figures report that the 23 million children who live without their biological fathers are nearly three times more likely to grow up in poverty.

The non-economic costs of father absence may be even more serious: Children raised without fathers at home are less likely to do well in school and more likely to engage in alcohol use, drug use, and sexual activity at a young age. Conversely, children who have good relationships with their fathers benefit immensely; they are more likely to have high self-esteem, to be better learners, and less likely to be depressed.

All of these facts point to the need for some incentives for states and communities to work with fathers. Politicians of both parties have promised their support for "responsible fatherhood" efforts. Last month, the House of Representatives included in its version of welfare \$20 million in funding for service and demonstration projects to help noncustodial parents get the jobs and parenting skills needed to be good fathers.

The Senate has the opportunity to further fulfill these promises to promote responsible fatherhood and could do so without seeking additional federal funding. When it reauthorizes welfare reform, the Senate should allow states to count fathers' work towards welfare's work requirements for families. The best way to help families escape poverty is to get both parents working, and such a change would fully encourage states to help fathers get work.

In addition, the Senate should again require states to pass through at least \$50 of child support to welfare families—allowing fathers to see a direct relationship between their child support payments and benefits to their children.

Until the federal government and states help fathers gain the skills they need to get jobs—and until they remove overly punitive child support policies that discourage father involvement, welfare goes only halfway in helping families escape poverty.

