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WELFARE REFORM: BUILDING ON SUCCESS

HEARING

BEFORE THE

COMMITTEE ON FINANCE

UNITED STATES SENATE

ONE HUNDRED EIGHTH CONGRESS

FIRST SESSION

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MARCH 12, 2003
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WELFARE REFORM: BUILDING ON SUCCESS

WEDNESDAY, MARCH 12, 2003

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

The hearing was convened, pursuant to notice, at 10:05 a.m., in room 215, Dirksen Senate Office Building, Hon. Charles E. Grassley (chairman of the committee) presiding.

Also present: Senators Hatch, Snowe, Smith, Baucus, Rockefeller, Breaux, Jeffords, Bingaman, and Lincoln.

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

The CHAIRMAN. I want to welcome everybody to this hearing on "Welfare Reform: Building on Success," and particularly for our key witnesses not only from the administration, but our experts from around the country who have come here to help bring us up to date on the success of past legislation and on their ideas for fine-tuning what we have before us.

Of course, the purpose of this hearing is for members of the Finance Committee to hear testimony on what improvements are needed in the 1996 Welfare Reform Act, as the committee works to reauthorize a temporary assistance for needy families.

The 1996 Welfare Reform Act was passed on a bipartisan basis and is largely acknowledged to be one of the most successful reforms of the decade. To emphasize, during that period of time, there was a Republican Congress, a Democrat President, and working together in a bipartisan fashion we got such a bipartisan piece of major reform through.

I think that that accomplishment in Washington is rare for things as dramatic change in social policy as that was, but it also speaks that it was truly tested through the legislative process. I think we agree that the success of it has been very good.

In 1996, we did work together to enact what is known as TANF, the Temporary Assistance to Needy Families. As you know, this replaced the former Aid to Families with Dependent Children programs.

Through this program, States were given a great deal of flexibility in designing their welfare programs, resulting in a diverse set of State programs. The entitlement to individuals was replaced with a block grant, and a time limit for assistance was established.

States were required to increase the percentage of their caseload and work activities. These changes contributed to a significant overhaul of our Nation's welfare system, moving people from the

edge of society where people on welfare tend to be, and moving them into the center of society, because obviously moving up the economic ladder can only be accomplished if people are in the world of work.

Despite dire predictions of increased poverty and homelessness since the implementation of the 1996 Welfare Reform Act, families have actually moved out of poverty. Families have worked hard to move into productive roles. The welfare caseload has decreased dramatically.

Since the block grant has remained the same, States have had the ability to use welfare dollars to serve families who may not have qualified for assistance, but are struggling nonetheless.

I think, as we move to the next phase of welfare reform, we consider how States are serving those families who are not getting assistance, but who remain low-income.

My State of Iowa operates a very successful Diversion program. As my colleagues know, Diversion actually keeps families from having to go on welfare. It is a priority of mine to ensure that States are able to continue these programs which assist the working poor.

The 1996 reform effort was driven, in large part, by States. At the time of the enactment of TANF, many States were operating under waivers from former AFDC programs. States sought experimentation, they sought flexibility under these waivers, so that they could design innovative and effective welfare programs.

The efforts on behalf of the States to enact meaningful welfare reform are a critical part of the legislative history behind TANF. I will be very mindful of the impact of any new reform efforts to the States.

The States were a crucial stakeholder in the 1996 debate on welfare reform, and they will be again as we consider reauthorization of TANF. I intend to work closely with States to develop policies that the States can implement.

I look forward to hearing from our distinguished witnesses today on what has worked since the 1996 act, and obviously where we can improve on it for future years.

The President has identified several areas where he believes we can better assist families make the transition from assistance to self-sufficiency. I commend the President for his leadership. I, too, believe that there are some areas associated with the 1996 act where improvement is warranted.

I would like to have you observe a couple of charts. Everybody knows that States should be meeting a 45 percent participation rate. This is shown in the first column.

However, as a result of the caseload reduction credit shown in the second column, most States actually have to meet an adjusted work participation rate of zero, and that is shown in the third column.

Now, I understand that States are not at a zero percent participation rate because, nationally, States actually average around 34 percent. But, clearly, this is one area where we can do better. If States know they do not have to meet a higher work participation rate, there is not a great incentive for States to move individuals into meaningful activities.

The next chart demonstrates that a majority of adults receiving assistance report zero hours of activity. I believe that the honor and dignity associated with meaningful work is crucial in moving families to self-sufficiency.

This being the case, I recognize that for some individuals, moving from no work activity into part-time activity is a considerable lift. Currently, a State can only get credit towards its work participation if a client is engaged in 30 hours of activity.

I think it is important for States to work to move more individuals into increased meaningful activity. I think there is merit to allowing States to give partial credit towards their overall work participation rate for individuals moving towards full-time employment.

As we look to improve the act of 1996, I also believe that we need to consider whether we have done all we can to fulfill a fourth purpose of the 1996 act, and that was to encourage the formation and the maintenance of two-parent families.

I believe that we need to do more to promote healthy families, and that this will have a significant impact on child well-being. Naturally, these policies must have an emphasis upon forming and maintaining healthy relationships.

The hearing today will have two panels. The first panel consists of Secretary Thompson, who is already at the table. He is a person who was a leader on this issue when he was Governor of the great State of Wisconsin. He brings a great deal of passion and insight into the welfare reform policies, but he was really, as a State leader, ahead of the Federal Government on this issue.

The second panel will include Howard Hendrick, Secretary of Health and Human Services, Oklahoma, who will describe that State's Healthy Families initiative; Marilyn Ray Smith, Deputy Commissioner and IV-D Director of the Child Support Enforcement Division for the State of Massachusetts, testifying on child support policies; Larry Temple, from the Texas Workforce Commission, to testify from a practitioner's perspective on the running of a work program. Texas has won consecutive high-performance bonuses for job entry. And Margy Waller, Visiting Fellow, The Brookings Institution, will provide her recommendations on TANF reauthorization.

[The prepared statement of Senator Grassley appears in the appendix.]

Senator Baucus?

**OPENING STATEMENT OF HON. MAX BAUCUS, A U.S. SENATOR
FROM MONTANA**

Senator BAUCUS. Thank you very much, Mr. Chairman. Thank you for holding this hearing. We succeeded in passing a bipartisan bill out of the committee last year, and hope we will do so again this year.

Welcome, Mr. Secretary. You are the leader in this country on welfare and many related issues, and we very much appreciate not only your leadership, but your guidance, your counsel. You have the experience. You know what works. Even more than that, you have the passion to make it work, and we deeply appreciate that.

Secretary THOMPSON. Thank you, Senator Baucus.

Senator BAUCUS. We all can agree that the 1996 reform law was a fundamental change in our Nation's welfare policy. Prior to that, the old system had failed. It was time to be bold and try something new. I must say, I was a very strong supporter of that change in 1996.

Under welfare reform, hundreds of thousands of Americans have exchanged a welfare check for a paycheck. That is why I consider welfare reform a success. It is that success that I want to build on.

I am glad to see that the President has asked us to do better, and even with the success so far, I believe we should not declare victory and declare that welfare reform is done. There are still two million families on welfare, and many of the families who have left welfare are just one crisis away from falling back onto the rolls.

As we seek to reauthorize the 1996 law, I believe we should keep two goals in mind. First, we should do better in reaching troubled families still on welfare. Second, we should make sure that those families who have taken the tentative first steps onto the ladder of success keep climbing.

I thank the administration for proposing higher work requirements and a concept of universal engagement of welfare recipients. If we get the details right, both of these will help us better reach families still on welfare.

I also want to thank Senator Hatch, in particular, for his work on the universal engagement provision that was contained in the bipartisan bill approved by this committee last year.

I do have some concerns with the proposal by the administration. The best way to illustrate those concerns is to talk about my home State of Montana. I have consulted with people all over Montana—and I mean that—about welfare reform.

We in Montana are proud of our welfare reform program. In the most recent "high-performance bonus" awards, Montana ranked number one in the country in getting welfare recipients into jobs.

A comprehensive evaluation by ABT Associates in 2001 found that Montana's welfare reform program had made "impressive progress toward the goal of family self-sufficiency." The evaluation also found that Montana's program had a "strong commitment to moving welfare cases into employment as quickly as possible."

In Montana, nearly half of those remaining on welfare are Native Americans. Making welfare reform work better on the reservations is our most important piece of unfinished business in Montana. With this goal in mind, I plan to reintroduce my American Indian Welfare Reform Act, and I hope to incorporate elements of that bill into the committee mark.

There is widespread agreement in Montana that the administration's proposal would require us to make a fundamental change in what we have been doing. First, it would cut off our successful waiver program.

More importantly, instead of the Work First strategy we have been using, we would have to implement a Workfare First approach. That is because the administration's proposal restricts priority work activities by deemphasizing job search and training in favor of Work Fair.

That might sense in places like Manhattan, New York and other big urban areas, but we do not think it makes much sense for Manhattan, Montana, population 1,396, or in other rural areas.

As our evaluation found, Montana is already committed to work. We have just taken a different approach to it, one that we think makes more sense in rural areas.

And Montana is not the only State where concerns have been expressed about being forced to change course. An official survey by State organizations found that more than 40 States considered the administration's work requirements to be a fundamental change in what they were doing.

In 1996, the welfare program was a disaster. It was broken and major surgery was required. That surgery has been pretty successful. We need to keep going along that path and not force States into making major strategy shifts.

Another part of building on the success of the 1996 law is maintaining the support available for former welfare recipients now in the workforce. There is a lot of talk about how the welfare rolls have dropped by half. It has, and that is great news.

However, we know a lot less about the huge increase in child care help that has gone along with the decreased rolls. The number of families getting child care help from TANF and the child care block grant has more than doubled since 1996. This makes sense. When a single mother takes a job, someone has to look after her children. We want those kids in safe, adult-supervised settings.

Some claim there is plenty of money available to meet the higher work requirements, but this ignores the way States have invested the freed-up money from the welfare caseloads into child care and other work supports. That is what has paid for the big increase in the child care rolls.

If we do not provide additional resources to meet the higher work requirements, we are telling the States to cut help for low-income working families, including former welfare recipients. Otherwise, they do not have the money for the more demanding programs called for by the higher work requirements.

I am not going to support something that will lead to child care cutbacks for low-income working families. It is bad policy because it means some of those former welfare recipients will fall back onto the rolls when they lose their child care help. That is not doing better.

And it is not fair. We told welfare recipients to get jobs, and huge numbers of them have done so. We take credit for the success, but we need to keep our end of the bargain up and help look after their kids while they work.

It is also an especially bad time to impose higher mandates on States without providing any additional funding. We all know about the tough fiscal circumstances facing States.

Montana has already had to limit child care help for working families, and there is a waiting list of 700 families, which is large by Montana's standards. I am not going to make that worse. I want to find a way to help those 700 families on the waiting list.

As I have said in past hearings, another concern is about the administration's proposal to promote marriage with Federal funding.

Marriage is a personal and private choice, not one the government should interfere with.

Despite all the concerns I have expressed, I see a lot of areas where we share common ground, and I will mention just a couple. First, Senator Snowe has put forward a comprehensive set of child support reforms.

Senator Breaux has a good bill to continue transitional Medicaid for another 5 years. Senator Lincoln has proposed an employment credit to sharpen the focus on real work. Senator Bayh has a good bill to promote responsible fatherhood.

All four of these ideas are part of the administration's proposal, and that is good news. I am certain we can sort through the details together and come up with provisions that have widespread bipartisan support.

I look forward to working with the Chairman, the Secretary, and members of the committee. We have got some momentum here. Now we just have to build on it. Thank you.

The CHAIRMAN. Thank you very much, Senator Baucus.

We will now call on Secretary Thompson. But I wanted to acknowledge the hard work last year. I think all the members that worked so hard on that bill are some of us who are here.

I want to give credit to Senator Snowe, to Senator Hatch, to Senator Rockefeller, to Senator Breaux, and to Senator Jeffords, being very much involved in the bill that was voted out of committee last year as well. Senator Baucus, at that time, was Chairman of the committee.

So, they are showing their continued interest in this legislation as we try to develop a bipartisan program to come out of committee, hopefully sometime during the month of May.

Secretary Thompson?

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

Secretary THOMPSON. Thank you very much, Chairman Grassley, Senator Baucus, and all the other distinguished Senators on the Finance Committee. Thank you so very much for having me. And let me just start out by thanking each and every one of you for being so supportive on this issue.

I know all of you worked extremely hard last year to come up with a bipartisan proposal, and I think it was a tremendous effort. I salute you and congratulate you, and thank you for it.

I thank you also for inviting me today to discuss the next phase of welfare reform, the urgency of reauthorizing our welfare and child care programs. Last year, as you all know and recall, the President proposed his plan to strengthen the Temporary Assistance for Needy Families and the Child Support Enforcement program. His proposal builds a foundation for helping more families find jobs, achieve self-sufficiency, and become stronger and healthier.

Mr. Chairman, you have often heard the saying that the best social program is a profitable company, because profitable companies create jobs. I would go even further. The most humane social pro-

gram is a healthy and independent family that has the capacity and the ability to have a good, paying job.

Federal and State welfare programs should recognize this fact by helping and encouraging Americans to build and maintain healthy and independent families. We can do better. The first step was excellent. The next step can even be better.

President Bush's proposal for the next phase of welfare reform is based on four very important goals: help more welfare recipients achieve independence through work, as Senator Baucus has indicated; promote strong families, as you have indicated, Senator Grassley; empower States to seek new and innovative solutions to help welfare recipients achieve independence; and show compassion to those in need. These goals shaped the administration's proposal for TANF, child care, and child support.

The 1996 TANF law has improved the way welfare works in America. Contrary to the dire warnings of defenders of the old system, we have been able to have tremendous successes.

In fact, from March 2001 to the end of the fiscal year in September of 2002, the number of families receiving benefits actually declined by about 6.5 percent.

Welfare programs grew out of expectations of work and focused on finding employment that can help families tremendously, even when economic opportunities appear to be few.

Less dependency on government has not been the only positive outcome since TANF was created. Employment among single mothers has grown to unprecedented levels. What is even more important, child poverty rates are at or near historic lows.

Even after this notable progress, much remains to be done and States still face many challenges. Our proposal seeks to strengthen the federal/State welfare partnership by maintaining the Federal financial commitment to the program, and at the same time increasing State flexibility. The most basic and most critical step is to move families towards independence by encouraging and supporting work.

A substantial portion of TANF recipients are currently not engaged, as your chart indicated, Mr. Chairman, in any activity leading toward self-sufficiency, 57 percent. Therefore, we would require States to engage every TANF family that includes an adult in such activity.

We would also increase the combined work requirements to a full-time, 40-hour work week, of which 24 hours are direct work activities. We want to move families from the dependence of a welfare check to the independence of a paycheck.

Mr. Chairman, you and I, and all the members of this committee, know that the best environment for raising children is a family in which the mother and father are married to each other. The TANF law on the books recognizes that fact. But some States are still in the process of building programs that help families and children become strong and healthy. We must make the well-being of children the over-arching purpose and objective of TANF.

In addition, we will be targeting \$200 million in Federal funds towards developing innovative approaches to support healthy marriages and healthy families. Of course, in families where parents are not married, child support payments are absolutely critical to

raising healthy children. We have a role in making sure that those payments are made promptly and completely.

Currently, States and the Federal Government can keep some of the child support collected on behalf of current and former TANF recipients in order to defray the cost of welfare. Our proposal would give States an incentive to pass more of the child support collected from non-custodial parents directly to the family.

The President's fiscal year 2004 budget would spend an additional \$218 million over 10 years, but be able to deliver an additional \$7.5 billion in child support to America's children. Any time we can get a return of \$7.5 billion on an investment of \$218 million, I think we should go for it.

And to round out this brief picture of how Federal welfare programs affect children, let me mention child care. Our TANF reauthorization proposal is based on our expectation that all families will be fully engaged in work or other meaningful activities. Therefore, we support maintaining the historically high level of funding for child care.

Our Nation's child care system recognizes that no one understands or cares about a child more than the child's parents, and those parents have the natural right to direct the upbringing of their children.

In the Child Care and Development Fund, we support parental choice through vouchers and access to a wide range of child care providers so that families can choose a caregiver that best meets their needs, whether with a relative, neighbor, child care center, or faith-based program.

Finally, Mr. Chairman, let me address one last component of our reauthorization proposal that also helps meet the needs of families making the transition to independence.

It is called Transitional Medical Assistance, or TMA. TMA allows families who cannot otherwise afford health care coverage to be able to continue on Medicaid for up to a year after their work earnings make them ineligible.

The program was scheduled to sunset in September of 2002, but has been extended by Congress to June 30, 2003. The President's budget would extend TMA through fiscal year 2008, at a cost of \$2.4 billion over 5 years.

Through waivers and State plan amendments, we have already expanded access to health coverage now for more than 2.2 million individuals, and expanded the range of benefits offered to 6.7 million other Americans.

We found that when you offer coverage to parents, you end up covering more children, which is why we have granted waivers to cover adults.

As President Bush said earlier this year, the welfare law is a success because it put government on the side of personal responsibility and has helped people change their life for the better, helped people realize their dreams, helped people help themselves. That is one of the key principles of the law that makes a lot of sense that has helped make the TANF law so effective.

This committee has demonstrated its desire to help low-income families succeed when you made the hard choices on the original precedent-setting welfare reform legislation.

It is time now, ladies and gentlemen, with your help and support, to take the next steps in welfare reform. The President and I stand ready to work with you to achieve even greater successes for America's neediest families.

I thank you so very much for having me, Mr. Chairman. Now I will be more than happy to answer your questions.

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

The CHAIRMAN. We will take five-minute turns. It will be: Grassley, Baucus, Jeffords, Smith, Bingaman, Breaux, Hatch, Snowe, and Rockefeller, in that order of arrival.

I did previously recognize several members of a bipartisan group that worked on the bipartisan bill. Senator Lincoln just came in, and she was part of that also last time, Secretary Thompson, of the bipartisan bill that was voted out of here. I just wanted to recognize you, along with the other people that I previously mentioned.

Mr. SECRETARY, WE ALL ACKNOWLEDGE THAT WE ARE LIVING IN AN ERA OF, HOPEFULLY, INCREASED PERSONAL RESPONSIBILITY. The fact that welfare rolls and child poverty are down are some indication of that.

But, even though we have many families formerly receiving assistance working, we still have income levels for these families—not meaning all of those families—still very low. Most of these families, while working, are poor.

Do you agree that the next phase of welfare reform should include policies that help families move out of poverty? Then I would follow up with this question. If so, what changes need to be put into place so that we can help those families achieve self-sufficiency?

And before you answer, my colleagues have heard me say this so often, they are probably tired of my saying it. But there have been studies that show tremendous economic mobility of our population. People that are in the lowest quintile are not there forever.

After 10 years, only about 10 percent of the people that were originally in the lowest quintile are still in the lowest quintile. We have an economic system that, if we move people into the world of work, that will allow us to make great progress. I think that is undisputed.

But within that, there are still things that we can do to help people, and that is what my question is about.

Secretary THOMPSON. Mr. Chairman, you have been a leader in this area, and I compliment you on it. There is no question that we have to do everything we can to strengthen parents and their children. That is why the SCHIP program was so successful in getting people covered by insurance, and that is why we have used the waiver process to allow more low-income parents to have insurance.

Second, we are taking many steps in this proposal to strengthen the family. The first one, is taking money from one program that provides bonus dollars to states for decreasing illegitimacy, and putting that into a new fund, an innovative fund to grant dollars to help communities set up programs that will help parents, first, if need be, to get married, but also to counsel them, and to help strengthen their marriages, and so on.

Third, we are setting up a matching grant program of \$100 million out of the high-performance grant dollars in order to allow States to match it dollar-for-dollar to set up programs to promote healthy marriage. Oklahoma has got a fine program. Other States have tried programs in this area. We are going to give them some added dollars to innovate and be able to do that.

The fourth thing we can do together, is allow for job opportunities. This, of course, is very important. This is why the child support is so important, and we are expanding the child support collection abilities by putting in \$218 million, and being able to reclaim about \$7.5 billion by reaching out technologically to pick up more dollars for parents.

We are also allowing for more pass-through dollars so that more of the dollars collected in child support can go to the family. All of these things are going to help benefit the children and the family and assist the family in getting work and being able to become self-sufficient. That is the objective of the TANF bill, and that is why I am so interested in supporting the next phase of it, Mr. Chairman.

The CHAIRMAN. Thank you very much. I am sure, as former Governor, Governors today would still have confidence in your understanding the roles of the States and problems that the Federal Government might create for States in this area, or any other area.

So I would like to have you respond to the concerns raised by the States that they will not be able to meet the increased work requirements detailed in the President's proposal for welfare reform.

Secretary THOMPSON. I think, Mr. Chairman, that is just not correct. First, the House has increased the amount of money for child care from \$4.8 billion to \$6 billion, an increase of 22 percent. That is being accepted and supported by the administration.

Second, there is a lot more flexibility for States. Under the current law, you have 20 hours of work and 10 hours of things that you have to do in order to comply. Under this proposal, it is 24 hours of work, an increase of four hours.

But once you achieve that 24 hours, the next 16 hours in the proposal are completely flexible, left up to the States to do what they want to do in order to comply. They can set up education programs, they can set up job training programs, they can set up programs in tutoring and so on. It is much more flexible than the existing law.

The third thing is, under the current law, a State cannot count anything towards the credit for the reduction of its caseload until an individual has received 30 hours of employment, including 10 hours of work-related efforts.

Under the existing proposal, you start getting credit as soon as you have reached the 24 hours, which is much more flexible. There are also other provisions in here that allow for flexibility, such as the fact right now that the States cannot use excess TANF money for anything but cash assistance after the end of the year.

Under our proposal, they would be able to use this money for child care, for work-related efforts, for transportation. Last year, it was \$2.5 billion that State could not use. This year, if this would pass, they could use the \$2.5 billion.

West Virginia has, I think, about \$30 million that they could use for child care, and so on. So there is a lot of flexibility. There is much more flexibility in this proposed law than the existing law, Mr. Chairman.

The CHAIRMAN. Thank you.

Senator Baucus, now.

Senator BAUCUS. Thank you, Mr. Chairman.

Mr. Secretary, I am just a little bit concerned. I need some clarification of the resources that the States may or may not have, particularly for child care. You have said, and correctly said, that we cannot do welfare reform on the cheap.

Secretary THOMPSON. That is correct.

Senator BAUCUS. I think most agree with that. I am a bit concerned about the administration's proposed higher work requirements, though, without adding, as I understand it, any additional child care funding.

For example, the proposed doubling of the weekly work requirement for mothers with children under six. Those are obviously people who especially need child care. Some suggest that States have plenty of money because the welfare rolls are down, but this ignores the way that freed-up TANF funds have gone to pay for child care to keep former welfare recipients working.

So my question is, if freed-up dollars are going to those off welfare, and also there are additional requirements for those on welfare and given the State budget difficulties we have in the country, the question is, where is the money coming from for child care?

Secretary THOMPSON. When we passed the original TANF law, there was approximately \$7,500 per case set down by the Federal Government. With the reduction in the caseload, it is about \$16,750 per case right now. So, there is additional money.

The House-proposed bill which we are supporting, and, I believe, the Senate Budget Committee proposal, increases the child care portion by \$1.2 billion, or about a 22 percent increase over what the President is proposing, and that is being accepted.

Additionally, the States cannot make any claim for a recipient who works 20 hours, and then only has 9 other hours of work-related activities. There is no pro rated credit given to the States.

Under our proposal, anybody who works over 24 hours gets that credit, gets the pro rated share, so it is much more flexible for the States. With regard to the other 16 hours, the States have complete discretion, more so than they do under the current law, to determine how the individual can comply with those 16 hours.

So under the new provisions that we have put in our proposal, there is a lot more flexibility for States like Montana to meet those concerns. With the added money put in by the House for child care, I am confident that the States will have enough to meet the job requirements.

Senator BAUCUS. Just a point of clarification here. It has been suggested that the \$16,000 figure appears to be calculated by adding the total funding in TANF and the child care block grant.

Secretary THOMPSON. That is correct.

Senator BAUCUS. And then dividing the number of families still receiving a monthly welfare check.

Secretary THOMPSON. That is correct.

Senator BAUCUS. The concern is that, according to some, based on statistics developed by GAO, that ignores the million or so families that GAO has estimated that are receiving help from TANF, but not in the form of monthly welfare checks. It also ignores working families receiving child care help through the child care block grant.

The block grant, as you know, was created in 1996 out of four previous child care programs, one of which was to provide child care for TANF recipients, and the others were to support low-income working families, particularly former welfare recipients, or those at risk of going on welfare.

So I am wondering if the administration is actually proposing to end the use of the child care block grant to support working families. If not, then is this \$16,000 not a bit misleading?

Secretary THOMPSON. No, it really is not. We certainly did not in any way ever indicate that we were going to reduce or change the block grants. I would like to point out that the \$16,500 figure is the total accumulation, but you also have to realize that approximately one-third of the cases in every State do not have to comply with the time limits because they do not have a parent living within the family. Then, on top of that, they have a 20 percent exemption beyond that for the time limits. So, truly, almost 50 percent of the caseloads are not subject to the time limits.

Moreover, under the current law, when a State uses money to help people get work, or for child care, transportation, anything like that, that may not be cash assistance, but the time clock starts running.

Under the proposal the President has made, the program is much more flexible. If a State gives money for job seeking or job transportation, but not cash benefits, it does not count against the 5-year time limits. So, the President's proposal is much more flexible in that regard.

Senator BAUCUS. Before my time completely expires—it has about expired—your thoughts why community service is more important than looking for a job. In my State of Montana, time spent looking for a job seems to be very well worthwhile. As I mentioned in my opening remarks, community service might make a lot of sense in big, urban areas, but in more rural areas, it does not make near as much sense.

Secretary THOMPSON. I do not disagree with you, Senator.

Senator BAUCUS. So, under the administration's proposal then, would States have the flexibility to add, say, job search as a priority?

Secretary THOMPSON. They do. Absolutely. That 16 hours is completely discretionary with the States. That is why this proposal is much more flexible than current law. If that is what Montana wants to do, I want Montana to do it. If it is successful, the State should continue to build on that.

Senator BAUCUS. Well, that is good to know. I appreciate that very much. Thank you.

The CHAIRMAN. The point that Senator Baucus brought up is one that we will have to look for some middle ground on in trying to reach a compromise with the administration, and within this group

as well. But I think you have indicated that, as you have answered his question, and I was glad to hear that.

Senator Jeffords?

Senator JEFFORDS. Thank you, Mr. Chairman.

I agree with you completely, we cannot overstate the value of high-quality early childhood programs, especially education.

Right now, the States are being forced to make impossible choices and it is hard to find a State where the choices do not impact child care.

As you know, we currently serve only one in seven eligible children. States are cutting back in quality and in the number of children served. They are losing Federal matching funds as they do so.

We need to take the opportunity in this welfare reauthorization to invest in our children's future. Instead, the administration has proposed a level of funding that amounts, basically, to cuts in these programs.

Every other industrialized nation has federally funded fully early childhood education for years. I traveled to France earlier this year. I plan to go to Italy and Finland later this year. They start at two or 3 years of age.

I talked to national leaders in early childhood education this week and was alarmed to find out that there were cuts going on in these areas, and we find ourselves well behind the rest of the world.

How can we catch up without much more Federal funding in these areas?

Secretary THOMPSON. Senator Jeffords, as you know you and I have worked together as partners on early childhood initiatives in the Education Commission of the States, and you and I co-chaired a study committee with the National Governors Conference, and also with the Quality Initiatives, so you know my passion for early childhood.

Senator JEFFORDS. I know. That is why I asked the question.

Secretary THOMPSON. I also want to quickly point out that I put a program in in Wisconsin when I was Governor and we did not have any waiting list whatsoever. Wisconsin had put in enough money so that every person who wanted child care received it.

I also put in extra dollars for early childhood expansion programs for those individual groups that wanted to put something spectacular together, something more far-reaching, for early childhood.

Third, Senator, you are right that child care was level funded in the President's proposal, but the House has increased funding by 22 percent, going from \$4.8 billion to \$6 billion, and the administration is supporting that. This is an increase of 22 percent over what was originally introduced.

The fourth thing is, the number of children has gone down by approximately 57.5 percent from what it was when the welfare reform act passed. The proposal now would increase funding by 22 percent and there is a tremendous amount of more dollars for early childhood. Like you, I think it is a good investment, and I hope that we can all support it.

Senator JEFFORDS. Currently, Vermont has a variety of options for how to assist the TANF clients. One of the most successful initiatives has been our investment in education and vocational train-

ing. Clients can take courses that lead them to a commercial driver's license, certification as a pharmacy technician, or licensed nurse's aid. Vermont can do this because of the flexibility in current law.

We should expand flexibility and allow the States to have more options, I believe. If the State believes it can best serve its clients by allowing them to engage in an education or training program for a longer period, 18, 24 months, for instance, then why should we prohibit them from doing so?

Secretary THOMPSON. Senator Jeffords, one of the reasons that the old AFDC proposal failed is because there was no requirement for work. The basic premise of welfare reform has always been work related. In this regard, 24 hours a week is not too much, and you still have 16 hours to make up your 40 hours to go to school to get that job training, to get that vocational training.

Moreover, there is an additional 4 months in the House proposal that allows individuals to go to school, or an additional 3 months if they need some kind of drug or alcohol treatment in order to get a job. So, there is plenty of flexibility.

I do not know about you, but I know that I had to work my way through school, and I worked much more than 24 hours in order to pay my way through school. I think most students are working that much, so I do not think this is a hardship.

But I want to just get back to the basic premise, that the reason that welfare reform in this country has worked so effectively is because of the requirement of work, getting people that have not worked before an opportunity to find out how to work, to get a job, and get the training. That is all-inclusive in the TANF law, and I think it would be a terrible mistake for us to go backwards to the old AFDC model where states did not require work.

Senator JEFFORDS. Thank you.

The CHAIRMAN. Thank you, Senator Jeffords.

I now call on Senator Smith, then Senator Bingaman, then Senator Breaux.

Senator SMITH. Thank you, sir.

Mr. Secretary, good to see you again.

Secretary THOMPSON. It is always a pleasure, my friend.

Senator SMITH. I appreciated very much last week our visit with you on Medicaid, and appreciated your emphasis then on flexibility. It is clear that flexibility is still the word of the day when it comes to reauthorizing welfare reform, and I appreciate that.

I am also aware, in a conversation with my colleague Senator Wyden this morning, that you and he had extensive conversations last night about Oregon sort of falling through the cracks in the proposal that the administration has.

But I also understand, he was very, very appreciative of your emphasis and willingness to work this out so Oregon's very successful welfare reform can continue. I assume you are aware of the legislation that he and I have introduced today.

Secretary THOMPSON. I was not when the first question was asked, but I certainly am today, Senator Smith.

Senator SMITH. You are aware of it now. But what it does for the record, is it allows States with current TANF waivers to renew

their waivers through the next welfare reauthorization, which is within the next five years, or September 30, 2008.

It affects 16 States, Oregon being one of them, which may not exactly fit within the administration's proposal. It is my understanding that you are going to pursue that proposal, but you are not hostile to ours.

Secretary THOMPSON. That is right.

Senator SMITH. I just want to publicly thank you and express what a pleasure it is to work with you to work this out.

Secretary THOMPSON. Thank you very much, Senator Smith. No, I certainly am not hostile. For somebody that has been dubbed "the King of Waivers," I certainly appreciate States that are innovative, and Oregon has been extremely capable.

In fact, I want you to know this. We used the National Evaluation of Welfare to Work Strategies from Oregon in developing this proposal.

Senator SMITH. Terrific.

Secretary THOMPSON. So I am very cognizant of the work that Oregon has done, and want to compliment them and thank them for their efforts.

Second, I would like to have you take a look at the super waiver which is in our proposal, because this is made to order for a State like Oregon that is innovative, because you can have the opportunity to come in with a waiver in which you can have uniform eligibility for jobs, which you do not have now, between Labor, Education, Agriculture, HHS, and HUD.

The second thing you could do is have a national database that is simplified, and one for all the Federal programs. So a super waiver in this proposal would be very, very helpful to a State like Oregon, and I would hope that you would support that as I go along in supporting your proposal, Senator.

Senator SMITH. It is my understanding, Mr. Secretary, that Oregon would not be eligible to apply for the super waiver provision because it does not propose to blend programs. Is that your understanding?

Secretary THOMPSON. That is absolutely incorrect. It could apply for the super waiver. It could pick and choose. If it wanted to apply for a waiver from Labor, Education, and Agriculture, or my Department, it could pick and choose any way it wanted to.

Second, in the current proposal, the State of Oregon would have complete flexibility in the 16 hours for developing how it would comply with the remaining work requirements. So, Oregon's existing program would comply, we think, with the 16 hours that are currently in this proposal.

Senator SMITH. And you do not think they would have to make changes to existing programs?

Secretary THOMPSON. Absolutely none. That is the reason for the super waiver, to give you that tremendous flexibility for development for a program suitable for your particular State.

Senator SMITH. Well, I just want to publicly thank you for your clarification and your willingness to work with us. I think you are clearly a pioneer in the whole area of welfare reform, your own State being a great model of that.

So, thank you, Mr. Chairman. Thank you, Mr. Secretary.

Secretary THOMPSON. Thank you, Senator Smith. As you know, Senator Smith, welfare, Medicaid, the child adoption program, and the 4-E programs have all got tremendous flexibility for States and they all were pretty much proposed out of our Department.

Senator SMITH. Thank you.

The CHAIRMAN. Senator Smith, thank you.

Now, to Senator Bingaman.

Senator BINGAMAN. Thank you, Mr. Chairman.

Mr. Secretary, thank you for being here again. We appreciate it.

You have referred to this \$1.2 billion additional child care money that the House added. My understanding is that only \$200 million of that is mandatory.

Secretary THOMPSON. That is correct.

Senator BINGAMAN. The rest is just authorization for funding that may or may not be appropriated.

Secretary THOMPSON. That is correct.

Senator BINGAMAN. And judging from the package we passed just a few weeks ago, I would assume it is not going to be appropriated. Would you agree with that assumption?

Secretary THOMPSON. No, I disagree with that assumption, Senator Bingaman. As I understand it, the House Budget Committee is going to put that figure in its budget resolution. I believe the Senate Budget Committee is going to put that figure in.

You are much more of an expert as to what is going to pass in the Congress than I am, but if both budget resolutions have that figure in it and it has already been adopted in the TANF proposal from the House, then I would presume it would stay in and be appropriated.

Senator BINGAMAN. I certainly hope you are right about that.

Secretary THOMPSON. And the administration supports that, by the way.

Senator BINGAMAN. You support that level. In my State, we have just recently decreased child care eligibility from 200 percent of poverty to 100 percent. Many, many States have pretty drastically cut their funding for child care just in 2002, as I understand it, and others are planning to do so even more.

I am very concerned that the level of support that we are seeing, even with what the House has done, does not allow for the current level of child care funding, does not allow the current level of recipients to continue. We are going to see cutbacks in child care funding. Do you see it differently?

Secretary THOMPSON. I know the States are very stressed. I know that 38 States last year had proposals to reduce Medicaid. I know over 43 States this year are advocating changes in all of the social programs, and I am concerned about that.

But I would like to point out that we have fewer than half the number of children in TANF as we did when the law was enacted in 1996. Even with level funding, that should mean that there is double the amount of money, less inflation, for each child than there was in 1996.

With the additional 22 percent from the House, that increases the amount a great deal. I do not know of many programs this year that are going to have approximately a 22 percent increase. So, I

think the Congress and the administration are being very generous in this regard.

I would like to be able, like you, to have more money for child care because I happen to be passionate about this particular proposal, and I believe that the best way to get people off of welfare is by investing in the children.

Senator BINGAMAN. A lot of the waiver options that you discussed relative to Oregon do not exist for New Mexico, as I understand it.

Secretary THOMPSON. I hasten to disagree with you, Senator, because the same waivers are going to be available for New Mexico as they are for Oregon, Wisconsin, Vermont, and Louisiana.

Senator BINGAMAN. I had thought that Oregon had a waiver to use their funding for post-secondary education.

Secretary THOMPSON. You are talking about a specific waiver. I thought you were talking about the superwaiver authority.

Senator BINGAMAN. Right. But we would not be able to get that kind of authority, as I understand it. You have to have already had a waiver in order to be eligible for it.

Secretary THOMPSON. I do not have the authority, Senator, under the AFDC or the TANF proposal, to give waivers under that. So, I cannot give a waiver for New Mexico.

If you give me the authority, I would certainly help out New Mexico with waivers, which I have done many times already in the past with waivers, as you know, and would be more than happy to do so again Senator.

Senator BINGAMAN. Well, we will work to try to get you that authority. Thank you very much.

Secretary THOMPSON. I would love you if you did.

Senator BINGAMAN. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Bingaman.

Now it is Senator Breaux's turn.

Senator BREAUX. Thank you, Mr. Chairman.

Welcome back, Mr. Secretary. It is always a pleasure to have you before the committee.

Secretary THOMPSON. It is always a pleasure to be with you, my friend.

Senator BREAUX. I have been here for 30 years and I have come to the conclusion that one of the many problems that is wrong with Congress is that we spend far too much time trying to fix things that are not broken, and far too little time trying to actually fix programs that are, in fact, broken. Medicare and Social Security are two great examples of programs that are broken, and we are not doing nearly enough to try and fix them.

However, welfare is not in that category. It is a program that I think is not only not broken, I think it has been a real success because of what Congress did in a bipartisan fashion.

If you look at the statistics, welfare rolls have fallen by about almost 60 percent nationwide. Work among single mothers heading up families has increased by almost 40 percent.

In my own State of Louisiana, most families, about 63 percent, are meeting the Federal work participation requirements with private sector employment, which is what we want. About 20 percent additional do so with educational activities.

So I think, by any measure, the welfare reform program is really a real success, and everybody can take credit for it, Republicans, Democrats, previous administrations, this administration. It is a real success program.

But what we are proposing, as I see it, and not only I see it, 41 of the 47 States in the NGA that responded to the poll they sent out, said that a new proposal from the administration would cause them to make fundamental changes to State strategies or redirect TANF resources.

So my concern is that, while the administration in many areas—and I would agree in some of the things that you are giving more flexibility to States. The Medicaid program is an example of that. The States can already do 40 hours of work if they want to now. There is nothing that prohibits that. They have that flexibility.

But here we have got a mandate coming from Washington that you have got to go to 40 hours. Washington knows best. We know 40 hours is better than 30, even though the 30 hours has been a huge success by any standard of measurement.

Then we looked at, if we do go to 40 and mandate it, which is contrary to what the administration is doing in Medicaid and other programs where we are giving them more flexibility, here we mandate it, no waivers, 40 hours, do it, Washington knows best.

But then when CBO looks at that, CBO tells us last year when they looked at the 40-hour work requirement, they estimated that if States were required to enforce the 40-hour work requirement and meet the increased participation rate target, 70 percent, that is in the bill, the cost to the States of meeting the new work requirements would be up to \$11 billion over 5 years, roughly \$6 billion in work program costs and \$5 billion in increased child care costs for the work program participants.

So my question is, we have got a program that works and huge success. Now we are coming back to say, well, despite that success, we are going to give you more mandates on the work requirements and not nearly enough money to meet them.

To me, that is a very inconsistent recommendation that I think needs a great deal of work before we do anything. We had a very tripartisan group of Senators on this committee that said, look, if States want to go to 40 hours, let them do it.

But 30 hours is working just fine. Why not keep it like that? Where are we going to get the money if we go to 40? CBO says \$1 billion is not enough. They are saying \$11 billion is what we need.

Secretary THOMPSON. Senator Breau, let me try and answer it this way. States, right now, have to have individuals work for 30 hours, 20 hours plus 10 in work activities. That 10 hours is very restricted. It is very much more of a mandate.

Under the proposal that we are pushing, 24 hours—an increase of four hours—20 to 24 hours is actual work, but the next 16 hours is completely left up to States how they would comply with it.

So if the States wanted to tell individuals, go to school, that would be fine. If the States wanted to set up work programs, that is fine. If the States wanted to have individuals be mentors, that is fine. It is completely discretionary with the States.

Senator BREAU. Can they allow them to count vocational education for over 3 months?

Secretary THOMPSON. Yes, they can.

Senator BREAUX. Over 3 months?

Secretary THOMPSON. Yes, they can, within the 16 hours. If they work the 24 hours, absolutely.

Senator BREAUX. Are you reducing the vocational education in the 24 hours?

Secretary THOMPSON. The 16 hours, if they want to have the individual go to—

Senator BREAUX. The 24 hours.

Secretary THOMPSON. The 24 hours. No. The 24 hours is focused on work.

Senator BREAUX. No, no, no. You are reducing the vocational education training counting for the 24 hours down to 3 months. Is that not correct?

Secretary THOMPSON. That is correct.

Senator BREAUX. And why is that? Vocational education is—

Secretary THOMPSON. Because we give the States complete flexibility. If they want to increase that, they certainly can.

Senator BREAUX. States have the flexibility to go to 40 hours?

Secretary THOMPSON. The States have the flexibility in going from 24 hours to 40 hours.

Senator BREAUX. They have flexibility on the 40 hours. They can do 40 hours now if they want. We are mandating 40 hours.

Secretary THOMPSON. We are mandating, but it is not in every individual case. That is a big difference. One-third of the cases, Senator, do not have to comply with the law because they do not have a parent living in the family. Then on top of that, there is an additional 20 percent exemption, so you are really talking about 50 percent of the families.

The one requirement we really are requiring here, and you can call this a mandate, is we are requiring every State to have an individual work program for every individual recipient.

Senator BREAUX. Well, my time is up, and our time is up. I would just conclude by saying I do not think the administration has made their case to mandate 40 hours with no real additional funding, because CBO tells us we need substantially more to meet that requirement. That case has not yet been made.

Secretary THOMPSON. Thank you, Senator BreauX.

The CHAIRMAN. Thank you, Senator BreauX.

I am going to skip over Senator Hatch because he had to go to the Leader's office for a meeting, and go to Senator Snowe.

Senator SNOWE. Thank you, Mr. Chairman.

Welcome, Mr. Secretary. I thank you for being here today and addressing an issue that, obviously, you have provided an enormous amount of leadership on in the past in your previous capacity as Governor, and now as Secretary, and I thank you.

Just to follow up on some of the issues concerning flexibility, because I really do think that is the crux of the issue here in removing the barriers for the remaining caseload on welfare across this country in terms of reaching and accomplishing self-sufficiency, and what is going to constitute allowable work activities and other activities.

So reaching the 70 percent participation rate, plus the 40-hour work week, how you accomplish that without being so stringent

and restrictive that it makes it virtually impossible for the recipient to reach those levels or the State to meet those goals without exacting a tremendous cost one way or the other.

In one of the ideas that I have recommended and introduced in the last Congress, because I really think it is such a worthwhile endeavor to be an allowable activity, is being able to pursue a post-secondary education.

I mean, Maine has very successfully adopted a program known as Parents as Scholars, allowing TANF recipients to pursue higher education. I think it has been misrepresented, when I introduced it last time, that somehow we are subsidizing tuition, and so on, and so forth.

The idea of allowing individuals to achieve and accomplish higher education is something that we all should strive for. Ninety percent of those who have participated in the program in Maine have successfully moved off any kind of welfare assistance and they have increased their income by more than 50 percent.

I mean, the stories that have been told in Maine by individuals who have participated in this program is really something beyond astonishing. I met with a number of recipients. There was one woman who had an infant who actually who slept on a friend's couch and went to school every day, hitchhiked to college every day in order to do it.

Another individual recipient had a special needs child. Beyond the fact that she was able to do post-secondary education, she is now moving on to law school. I mean, those are the kinds of success stories that are indicative of individuals who are given the opportunity.

I think we ought to incorporate that kind of flexibility, allowing them to be able to be supported in terms of the things that will allow them to pursue higher education, such as transportation, for example, books and supplies, and other kinds of things that allow them to pursue an education. Obviously, they have to be enrolled in a college, they will have to maintain a certain grade standard.

But it has been a success story in Maine, unequivocally. So, I would hope that you would consider this as one opportunity that should be available to recipients and be an allowable work activity.

Secretary THOMPSON. Senator Snowe, I know of your passion and I want to compliment you, because you have been a friend and a mentor of mine on many different subjects, and I thank you for that.

I would like to point out that people really do not understand one of the provisions of our proposal, and I really would like to explain that. Under the current law, you have to have 20 hours of work, plus 10 hours of other work-related activities.

If you only put in 29 hours, the State does not get to count that. It does not get to count the 29 hours of effort. Under the proposal that we are advancing, states get to count the pro rated share for anybody who works over 24 hours. So, it is much more flexible for States in that regard.

The second thing is, I do want to work with you, as I have on Medicare and on many other things. As an individual who started welfare reform in Wisconsin, our basic premise was, and still is, that you have to have a work requirement.

If you completely exempt the work requirement and just allow school, I do not think you ever really get to the accomplishments that TANF originally had.

That is where you and I differ. I think that if you had an individual that worked 24 hours a week and still went to school for 16 hours, you would have a very successful program. I agree with you. The best we can do is to have people go to school. But I think the work is absolutely key to a successful TANF program, and that is why I am fighting so hard for that particular portion.

Senator SNOWE. But in this program there is a work requirement, so they have a work requirement, they have to go to school, and they have to take care of their children. I mean, we have to look at the circumstances that these individuals are in. I think that is the reality, if we are going to be successful.

If we were just driven to look at the numbers and just reducing numbers without looking at the human beings who are behind those numbers, then I think that is going to be a real travesty because we are not going to be successful. I would like to be able to give people opportunities, and access to opportunities, in a realistic way, that they ought to be able to accomplish both.

If they want to do that, they ought to be given that, the fact that they get off welfare permanently, they are able to elevate their standard of living, they are able to break the cycle of dependency.

One of the stories that I heard over and over again from these individuals who participate in this program, is that they became a model, an example to their children.

For the first time, their children were able to see an individual pursuing college, that they were creating that goal. So beyond the fact that it is an individual success story, it becomes a success story for generations because you are breaking the cycle of dependency.

I hope that we will allow this fluidity of thought incorporated in the welfare program, because I really do think it is the way to go.

Secretary THOMPSON. Senator Snowe, very quickly, the current law is number driven. The proposal is not number driven. It allows for much more credit and much more flexibility for the States. That is what I do not think people really understand. The current TANF law is very number driven, much more so than this proposal.

Second, if we can work out a proposal for work and school, I think that is the best of both worlds. But I still think you have to have the work component. You and I may differ about it, but I think we both agree, education is fantastic.

The more we can get people to go to school and get better trained, the better off they are going to be, the better off their families are going to be, the better off the cities, communities, and States will be. So, I am fully in favor of that. I just believe the cornerstone of welfare reform successes has been the work component.

Senator SNOWE. Thank you, Mr. Secretary. I am looking forward to working with you on this. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Snowe.

Now I call on Senator Rockefeller, then Senator Lincoln.

Senator ROCKEFELLER. Thank you, Mr. Chairman. Good morning, Mr. Secretary.

Secretary THOMPSON. Good morning, Senator Rockefeller.

Senator ROCKEFELLER. I do not know what it is that is moving around inside of me, but there is a lot of worry. I have enormous respect for you, as you know. I also have an enormous attachment to the State I represent, and the people.

Basically, our caseload since June of 2000 has gone up from 10,000 to 16,000. What it basically means, is that only 25 percent of the eligible families are being served in West Virginia.

Now, I will grant you that West Virginia is not as rich as Arkansas. But I have to focus on West Virginia. What we tend to do, I think, is we talk about numbers of hours of work rules, child care, and this and that, and we sort of forget about all of these people, which is very strong in my soul, simply because of my Vista volunteer experience.

We have had to go from 200 percent of poverty down to 150 percent of poverty as a result of what is now in existence, and we have had to double the co-payment up to about 50 percent for families.

Now, you make assumptions about what the appropriation is going to do. There is no way in my mind that you can do 40 hours, 24/16, and in effect allow sufficient vocational education, even though you answered, yes, it was possible over 3 months.

Vocational education takes a lot longer than three months. If we are going to prepare people for work, then we really need to prepare them for work, not just sliding in and sliding out, as happens too much in our State.

The CBO numbers on child care, I would think, would be profoundly disturbing to you, Mr. Secretary, because of who you are and what kind of a Governor you were/are. You talk about a 22 percent increase, and that always wins points when you say that in front of a crowd.

Except the question is, what does the 22 percent actually accomplish? If an \$8 to 11 billion—and I would have to assume the \$11 billion—is, in fact, needed but is not being given, and if you are living in a State like West Virginia where there are only 14 communities in the entire State that have populations of over 10,000, so that sort of describes a little bit of what ruralness means, getting child care, even if you have the money to do it, is an unbelievably difficult prospect.

Getting child care in Washington, DC is not easy. Getting child care in West Virginia to get people to come to be able to do that, who are qualified to do that, is an unbelievably hard thing to do.

So I really agree with John Breaux. I do not know what is wrong with the 30 hours. I do think that when you go from 30 to 40, then you have an enormous number of reporting requirements, you have all these 16 hours, all this collecting of data, creating activities, providing child care. They all have costs, it is bureaucratic. Why not just focus on the work part of it?

West Virginia is being hurt by this, will be hurt by this. We are in terrible fiscal constraints, as all States are. The child care money is not going to cut it. Quite frankly, if the child care money does not cut it, then the program is not going to work.

If the child care is not there, all the other parts that you like are not going to work. Sometimes I wonder if you are confusing child

care and child enforcement when you talk about some of these numbers.

Secretary THOMPSON. No, I am not confused at all.

Senator ROCKEFELLER. But I just want to tell you, I have profound worries about it. Senator Snowe is gone now, but we had a thing last year which she and others were supportive of.

We went \$5.5 billion more for child care, \$2.5 billion more in the basic block grant for child care, \$5.5 billion for full funding of Social Security's block grant for child care, transportation, and other work supports.

Now, we did not do that because we wanted to spend money, because there is no money to spend. We did it because we thought that was what was necessary to make it work.

So I have this profound sense of disquietude in me about the good words that you are saying from a good heart, leading to a program that is not ultimately going to be able to work, as Senator Breaux indicated.

Secretary THOMPSON. Let me try and reduce your anxiety, Senator. First, let me compliment you for your passion and your compassion on this subject. I know full well of your history and your career in regards to Vista, and what you do in the bills that you support and submit.

So, I know where you are and I know full well that you are dedicated in this area. So, let me start off by saying thank you to you for that. But I just would like to give you some basic numbers. The caseload on children is 43 percent of what it was in 1996.

At that time, we were spending \$2.1 billion in discretionary money for child care, \$2.7 billion on mandatory funding. Under the House proposal, that has gone up to \$2.9 billion for mandatory and \$3.1 billion for discretionary programs, for a total of \$6 billion.

So if you have half the kids in 1996 and you have a 22 percent increase going into this coming year, that is a sizeable amount of dollars per child. I think the States are doing a good job. The States are financially stressed right now.

The difficulty is, we are fighting a war. We have a pending war, possibly. We have economic conditions that are not the best. I would think that a 22 percent increase is about all we can afford at this particular point in time.

I agree that it is a tremendous investment. It is the right investment for our children. But I think going from \$4.8 billion to \$6 billion is a sizeable increase.

Senator ROCKEFELLER. Could I just add one point there? The Chairman has not said no, so I am going to go ahead. Does it not make more sense then to take that 22 percent increase which you speak of and calibrate it so that it fully affects the number of people who will be required to do X number of hours or X number of work? In other words, make the reality equal the numbers. Make the program equal the numbers that you think are going to get appropriated.

Secretary THOMPSON. I would love to work with you on that. I am sure that we could reach an agreement, Senator Rockefeller.

The second point I wanted to make on your comments is that—
Senator ROCKEFELLER. That was not heart-felt on your part.

Secretary THOMPSON. How do you know it was not heart-felt? Every time I answer you it is heart-felt, Senator.

Senator ROCKEFELLER. Because if CBO, like John Breaux is saying, says it is way more than that for child care, then why do you put families under a mandate to go to a certain number of hours when they are not going to be able to get the child care mathematically?

Secretary THOMPSON. Allow me to finish my explanation, Senator.

Senator ROCKEFELLER. Sure.

Secretary THOMPSON. The second thing is, people do not understand that the core work requirement go up from 20 to 24 hours, but the extra 16 hours is going to be left with the Governor and the legislature in West Virginia as to how individuals comply with it. It is going to be completely discretionary with the State of West Virginia.

Third, the House-proposed bill reduced the requirement from 40 hours a week to 160 hours a month, which equates to 37 hours a week. So, actually, it is a reduction from 40 hours to 37 hours. I believe that is what the State employees work in West Virginia. I may be wrong on that, but that is what I have heard.

So it equates to exactly what the State employees have. What I really want, and this is going to be much more important for the program's success, is to require the State to have a work plan for each individual family.

In the 13 hours, from the 24 to the 37, the States can set up programs for education, for tutoring, for whatever achieves the purposes of TANF. That, to me, is the flexibility that you would want and that the State of West Virginia would want.

If the State of West Virginia decided that in order to save money, the parents had to accompany the children to school or to day care, that would comply. So, there are many ways in which this proposal that we are advancing would meet your concerns and your anxiety, Senator.

If I was not as heart-felt as you thought I should be, I want to tell you, I am passionate about this subject and I want to work with you. I want to come up with a proposal that you would like to support, Senator Rockefeller. That is what I would like to have happen.

Senator BAUCUS. You may get what you ask for.

Senator ROCKEFELLER. I hope Mitch Daniels agrees with you.

Secretary THOMPSON. I am not going there, Senator.

The CHAIRMAN. Senator Rockefeller, I would hope that even a Republican having a heart carries great weight with you. [Laughter.]

Before Senator Lincoln, I hope that when Senator Lincoln's 5 minutes is up, that we could go on to the next panel. I would like to have members submit questions for answer in writing if there are further questions of Secretary Thompson.

Senator LINCOLN. Thank you, Mr. Chairman, and especially for your involvement in this issue, because it is so critical to so many of our States.

Mr. Secretary, we appreciate your willingness to come meet with us today. Hopefully in the coming months so that we can move

something productively through as quickly as possible. For many of our States, that is essential.

By law, the State of Arkansas' legislature meets only every 2 years, and by law is required to do a balanced budget for those upcoming 2 years, so they need to know what they can expect in terms of TANF.

As we have all said, it is largely been a success story and we have all been a very proud part of helping to make that happen, focusing on remaining true, I think, to the original aims of welfare policy, which is to serve as a safety net in difficult times and to help families become self-sufficient.

But we still have many obstacles to overcome. Although we have gotten many off of the welfare rolls, those that do remain still face major barriers. In our State of Arkansas, which is similar to many other rural States, transportation and child care are absolutely essential issues that we have to address or we are not going to be able to make the strides that we all so desperately want to make in the legislation that we are looking at. I would like us to keep those major barriers in mind as we move forward on some of these issues.

I just have a couple of questions, and a few comments, Mr. Secretary. To Senator Snowe's question, I would just say, as you mention, that States cannot count people at 29 hours of work. Under our bill last year, they could.

Obviously, our employment credit was a big part of that bill, and the partial credit portion of that would allow States to encourage, as well as reward, people for getting into jobs and reward them even further for continuing towards good-paying jobs, which I think is ultimately what our whole objective is, and that is independence.

So, I hope that we can continue to discuss that and look at the possibilities of that flexibility that we do give to States.

Secretary THOMPSON. Absolutely.

Senator LINCOLN. I also would like to ask a couple of questions. My understanding is that under current law under TANF, single mothers who have children under the age of six get an exemption in terms of the work hours. Under the bill that you all have proposed, that is only for mothers who have children under 6 months of age. Is that correct?

Secretary THOMPSON. One year.

Senator LINCOLN. It is 1 year? Because last year I think it was 6 months.

Secretary THOMPSON. It is 1 year.

Senator LINCOLN. One year. All right. So now mothers with children under the age of one get an exemption.

Now, if you have a two-parent family on TANF, do both of their work hours go towards the work hours?

Secretary THOMPSON. Yes, they do. And it is unified, which is so much better than the current law, because the current law requires you to keep separate records and increases the amount.

Senator LINCOLN. The only problem I have with that, though, Mr. Secretary, is that you are requiring the single mother to meet that same requirement of 40 hours. You are letting a dual family combine their hours to meet that requirement. Is that correct?

Secretary THOMPSON. That is correct.

Senator LINCOLN. Well, I do not know. I am extremely blessed with a wonderful husband who is also a great father and a tremendous help. But I have many friends that are single mothers, and it is an enormously hard household to manage if you are going to be required to bring to the table the same that a dual family household does.

So I just hope that we will take into consideration, when you are looking at families, particularly single mothers, which is predominantly what we have left on the welfare rolls in my State, who have children under the age of six, but over the age of one, they are going to be put in some enormous constraints in terms of child care, and not only that, but the emotional aspect.

I think we all agree to the importance of parenting in those early years of a child's life. I fight hard every day, with the incredible support system I have, to get home and spend the few precious hours I can with my children.

So I guess the question and the point I would like to make is, as we move towards what we are trying to establish as what is productive for getting people into the workforce and that is family friendly in making sure that our families are going to be strong and our children are going to be well cared for and secure—we all ask for a 24-hour work week. We are talking, for 24 hours of that work requirement. We did not increase the additional hours, as you all did.

I guess I would just ask, what value does the administration place on requiring welfare recipients to engage in an additional 10 hours of busywork that takes the majority of these recipients who are single mothers away from their children, and is going to cost us in additional child care?

Secretary THOMPSON. You have raised lots of points. Can I try and address them?

Senator LINCOLN. Absolutely.

Secretary THOMPSON. First, our proposal does allow for the pro-rated credit, which the existing law does not.

Senator LINCOLN. The credit?

Secretary THOMPSON. The credit counting towards job participation. If an individual works 24 hours, anything above that is then calculated, whereas, under existing law, a person has to have 30 hours of work or it is not counted. So, flexibility is built into our proposal.

Second, in your job credit, we computed it out and found that it would have some—

Senator LINCOLN. The employment credit. I am sorry. Is that what you are talking about? Not the work requirement.

Secretary THOMPSON. Well, the work requirement is what I talked about. Now I am going to employment.

Senator LINCOLN. All right.

Secretary THOMPSON. All right. I am trying to get through your questions as quickly as possible before my time runs out.

The employment credit that you had, and we have computed it out, would not really require people to work. I would like to work with you on your employment credit, but I think there has to be a flat bottom of at least 50 percent of people participating, or else you are going to have a chart like the one Senator Grassley put up

in which 57.5 percent of the people do not have to participate, and I think that would be a mistake. So, I think we could work on that.

Third, we have found, from talking and doing a lot of surveys with States, that dual recordkeeping on two-family households caused a great deal of problems with the States, so we simplified it. That is why it got down to one.

Fourth, in regards to the 13 hours, we just think that that extra 13 hours is really equivalent to what every other person has to do, and we are trying to get the welfare recipient to look at the work world just like you and I have to, and that is 40 hours, or in this case 37 hours.

We are leaving complete discretion up to the State of Arkansas to determine how those individuals could comply. Is it more school? Is it more attending classes? Is it more job training? Is it more job seeking? Is it more job shadowing?

Whatever the State wants, that is completely discretionary, so it is much more flexible than the current 30 hours, which is really restricted as to what you have to do to comply with that. Unless you have the 30 hours, you do not get to count any portion of that. So there is a lot of flexibility.

I do want to work with you. I know of your concerns on this. I am confident that, if we work together, we can reach a very equitable bill that will continue to move welfare forward. I know that is what you want, and that certainly is my passion.

Senator LINCOLN. Well, I appreciate it, Mr. Secretary. I do not have a problem in terms of your dual reporting and making that easier for the States. I just simply say, we do not miss the forest for the trees. That is, the majority of the people now who are faced with more barriers are single mothers.

Secretary THOMPSON. You are absolutely correct there.

Senator LINCOLN. If you are going to put an even heavier requirement on single mothers than you do on dual-family households, I think we may find that we are not going to find the success we have had in past years. We need to take into consideration the actual population that we are working with now. But I appreciate your work, and am looking forward to working with you to come up with some solutions.

Secretary THOMPSON. Thank you.

The CHAIRMAN. Thank you, Secretary Thompson.

[The questions appear in the appendix.]

The CHAIRMAN. I have already given the background of our next panel, so I call Mr. Hendrick, Ms. Smith, Mr. Temple, and Ms. Waller to the table.

I would announce for the next panel, I know each of you will have a very long statement that you will want included in the record. That will automatically be included. Then hopefully, as per our staff's recommendations to you, you would summarize in the five minutes that each of you are allowed.

Then we will go to questions, and perhaps we will probably only have one round of questions, if that is all right with my colleagues, because of the late hour.

I think, Mr. Hendrick, Ms. Smith, Mr. Temple, and Ms. Waller, we will go in that order. So please start out, Mr. Hendrick.

**STATEMENT OF HOWARD HENDRICK, DIRECTOR, OKLAHOMA
HUMAN SERVICES, OKLAHOMA CITY, OKLAHOMA**

Mr. HENDRICK. Thank you, Senator Grassley, members of the committee. Thank you for the invitation to be here today.

I have been asked to share with you some of Oklahoma's welfare reform successes, with particular emphasis on our family-forming initiatives, particularly as they surround the specific purpose in TANF to promote marriage.

In Oklahoma, we hope to continue to have Congressional authority to spend TANF funds for family strengthening efforts, because research shows that child well-being is enhanced when children are reared in two-parent families where the parents have a low-conflict marriage.

Like many States, Oklahoma has enjoyed a variety of welfare reform successes. I have attached to my testimony five of them. In summary, they are: 1) Work First initiatives have led to a 70 percent reduction in our caseloads compared to where they are 5 to 8 years ago; 2) Oklahoma developed the Nation's first tiered reimbursement system for child care. We believe that this tiered reimbursement system really is transforming child care in Oklahoma from a custodial care environment to a developmentally enriching experience; 3) we developed the Nation's first electronic benefit transfer system for child care payments, and its development is improving recordkeeping, expediting vendor payments, and reducing fraud; 4) Oklahoma has made a strong commitment to address the substance abuse needs of TANF families which would not have been possible in an entitlement environment that compelled the distribution of cash to chemically-dependent parents; and 5) while much work remains to be done, Oklahoma has a completely overhauled child support enforcement system that includes paternity establishment in 90 percent of the out-of-wedlock births, a State-wide centralized payment distribution unit, a PWRORA compliant computer system, and significant increases in child support collections, even in a slow economy.

From my perspective, welfare reform has been an incredible success. The governmental supports to families like accessing cash assistance, employment skill development, employment barrier removal by accessing substance abuse services and quality child care, and enforcing non-custodial parent financial responsibility through child support, are being administered better today than ever.

Unfortunately, the natural supports that come from healthy family relationships are in poor condition. The National KIDS count indicates that last year the percentage of households with children headed by a single adult reached an all-time high of 32 percent.

While it is true that the rate of growth has slowed, the absolute percentage has not peaked. Some scholars estimate that as many as two-thirds of the children in America will spend some portion of their childhood before their 18th birthday in a single parent household.

Dr. Paul Amato from Penn State University has studied the effects of divorce on children. He is one of Oklahoma's consulting scholars on marriage and divorce. I recommend the book he co-authored titled, *Generation at Risk*, where he describes the adverse consequences of divorce on child well-being.

Oklahoma has one of the Nation's highest divorce rates. For the last 4 years, we have spent TANF funds to study and develop a strategy to strengthen marriages and reduce divorce in Oklahoma.

I wish I could tell you that we have found the precise prescription with a statistically valid dose response protocol to strengthen marriage and reduce divorce. We have not.

However, we are making excellent progress, and I believe that over time our strategy and the ideas we have initiated will strengthen the natural supports present in healthy families, extend marital life, contribute to marital satisfaction, and ultimately improve child well-being.

Since I testified here last May, Oklahoma's baseline research on marriage and divorce has been published. It is available online at okmarriage.org. To our knowledge, it is the Nation's first comprehensive state-of-the-art Statewide survey on marriage and divorce.

The research was completed in partnership with Oklahoma State University's Bureau for Social Research. The survey consisted of 123 questions delivered in approximately 15-minute phone interviews with more than 2,000 Oklahoma households, with a margin of error plus or minus 3 percent.

We intend to measure the effectiveness of our efforts over time to see how the indicators selected for evaluation changed from the published baseline.

A lot is known about relationship-enhancing skills. Speaker/listener techniques can reduce conflict and grow commitment. Learning forgiveness can heal irreconcilable differences. Habitually constructing positive shared experiences can grow friendship and combat loneliness that might otherwise cause a relationship to atrophy. These skills are teachable and we believe the demand exists for this service.

Our strategy has been to build the supply side of the equation by developing a network of trained workshop leaders to develop a 12-hour curriculum called PREP, the Prevention and Relationship Enhancement Program.

PREP has been used in all branches of the military for over 12 years. It is research-based and is easily accessible to a wide variety of audiences and settings.

Today we have trained approximately 550 workshop leaders to provide this service, with workshops now present in local health and social services departments, community-based youth and family service agencies, the OSU Cooperative Extension program, churches, synagogues, Head Start agencies, high schools, and universities.

Our intention is to continue to strengthen this network of providers so that couples in Oklahoma, particularly low-income families that desire this service, will find workshops in their local community.

The training for workshop leaders and referral sources include information about identifying substance abuse risks, screening for domestic violence, watching for couple issues better served by individual counseling, and the development of skills for making referrals to other programs more specifically designed to deal with more intensive couple challenges. The Oklahoma Coalition Against Do-

mestic Violence plays an active role in our training sessions and strategies.

Oklahoma has demonstrated its ability to implement welfare reform. We believe our strategy to strengthen marriages and reduce divorce will be effective. What else should be done?

I am attaching to my testimony three family strengthening ideas that I think are worthy of further effort and support by Congress. They are, first, find a solution to the marriage penalty and benefit programs. Number two, authorize the use of up to 5 percent of a State's child support enforcement budget for non-custodial parent/child visitation programs, fathering programs, and non-custodial parent employment programs. Three, create new funding for two-parent family forming initiatives at childbirth.

I hope you will consider them as we build on the successes we have all enjoyed in welfare reform. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Hendrick.

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

The CHAIRMAN. Now, Ms. Smith?

STATEMENT OF MARILYN RAY SMITH, DEPUTY COMMISSIONER AND IV-D DIRECTOR OF CHILD SUPPORT ENFORCEMENT DIVISION, MASSACHUSETTS DEPARTMENT OF REVENUE, BOSTON, MASSACHUSETTS

Ms. SMITH. Good morning, Mr. Chairman, members of the committee. Thank you for the opportunity to appear before you today.

I would like to address two main areas: first, the improvements in the child support program in recent years, and second, further enhancements that will build on the success brought by welfare reform. My written testimony contains additional details.

Welfare reform of 1996 contained the most far-reaching provisions in the history of the child support program. At its heart is the extensive use of automation so that action to collect child support can be taken on thousands of cases at a time.

It required States to collect new hire information so that wage assignments can be transferred as soon as a non-custodial parent changes jobs, to seize bank accounts and revoke driver's licenses for failure to pay support, and to streamline procedures for establishing paternity.

These changes have brought about significant improvements in paternity establishments and child support collections. In 1994, States established paternity for about 660,000 children. Since then, the numbers have steadily increased so that now paternity is established for approximately 1.6 million children per year, for a total of 10 million paternities since 1994.

Collections have also gone up, rising from \$8.9 billion to \$19 billion from 1993 to 2001, an increase of 113 percent. Most of the growth in collections has been for the families that we set out to help. In the 3 years from 1999 through 2001, collections for former welfare families saw a 65 percent increase. These families received a total of \$19.5 billion to supplement their paychecks.

The real impact is the difference that these collections have made for individual families when a child support check appears

out of the blue in the mailbox of a custodial parent who has not received a payment for years.

I will give you just three examples. A North Dakota mother—owed \$50,000 for 10 years of non-support—unexpectedly started receiving regular payments as a result of a data match that found her former husband’s employer in Hawaii.

A Massachusetts multi-state bank data match found \$120,000 in an Alabama bank account belonging to a father serving a 20-year prison sentence in Texas. He had left behind three former welfare families.

A Washington State businessman paid \$96,000 to get his passport back so he could abroad on business, when a data match with the State Department finally caught up with him.

None of these collections would have been possible prior to welfare reform. In spite of these accomplishments, there is much more to do. TANF reauthorization gives us an opportunity to build on these successes.

I have five recommendations for your consideration today, and there are others in the written testimony.

First, provide incentives for TANF and Medicaid workers to get more child support information from applicants for assistance. Regular child support payments can provide up to 35 percent additional income to a mother leaving welfare to work, making her three times less likely to go back on welfare than a mother who receives no child support.

Establishing a medical support order can lead to coverage by the father’s health insurance plan, saving millions of dollars in Medicaid costs. Last year in Massachusetts, child support efforts resulted in \$43.5 million in Medicaid savings, and there is more to come.

Even so, many mothers do not provide enough information about the father for support information to go quickly forward. Following the maxim that “what gets measured gets done,” an initiative that tracks TANF and Medicaid case workers’ results in persuading mothers to cooperate would pay huge dividends by further reducing welfare rolls, increasing child support collections, reducing Medicaid costs, and helping families to become self-sufficient.

Second, expand support for responsible fatherhood initiatives. There is no longer any debate that responsible father involvement is good for children. The only question now is how to achieve it.

About 80 percent of unwed fathers are romantically involved with the mother at the time of the child’s birth. A few years later, all but 25 percent have drifted away. A job and the ability to provide financial support are critical to keeping these connections.

Child support agencies have teamed up with responsible fatherhood programs and corrections officials to work with low-income fathers. We find that these fathers need work supports similar to those that low-income mothers currently receive, such as job readiness and job search assistance.

Currently, we can order fathers to look for a job or risk going to jail, but there is no mandate for workforce development programs to provide services to help them find one.

When provided, these supports produce results. Payment compliance for one federally funded demonstration fatherhood program in

Boston for young fathers saw child support compliance rise from 11 to 57 percent.

Funded by another Federal demonstration grant, our case workers regularly go to jails and prisons where they meet with inmates wanting downward modifications or to establish paternity.

Many of these men comment with deep emotion on what father absence has meant in their own lives, and how a connection to their children grounds their commitment to not becoming repeat offenders.

Six hundred thousand ex-offenders return to America's communities every year. Most are, or will become, fathers and their children are at risk of welfare dependency.

Because the Federal Government provides funding to child support, criminal justice, and workforce development agencies, Congress should look for ways to require these agencies to pool resources to reduce recidivism and promote parent responsibility.

Third, simplify rules for distributing child support collections. Since its beginning in 1975, the mission of the child support program has evolved from recovering welfare costs to promoting self-sufficiency. The current distribution rules have not fully caught up with this change in mission. In addition, they are complex, costly to administer, and difficult to explain to families.

Since 1996, the national child support community has worked together to develop a proposal to simplify these rules. This proposal was passed by the House of Representatives in 2000 and was included in bills sponsored last year by Senators Snowe, Kohl, and others.

It has flexibility and options that would give States the ability to take into account their different funding structures, their various budget situations, and timing for reprogramming computers.

The fourth request is to require multi-state banks to honor levies from other States, or, in the alternative, to authorize the Federal Office of Child Support Enforcement to take action to seize and freeze these accounts that delinquents have in out-of-state banks.

In the age of electronic banking and ATMs, the physical location of a bank no longer controls where people place their funds, so we should not allow a delinquent to avoid child support by banking in another State, while enjoying the convenience of nationwide access to these funds.

Fifth, and finally, make it easier to intercept insurance settlements. One way is to require insurers to check a secure web site before making a payment to see if there is an outstanding child support debt.

Another way is to require insurers to report settlement information to the Federal Office of Child Support Enforcement, which could report the information to States. Massachusetts has collected more than \$20 million under the first method.

These remedies build on our successful use of automation and our collaborations with banks and insurance companies. We have found these entities to be very cooperative as long as we make the interface simple and quick. The Federal Office of Child Support Enforcement is ready to work with States to come up with workable solutions.

In conclusion, the child support program is involved with more children for a longer period of time than any other program but education, giving us a unique opportunity to affect families whose children are the most vulnerable.

I would like to thank you on behalf of my colleagues for your support, Mr. Chairman, members of this committee, and Congress for your leadership and your support of the work that we do to ensure that America's children receive child support on time and in full. Thank you.

The CHAIRMAN. Thank you, Ms. Smith.

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

The CHAIRMAN. Mr. Temple?

**STATEMENT OF LARRY TEMPLE, DEPUTY EXECUTIVE
DIRECTOR, TEXAS WORKFORCE COMMISSION, AUSTIN, TEXAS**

Mr. TEMPLE. Good morning, Mr. Chairman and members of the committee. I want to thank you, on behalf of the State of Texas, for this opportunity to share our welfare reform successes and our ideas regarding TANF reauthorization.

The Texas Workforce Commission is charged by State law to provide workforce services to Texans receiving welfare in all of our 254 counties. These services are provided through a network of 28 local workforce development boards and are designed to assist our customers in leaving welfare by getting a job.

The revamping of welfare has been a journey of learning for the State of Texas. I believe the President's proposal continues this journey in a way that builds on what has been successful. We do not believe that this is the time to take a step backwards.

If we look back at the old AFDC Jobs program that has been discussed earlier in testimony, we find and see that this was an important step toward personal responsibility. It required engagement for at least 20 hours a week in some type of activity. The focus was on training and education. Although well-intended, there was no real expectation of employment in this program.

I think we learned our lesson. PRWORA, under the TANF program, expanded on the concept of personal responsibility by increasing the number of hours and focusing them more on work.

What have we learned? Well, that work works. When you strengthen work requirements, more people leave the rolls due to employment. Particularly, any service delivery model that does not include employers will not be successful.

Given this experience, I do not think we need to return to what did not work, the old Jobs program design. The data shows that when the focus on work is strengthened, participation rates are increased, and employers are included, we move more people into work. This holds true for Texas, and I believe will so for the Nation.

The President's proposal draws from this experience. It increases the core hours from 20 to 24, and makes them more work focused. The non-core hours are increased from 10 to 16 and gives States even greater flexibility.

To ensure adherence to this design, progress will be measured by participation rates. The President's proposal recalibrates how States are held accountable by increasing the rate to 70 percent

over a 5-year period, and gives States credit for employment. I am confident that we can achieve the new measures.

This confidence is based on our recent experience in Texas of increasing the number of people meeting work requirements in our own program. This initiative resulted in a 51 percent increase over an 18-month period of those meeting the work requirements, and we did it by putting people to work.

A similar challenge is before us in the President's proposal. I find comfort in knowing that we have done something like this before. The Texas model is also work focused. Part of the model that we have is a requirement that individuals entering our employment program, the Choices program, be employed within 4 weeks or be placed in a community service activity. We believe that this community service component is the best method for us to be able to identify and serve our hardest-to-serve caseload.

On average, only 10 percent of those engaged in our activities in any given month are actually in the community service placement, but we still see it as an important component of our design.

Some discount the value of community service placement. From a personal perspective, I believe this activity, whether you call it community service or workfare, has great value.

As a teenager during the Depression, my dad left home to participate in a workfare program. It was called the Civilian Conservation Corps. Dad left his Mississippi farm to earn money building State parks, and these parks are, in large part, still being used today.

That money he sent home, if I have heard it once I have heard it a thousand times, literally helped save the family farm. Although he did not end up in construction, he told me that this experience served him well throughout his life. I believe that crafted right, this type of activity, community service, will, and does, have a lot of merit.

A Work First program has served Texas well. We have been able to place more people in jobs than ever before. As a result, the Department of Health and Human Services has recognized Texas 3 years in a row as a high-performance bonus State for employment.

Our program, we believe, has weathered the storm. During the last 2 years of economic downturn and amid high unemployment, we have not only been able to be successful in placing our TANF customers in jobs, but have increased those numbers each year.

These jobs, on average, have paid \$7.20 per hour. At full-time, a \$7.20 per hour job, combined with the Earned Income Tax Credit, guaranteed child care, Medicaid, and food stamps, totals nearly \$30,000 per year. I think I have a handout in your package that shows this comparison. This is clearly above—nearly double—the Federal poverty line for a family of three.

We believe we have a good alternative to welfare: it is a job. Many have challenged the Work First approach, charging that pre-employment education and training are the missing elements for successful reform. Instead, we found that a good job reference has been the missing element. First customers need to be hired. Once employed, we work with them and their employers to increase retention and advancement.

This model is working for Texas, and I think it will work with the President's proposal as well. Again, thank you for this opportunity.

The CHAIRMAN. Thank you, Mr. Temple.

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

The CHAIRMAN. Now, Ms. Waller?

STATEMENT OF MARGY WALLER, FELLOW, THE BROOKINGS INSTITUTION, WASHINGTON, DC

Ms. WALLER. Mr. Chairman and members of the committee, thank you for inviting me today. My name is Margy Waller. I am a Visiting Fellow at Brookings, where my research focuses on welfare and low-income working families.

I am honored to be here today to say that there is much to be pleased about regarding what has happened as a result of the 1996 law, much to be concerned about regarding the administration's proposal for reauthorization, and finally, much to be hopeful about regarding this committee's consideration of reauthorization.

In the last year, my work has taken me to a number of States to discuss this issue. Almost everything I learned on those trips supports the research findings that I summarized in my written testimony.

But I want to focus on two very important outcomes of the welfare law that need to be protected as part of reauthorization. First, States now spend over 60 percent of their block grant funds on services like child care, much of it for working families not on welfare. That is because the 1996 law guaranteed the funding level for block grants and caseloads have dropped by more than half, so States are able to invest the savings in services like child care.

Keeping the promise not to cut the grants when caseloads decline has made it possible for States to make a down payment on the social contract that pledges that working families will not live in poverty.

By the time welfare reauthorization discussions started, there was a real sense of pride in the fact that we had turned a corner and moved, as a society, not just in the direction of valuing and even requiring work, but spending a good portion of the funding on fulfilling that social contract.

The second benefit of the significant drop in the caseload is that it ensures that States can design individualized programs for parents to prepare for work. This is so important.

It is much more flexible under the current law than this morning's discussion of hours really made clear. It is not about the hours and the numbers as much as it is about what the formula creates in the way of flexibility. It is current practice much more than a discussion of the hours.

The current system is flexible enough to allow a case worker to sit down with a parent and design a participation plan that makes the most sense for her and her family, no matter where she lives, no matter what their personal circumstances is.

TANF administrators I meet are proud of their ability to provide child care, transportation, and training. Proud of the work they have done to design programs that meet the needs of families in

large cities, small towns, rural, and urban areas. That is why there was such surprise when the administration unveiled its proposal.

There are two things I have concluded about this proposal to increase work requirements. First, despite what we heard this morning, I believe flexibility will disappear.

The only way for States to try to meet all of the proposed elements of the new participation rates will be to create one-size-fits-all unpaid work programs. The problem is pushing all of the levers at once, participation rates, increasing individual hours, and limiting the definition of countable activities.

Second, services to core working families will be wiped out as States spend their block grants creating and administering these work programs. If I were a State administrator or a Governor, I would be hurt.

The State and local decision makers and managers have worked hard to transform a check writing safety net program into a flexible job preparation, placement, retention, and advancement system.

There is still lots to be done, and State budget problems will not help. But the administration's proposal makes it seem like the States have done something wrong and now need more direction from the Federal Government.

Of course, proposing more mandates might make sense if there was research evidence to support the plan, but there is not. Even the Michigan paper recently cited as new data in support of the plan did not really evaluate work hours or countable activities.

One other thing. It is sometimes said, and was this morning, that the administration is more than doubling the amount of money per welfare family than we were spending in 1996. Yes, it is true. If you spread all of the child care and block grant money across only the families who are getting a welfare check, that is right.

But the great thing is, we do not need to spend that much money on each family under our current flexible system. Instead, States are spending much of the money on supports like child care and transportation for working families who do not get welfare. If States have to create expensive workfare programs, these supports will collapse.

Last year, a bipartisan group from this committee came together to create a reauthorization proposal. I have written lots of good things about that bill, and you can read more in my written testimony.

But I cannot resist mentioning one item now. Those who know me will not be surprised. Thank you, especially Senator Jeffords, for noting the critical need for targeted help with transportation barriers.

My most important message is this. Dictating work programs to States is unnecessary when so many parents are already participating in work-related activities in ways that do not meet the reporting requirements to the Federal Government, but they are participating.

Increasing participation requirements would force States to be unmindful of the needs of working families. That would not be forward progress. It would be like returning to the past. It did not make sense before 1996 to help only welfare recipients with child

care while leaving poor working families to struggle on their own, and it does not make sense now either.

Thank you.

[The prepared statement of Ms. Waller appears in the appendix.]
Senator BAUCUS. Thank you, Ms. Waller.

Who wants to take issue with what she said? I mean, it is a pretty strong statement, basically that this is not going to work, the administration's proposal, unless we have some more money. Also, it is not very flexible, in fact, just the opposite.

You heard her testimony. I do not want a big debate here, but the goal here is to find the truth. So maybe some of you could shed light on a couple of things. Mr. Temple, what do you have to say about what she said? To me, it sounds like we are going to need a lot more money than is proposed.

Mr. TEMPLE. I think the key is going to be, we are going to have to serve more people. There is absolutely no doubt about that. But to meet these requirements, the full engagement proposal, I think, is probably the one of most value that I see from a State perspective.

Senator BAUCUS. I am sorry. What is that, again?

Mr. TEMPLE. The concept of full engagement or requiring States to actively be engaged and required to serve each and every individual.

I think the second component that is going to be necessary is that we get an employment credit. In the State of Texas, we are meeting the hours that we are meeting by putting people to work.

And you do not have to work very long to leave the rolls. So, in essence, under the current law, we could put everyone to work and leave the rolls tomorrow, and we would be out of compliance with the current participation rate requirement calculations.

So an employment credit, we think, is the right way to go. We think it would direct programs in the direction of getting people off the rolls.

Senator BAUCUS. I do not understand employment credit. Do you mean a tax credit?

Mr. TEMPLE. No, sir. A credit for putting people into work as a countable activity after they have left the rolls, because we could get someone a job very quickly, but once they are gone we are not able to count them in that participation rate calculation any longer.

Senator BAUCUS. That is along the lines that Senator Lincoln was suggesting, you might recall.

Mr. TEMPLE. Yes, sir.

Senator BAUCUS. It is my understanding, I am told here, under the Texas equivalent of the CBO estimates it would cost Texas alone about half a billion dollars to implement. Have you seen that study?

Mr. TEMPLE. Yes, sir, I have seen that.

Senator BAUCUS. And does that sound like it is in the ballpark?

Mr. TEMPLE. It is a little higher than some of the numbers that we had in our analysis.

Senator BAUCUS. It would cost more?

Mr. TEMPLE. It would. It would cause us to spend more money on the program, yes, sir. But we believe that, by setting the priorities at the State level, that we would be able to meet those re-

quirements. That is not to say we could not use more child care, always.

Senator BAUCUS. That is my next question. How much more do you think is reasonably appropriate for child care?

Mr. TEMPLE. There are two issues on the child care. There is enough flexibility within the current law and the proposed law to give States the ability to work their caseload, if you will, to work their at-risk population, the working poor caseload in the child care, and make sure that you have got slots available. The danger of that, is that you eventually end up with an all ex-welfare child care program.

Senator BAUCUS. I am sorry, I do not have a lot of time here. I want to get to the flexibility issue.

Ms. Waller, where precisely do you see less flexibility, again, please?

Ms. WALLER. I think you have to compare the way the current law works, given the participation credit that applies to the States that has made it really possible for States to decide, on an individual basis, what would be best for this person, this parent, compared to the proposal which is much more prescriptive.

Senator BAUCUS. And the prescription is where? Where, prescriptive?

Ms. WALLER. The proscription is in the definition of activities and the number of hours that the individual has to participate in, and the requirement on the States.

Senator BAUCUS. All right. Give us an example, please.

Ms. WALLER. Well, under current law, because you have the combination of the caseload reduction credit with the other levers in the participation rate, it is possible to decide that a particular mother, because she is seeking to leave a home where there is domestic violence, needs some time to find a safe place to do that before you require her to work.

Under the proposed law, given all of the pieces put together, a State would be out of compliance pretty quickly if they applied that kind of flexibility to a number of individuals.

Senator BAUCUS. I am just trying to determine, do any of you dispute what she said? I have already spoken to Mr. Temple. Mr. Hendrick? It sounds like there is less flexibility under this.

Mr. HENDRICK. It depends. What is hard to know here, is I do not think that anybody, to my knowledge, anyway, has taken what States are presently doing and applied the administration's formula to it in terms of partial work credits. At least, I am not aware of it if they have.

The administration's argument is that, well, we are going to give more flexibility because we are going to give partial credit for folks who do a certain amount of work, say, 29 hours, which you do not get any credit for presently.

Well, to my knowledge, nobody has taken the data of what States are presently doing and said, if we had partial credit for what you are presently doing, would you comply or not comply? How far out of balance would you be?

But I think the point is still valid. If we are going to have more work requirements in place, there are going to be costs for those persons that are doing those work activities. When you start spend-

ing money on those persons, the cost to service those persons is going to go up.

Senator BAUCUS. Should the States have the same flexibility they now have? Should the States have less, or more, generally?

Mr. HENDRICK. Everybody is for more flexibility.

Senator BAUCUS. Therefore, you do not think anything we enact here should inhibit States.

Mr. HENDRICK. We are all for flexibility. The question, really, is whether or not the administration's flexibility proposal is more or less flexible than the present law.

Senator BAUCUS. All right. But your view is that this Congress should not enact legislation that is less flexible.

Mr. HENDRICK. We need flexibility.

Senator BAUCUS. Should there be more flexibility than currently?

Mr. HENDRICK. In my comments, the attachment that I have made, actually would suggest—for example, in child support. Presently, the rules under child support require, basically, the dollars that are in that budget are very proscriptive in terms of how you can spend that money.

What I am suggesting, is that there be some flexibility in how that money is spent. It could still count against your cost effectiveness. In other words, for example, the way the formulas work, you take all your costs and you divide them by what you collect, and you get a cost effectiveness formula. I would say that it would be all right for us to be able to spend up to 5 percent. Right now we cannot spend any without a waiver, and then you have to get into all the accounting of a waiver.

But if you had a little bit of flexibility in the child support program, for example, in how you spend it for some of the programs that Ms. Smith mentioned, if a State wants to spend some of their money that way, have a little bit of flexibility, have it count against their cost effectiveness, if they believe they can collect more child support, why should they not be able to do that?

Senator BAUCUS. My time has expired. Thank you.

The CHAIRMAN. I am going to start with Director Hendrick. We have several members of the Senate, and I am only going to name three, Senator Bayh, Senator Domenici, and Senator Santorum, that are very much interested in promoting responsible fatherhood.

The House-passed bill has \$300 million for healthy, stable marriage promotion, and also then \$20 million in that same bill for community efforts to promote responsible fatherhood.

Do you believe, Director Hendrick, that there should be a responsible fatherhood aspect to programs that promote healthy marriages? Would you anticipate coordination between those programs in your State of Oklahoma, for instance?

Mr. HENDRICK. I think what I see, is the opportunity really is some of the same things that Ms. Smith actually mentioned earlier, and I have also included in my comments as well.

There is a window of time. The research shows, as she said earlier, 80 percent of fathers are engaged at the time of birth, but they are gone after a year.

What I have suggested that we look at, which is also what we have been very successful with in terms of paternity establishment,

you get voluntary paternity establishment around that same period of time.

If you could get moms and dads, whether married or not, to get some curriculum together before childbirth so that they could appreciate the gravity of their responsibilities, reduce conflict in their relationship, whether they ever marry or not, that is a great thing, I think, for the kids in the long run.

In some cases they may get married, in some cases they may not get married, but at least the conflict that often happens between separated parents can be reduced.

So to specifically answer your question in terms of fatherhood, that is part of fatherhood, is being responsible in terms of having some kind of a healthy relationship with your child's mother.

The CHAIRMAN. All right. As I understand it, when Governor Keating was in office, he launched your marriage initiative because Oklahoma's economic researchers concluded that Oklahoma's high divorce rate was having a negative impact on the economy. I think that I have indicated some research that single mothers are five times as likely to be poor as those in two-parent families.

Could you elaborate further on the relationship between poverty and divorce in single-parent families?

Mr. HENDRICK. Yes. Actually, what happened in that case, was Governor Keating actually asked some economists from the University of Oklahoma and Oklahoma State, did not ask them about marriage or divorce, or child abuse, and those other things.

He asked them, what are the things that are going to take to make our economy better? They volunteered in their report that Oklahoma's high divorce rate was actually contributing to the fact that Oklahoma had a low per capita personal income. So, that was one of the really motivating factors for him in terms of saying, we need to do something about marriage because it is a drag on our economy.

The CHAIRMAN. Director Hendrick, again, roughly on the same subject, because you have dealt with it more so than maybe other States have, why do you think that marriage promotion policies are controversial? And if they were controversial in your State, how did you deal with it?

Mr. HENDRICK. Well, I think that sometimes people have the misunderstanding that you are going to make people get married or you are going to make people stay in marriages that are unsafe, or those kinds of things. That could not be further from the truth.

We have actually participated very strongly with our Domestic Violence Coalition in our State. We are not interested in having people stay in violent situations or get hurt.

But what we think is true, we have tried to focus really on the skill piece. If people have the skills to engage in speaker/listener techniques, it creates an environment where each partner can feel safe to talk about things that they sometimes would not talk about that they need to talk about.

Things like that, learning forgiveness, learning those basic skills that really make relationships healthy, I think, people are very supportive of the idea that you are going to do things that are skill-based that is not a threat to them. You are not compelling them

to make a choice that is unhealthy, you are just really facilitating their ability to be healthy.

The CHAIRMAN. Ms. Smith, receipt of child support is a key to staying off welfare. Could you comment further on how receiving child support funds contributes to families formerly on welfare successfully making the transition off welfare?

Ms. SMITH. Well, with the knowledge that child support is going to be a steady source of income, it gives custodial parents more impetus to take the risk of going to work and making the sacrifices that that entails.

I think it also contributes to the fact that both parents are supporting the children, and that, in all respects, creates a more stable environment for all involved.

The CHAIRMAN. Senator Jeffords, let me follow up on this point and then I will call on you.

I think, in your testimony, you made a point about families who left welfare, if they had received regular child support, had about 35 percent additional income. My question is, is that an average per family? Do you know the average percent of a family's budget receiving child support from non-custodial parents?

Ms. SMITH. The number, as I understand it, is based on taking the pool of families who receive child support, not including in the formula the families who do not receive any child support. It is only those who do receive child support.

With respect to how much of that is part of their budget, I do not have that information at my fingertips, but I am sure we could try to locate it.

The CHAIRMAN. All right. Thank you.

Senator Jeffords?

Senator JEFFORDS. I guess I have a more general one. I talked earlier with the Secretary about the importance of early childhood education. I wonder what goes on with respect to the welfare situation. Is there any special emphasis or any availability of early childhood development?

I just came back from France not too long ago, where they start at age two with their young people. Most other countries start with three- and 4-year-olds, 5-year-olds. Is there any special emphasis in the welfare area to ensure that the early childhood education is emphasized? I guess the answer is no.

Mr. HENDRICK. I think in Oklahoma it is very much emphasized. I mentioned this briefly in my comments, but it is more detailed in the attachment. We created a tiered reimbursement system. What that means, is we grade child care and we reimburse the child care vendor based upon the quality of that care.

So, there is no difference in co-pay to the family, but if they will take their child to a three-star child care center, which is our highest rating, which would be a nationally accredited child care center, we will pay that child care a higher rate.

There is a big commitment to fund the educational level of the workforce that delivers child care. The number one predictor of early childhood learning is maternal education.

So, the education of the surrogate mother, when the child is there all day, is very important. If that child care workers does not

have a well-developed vocabulary, you are not going to have good early childhood experiences for that child.

So, we have a program. We have had it up for two years. Last year we were at 1,000, this year we have 1,300, child care workers who enroll on 2-year college campuses to get enhanced training. So we are making a very strong commitment in our quality initiative to improve the academic training levels of persons who work in child care centers.

Mr. TEMPLE. Senator, in Texas we have a State law that mandates a premium reimbursement to those who reach an accreditation standard. We call them "Rising Stars." So, the local boards set a premium reimbursement to those providers that achieve that designation.

Ms. WALLER. Well, Senator, just from a national perspective, I just want to point out that I think there is a lot of desire to do as you suggest, to focus more on early education and not just child care. But I think there is a lot of stress on the system. It would come back to the cost question.

There was a CBO estimate last year that we have not discussed here this morning, but that said that about \$5 billion more would be needed just to stay where we are in providing child care, and we are already so far from meeting the needs of low-income working families.

That makes it very difficult for States and local governments to focus on early education when they are just worried about keeping kids in a safe place, as many of them as they can.

Mr. TEMPLE. Set-asides that cut into our ability to provide child care are really detrimental to those waiting lists that we are all looking at. So for any quality initiatives, we would be opposed to a set-aside that would come out of our ability to provide care. But at the same time, we would recognize the need for quality dollars separate and apart from the provision of child care dollars.

Senator JEFFORDS. Ms. Smith?

Ms. SMITH. Child support does not get connected to child care, so I am afraid I cannot comment. It sounds the same, but they are real different.

Senator JEFFORDS. No, I understand. But, as we have learned, the most important ages to start are in the 3-, 4- and 5-year-olds. Child care does not necessarily mean much more than custodial care, and that worries me as to whether we should try to nationally put more emphasis on ensuring the education, especially for those on welfare, and have what is necessary.

Ms. SMITH. Well, certainly one of the things that we have seen in our responsible fatherhood programs is the importance—and just building on the comments of Mr. Hendrick—of working with young fathers so that they have better skills in taking care of their children.

To the extent that they develop those skills, it will actually foster not only their paying more child support, but also doing a better job of getting along with the mother, because they start to place the child at the center and not their own needs. The hallmark of a good parent is that the child's needs come first.

To the extent that we do get involved with welfare families, both mothers and fathers, and having them be tuned in to early child-

hood issues, I think it is extremely important, particularly for young, unwed fathers.

Unlike divorced fathers, many times they have not lived in the household with the baby during its infancy, and they do need some training in how to care for a child, how to play with it appropriately, and what kind of activities are safe. I think, again, investing in some resources for strengthening responsible fatherhood will pay off big dividends in the long run.

Senator JEFFORDS. Thank you.

The CHAIRMAN. Thank you, Senator Jeffords.

I have just a few more questions. Mr. Temple, in regard to increasing work requirements—and I think you spoke favorably about the President's proposal, do you anticipate that these increased work requirements should lead to an increase in child care costs as States, in order to comply with these increased work requirements, as they need to move more parents into work activities?

Mr. TEMPLE. As I stated earlier, the requirement will mandate that we serve more people, and that will mean that more people will need child care. For us to be able to balance the number of welfare recipients needing child care against our working poor population, it is going to be a very tricky case to make that we would not need more child care to hold the working poor budget harmless.

We believe that we can minimize that to the degree that we can work the intake on one side as the other one is coming in, but it is going to be hard to hold the at-risk population, as we call it, the working poor population, harmless with the increased number of people.

So, any child care that we could get would certainly go a long way to helping that. As we understand H.R. 4, it goes a long way in helping alleviate the strain that we think it would have on the child care program.

The CHAIRMAN. Considering the fact that there has been some criticism of the President's proposal that it would, at 40 hours, force States to adopt more workfare, and considering the fact that most States have not adopted a workfare program, could you comment on whether or not you believe the President's proposal would force the States in the direction that Texas has chosen to go already?

Mr. TEMPLE. Beginning July 1, we implemented something very similar to this as what the core hours would be. Basically, it is working on community service or work experience, or on-the-job training, not allowing things such as vocational education to count towards the first 20 hours.

If you were not in one of those other four within 4 weeks, then you had to go into community service, workfare, whatever one would call it. We call it community service.

What we found was, pleasantly, and as we anticipated, we increased the number of people each month that went into work. Overall, that community service placement is less than 10 percent of the people we have actively engaged in any month.

We see it as a very valuable tool to identify people who we have given all the support we give in the job search in that first 4 weeks. If they are not able to find a job by then, we believe that

we have identified a hard-to-serve population and we are able to monitor them more closely in community service.

I do not believe that it will be widespread panic, people having to use workfare to meet the numbers. I think if they concentrate on the employment aspect of it and the flexibility of the 16 hours, they will easily be able to make those numbers.

The CHAIRMAN. Thank you.

Ms. Waller, I would like to have you comment about your view of the President's proposal for universal engagement, which, as I understand it, would ensure that every family receiving assistance has a plan for self-sufficiency.

Ms. WALLER. Thank you, Mr. Chairman. The proposal for universal engagement is one that I think a lot of States are already trying to pursue, and there is a lot of bipartisan agreement to move in the direction of universal engagement.

As I think has been suggested here this morning, it is one of the ways we can move yet further in the direction of focusing on participation in activities that lead to work, and that is a good thing.

I just want to stress that I think States are already actually doing a great deal to engage people, more than is reflected in the numbers that were shown here this morning. That is because States do not have to report to the Federal Government all of the hours that people on the caseload work in activities that may not fit the Federal definition by number of hours that they are working in total, or the specific activity they are working in.

I would suggest that, given the success we have had so far, there is no reason to change the rules on that regard. We can perhaps institute the universal engagement proposal, but to say then beyond that exactly what people have to do for their engagement, and for how many hours, does not really make sense.

The CHAIRMAN. I think my next question to you, Ms. Waller, you probably made somewhat clear during your opening statement. But let me ask specifically, in regard to the work requirement and the chart we had up here of zero hours of activity in some instances.

Do you think that the bar is high enough for States in terms of working with clients in order to engage them in meaningful activities? Do you think it is reasonable, as Congress looks to make improvements in current law, that we address some of our examination around issues associated with the work requirement?

Ms. WALLER. I think the thing you have to be careful with is thinking how all of these pieces fit together. That is, if you increase the work participation rates, then all of the research that I have seen suggests you have to actually make it more flexible in terms of what activities count and how many hours count or the States will not reach the point of getting to a higher participation rate than 50 percent.

It is true that right now, under the Federal countable hours and what gets reported to the Federal Government, while States only have to meet a 5 percent participation rate, they are actually at 30 percent.

If you ask them about other kinds of engagement, it goes all the way up as high as 60 percent or more. So they are already doing a lot, but that is in a world where you are only counting how many

people are working and not how many hours, or in what activity. So just be very careful about how all of those pieces fit together.

The CHAIRMAN. All right. That is the end of my questioning. I thank all of you for participating.

I might remind you, as I think I did Secretary Thompson, that even members who were not here today may have some questions to submit for answer in writing. I would appreciate a response in a couple of weeks.

Thank you all very much.

[The prepared statement of Senator Thomas appears in the appendix.]

[Whereupon, at 12:27 p.m., the hearing was concluded.]

APPENDIX

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

PREPARED STATEMENT OF HOWARD H. HENDRICK

Good morning, Mr. Chairman and members of the committee. Thank you for the opportunity to appear today. I have been asked to share some of Oklahoma's welfare reform successes, with a particular emphasis on our family strengthening efforts consistent with the express purposes of TANF to promote marriage. In Oklahoma, we hope to continue to have Congressional authority to spend TANF funds for family strengthening efforts because research shows that child well-being is enhanced when children are reared in two parent families where the parents have a low conflict marriage.

1. TANF Successes

Like many states, Oklahoma has enjoyed a variety of welfare reform successes. I have attached to my testimony five of them. In summary, they are:

1. Work first initiatives have lead to a 70% reduction in Oklahoma caseloads compared to caseload sizes experienced five to eight years ago;
2. Oklahoma developed the nation's first tiered reimbursement system for childcare and its development is transforming childcare in Oklahoma from a custodial care environment to a developmentally enriching experience;
3. Oklahoma developed the nation's first Electronic Benefit Transfer system for childcare payments and its development is improving record keeping, expediting vendor payments, and reducing fraud;
4. Oklahoma has made a strong commitment to address the substance abuse needs of TANF families which would not have been possible in an entitlement environment that compelled the distribution of cash to chemically dependant parents; and
5. While much work remains to be done, Oklahoma has a completely overhauled child support enforcement system that includes paternity establishment in 90% of the out of wedlock births, a statewide centralized payment distribution unit, a PWRORA compliant computer system and significant increases in child support collections, even in a slow economy.

2. Family Health

From my perspective, welfare reform has been an incredible success. The governmental supports to families like accessing cash assistance, employment skill development, employment barrier removal by accessing substance abuse services and quality childcare and enforcing non-custodial parent financial responsibility through child support are being administered better today than ever. Unfortunately, the natural supports that come from healthy family relationships are in poor condition. The National KIDS count indicates that last year, the percentage of households with children headed by a single adult reached an all-time high at over 32%. While it is true that the rate of growth has slowed, the absolute percentage has not peaked. Some scholars estimate that as many as two-thirds of all children in America will spend some portion of their childhood before their 18th birthday in a single parent household. Dr. Paul Amato from Penn State University has studied the effects of divorce on children. He is one of Oklahoma's consulting scholars on marriage and divorce. I recommend the book he co-authored titled, Generation at Risk where he describes the adverse consequences of divorce on child well-being.

Oklahoma has one of the nation's highest divorce rates. For the last four years we have spent TANF funds to study and to develop a strategy to strengthen marriages and reduce divorce in Oklahoma. I wish I could tell you that we have found the precise prescription with a statistically valid dose-response protocol to strengthen marriages and reduce divorce. We have not. However, we are making excellent progress and I believe that over time our strategy and the ideas we have initiated will strengthen the natural supports present in healthy families, extend marital life, contribute to marital satisfaction, and ultimately improve child well being.

3. Research and Building Capacity

Since I testified here last May, Oklahoma's baseline research on marriage and divorce has been published. It is available on the web at www.okmarriage.org. To our knowledge it is the nation's first, comprehensive, state-of-the-art statewide survey on marriage and divorce. The research was completed in partnership with Oklahoma State University's Bureau for Social Research. The survey consisted of 123 questions delivered in approximately 15-minute phone interviews with more than 2000 Oklahoma households, with a margin of error of +/- 3%. We intend to measure the effectiveness of our efforts over time to see how the indicators selected for evaluation change from the published baseline.

A lot is known about relationship enhancing skills. Speaker-listener techniques can reduce conflict and grow commitment. Learning forgiveness can heal irreconcilable differences. Habitually constructing positive shared experiences can grow friendship and combat loneliness that might otherwise cause a relationship to atrophy. These skills are teachable and we believe the demand exists for this service. Our strategy has been to build the supply side of the equation by developing a network of trained workshop leaders to deliver a twelve-hour curriculum called PREP, the Prevention and Relationship Enhancement Program. PREP has been used in all branches of the military for over twelve years. It is research based and is easily adaptable to a wide variety of audiences and settings. To date, we have trained approximately 550 workshop leaders to provide this service, with workshops now present in local health and social services departments, community-based youth and family services agencies, OSU Cooperative Extension programs, churches, synagogues, Head Start agencies, high schools and universities. Our intention is to continue to strengthen this network of providers so that couples in Oklahoma, particularly low-income families, that desire this service will find workshops in their local community.

The training for workshop leaders and referral sources includes information about identifying substance abuse risks, screening for domestic violence, watching for couple issues better served by individual counseling, and the development of skills for making referrals to other programs more specifically designed to deal with more intensive couple challenges. The Oklahoma Coalition Against Domestic Violence plays an active role in our training sessions and strategies.

4. Building on Successes in Family Strengthening Efforts

Oklahoma has demonstrated its ability to implement welfare reform. We believe our strategy to strengthen marriages and reduce divorce will be effective. What else should be done? I am attaching to my testimony three family strengthening ideas that I think are worthy of further effort and support by Congress. They are: 1. Find a solution to the "marriage penalty" in benefit programs; 2. Use up to 5% of a state's child support enforcement budget for non-custodial parent-child visitation, fathering, and non-custodial parent employment programs; and 3. Create new funding for two-parent family forming initiatives at childbirth. I hope you will consider them as we build on the successes we have all enjoyed in welfare reform. Thank you.

Statement attached, but not to be read into the record, outlining five substantial welfare reform successes enjoyed in Oklahoma:

First, we've enjoyed substantial caseload reductions from our work first initiatives. We've won two TANF bonuses for this success. Our work participation rates have always been high. While we do benefit from a substantial caseload reduction credit, we still maintain a respectable work participation rate even among the so-called, "hardest to serve" families that remain on our caseloads. Today, our caseloads have been reduced by over 70% compared to their size five to eight years ago.

Secondly, Oklahoma has enjoyed a number of "firsts" that would not have been possible without the flexibility afforded by the block grant. We were the first state to create and implement a tiered reimbursement system for childcare. Through our "Reach for the Stars" program, we are transforming childcare from a custodial care environment to a developmentally enriching experience. This meant that we had to invest in the education of childcare workers. We did. We had to improve their pay so they could afford to stay employed in childcare after they were trained. We did. For a State that didn't grade child care quality before welfare reform to a State that now pays the child care subsidy to providers based on the provider's star rating, we believe we have made dramatic systemic improvements. Today, 70% of all center-based subsidized childcare in Oklahoma is delivered at a center with a star rating higher than one star – our basic licensing standard. Further, 50% of all subsidized childcare delivered in licensed homes is delivered in a higher than one star home. This is a significant welfare reform success.

Thirdly, we have developed the nation's first Electronic Benefit Transfer payment system for childcare. Virtually, all of the country has such a program for food stamps, but the complexities of such a system for childcare are new. Our system is rolled out in about half of our State and should be rolled out statewide within the next year. This system has great promise for better record keeping, quicker payments to vendors and a reduction in fraud.

Fourthly, we have made a substantial commitment to combating substance abuse in our TANF population. This welfare reform success was not possible when AFDC was an entitlement that required us to distribute cash to chemically dependant parents. Since substance abuse is often a barrier to consistent employment, welfare reform made it possible for us to discuss and start meeting the substance abuse needs of our TANF families.

Fifthly, Oklahoma is one of about 15 states that met the requirements for a statewide PRWORA compliant child support enforcement computer system. Although much remains to be done, the progress of the last five years in child support enforcement is remarkable and is another welfare reform success to be celebrated. Specifically, Oklahoma now has a statewide-centralized child support distribution unit that accounts for and distributes payments within 48 hours of receipt. We have newer and better child support guidelines. We are establishing paternity in nearly 90% of the out of wedlock births, compared to 19% ten years ago. And, child support collections are up, even in a soft economy.

Additional Ideas submitted with the written testimony, but not to be read into the record:

1. Find a solution to the "marriage penalty" in benefit programs. There is a fundamental rule of economics that says that you get more of what you subsidize and less of what you tax. Counting both parents income often makes children of married parents ineligible for programs like Medicaid, childcare or food stamps. These children benefit from these programs if their parents divorce, or never marry. A little help to married couples trying to do the right thing could go a long way to improve the well-being of their children. A similar marriage penalty exists in the Earned Income Tax Credit. To build on these successes we need to do a better job of helping couples make it financially. Alternatives to be considered might include disregarding all or part of the income of the lowest earning spouse to put the household in the same position it would be if the highest earning spouse alone was rearing the children.

2. Use up to 5% of a state's child support enforcement budget for non-custodial parent-child visitation, fathering and non-custodial parent employment programs. These programs encourage non-custodial parents to be involved with their children. They include initiatives like running a child visitation program for non-custodial parents or fathering programs or non-custodial parent employment services. These costs could be charged against a state's cost-effectiveness. But, we believe we actually could collect more child support if we were able to do more relationship enhancing activities between children and their non-custodial parents.

3. Create new funding for two-parent family forming initiatives at childbirth. Everyone's budgets are stretched like never before. But, there is a need to recognize that family health is in more need than ever. One promising idea we are exploring in Oklahoma is to encourage our state, particularly our medical community, to change its paradigm by concluding that childbirth is not just a medical procedure, it is a family-creating event. To achieve this shift, much thought is being given to finding ways to get fathers and mothers, whether married or not, to participate in 24 hours of training prior to childbirth. This training would include recognition of the importance of brain development to infants, nutrition information, marriage and relationship skills that can reduce conflict and sustain the relationship of the parents, employment skills, particularly for dads seeking to form or sustain healthy, married households, and a clear explanation of how child support works. The goal would be for each partner to have a better

understanding, knowledge, and appreciation of the magnitude of their long-term commitment to their children. Forms of this kind of promising practice exist in limited programs around the country, but we believe the Fragile Families research supports further study and funding of these kinds of efforts. Domestic violence groups, substance abuse agencies, and other services could potentially support the development and maintenance of healthy, married parents and should be challenged to expand their thinking and services to include a stronger commitment to healthy marriages. The Oklahoma Domestic Violence Coalition can serve as a model for other groups that seek to develop healthy productive partnerships with marriage programs and services. Funding should include expenditures for research and planning. While all of us are advocates of service delivery improvement, family strengthening is new. Some funding to plan the best delivery systems and to measure the efficacy of these initiatives and to plan how their efficacy can be validated should be encouraged.

Question and Answer in Response to Senate Finance Committee Inquiry (Question from Senator Baucus)

Question:

Director Hendrick, you say in your testimony that domestic violence groups should be challenged to "expand their thinking and services to include a stronger commitment to healthy marriages." Last year, a bipartisan group of Senators on this Committee proposed adding domestic violence services to the purpose of the "healthy marriage promotion" grants. Would you recommend that as well?

Answer:

It depends. I would not recommend adding domestic violence services to the purposes of the "healthy marriage promotion" grants as an independent separate service. My concern would be that domestic violence services that did not integrate a healthy marriage promotion component in its program might supplant the primary purpose of the healthy marriage promotion effort. However, I am comfortable recommending that healthy marriage promotion efforts be encouraged to include domestic violence education as a component of the healthy marriage training efforts, in the same way that I encourage domestic violence services to include healthy marriage education as a component of domestic violence training.

**UNITED STATES SENATE
COMMITTEE ON FINANCE**

HEARING ON CHILD SUPPORT ENFORCEMENT LEGISLATION

Testimony of

MARILYN RAY SMITH

**Deputy Commissioner
and
IV-D Director**

**CHILD SUPPORT ENFORCEMENT DIVISION
MASSACHUSETTS DEPARTMENT OF REVENUE**

March 12, 2003

Chairman Grassley, Ranking Member Baucus, distinguished members of the Committee:

My name is Marilyn Ray Smith. I am Deputy Commissioner and IV-D Director for the Child Support Enforcement Division of the Massachusetts Department of Revenue. Thank you for the opportunity to report to you on the significant accomplishments of the nation's child support enforcement program since passage of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), and to make recommendations for further improvements to ensure that America's children receive the child support they are due on time and in full.

I would like to commend this Committee for your leadership in crafting the child support provisions in welfare reform. With time-limited welfare benefits and mandated work requirements, child support is a crucial part of the safety net to keep children from sinking into poverty when their parents separate or never marry. In my testimony today I would like to address two main areas: first, the profound changes that have taken place in how child support is collected, and second, further enhancements that you can make, building on the success brought by welfare reform. I will also comment on several proposals under consideration.

PRWORA: REVOLUTIONIZING CHILD SUPPORT ENFORCEMENT

Building on previous federal requirements and adopting recommendations of the Interstate Child Support Commission's Blueprint for Reform, PRWORA contains a vast array of effective tools for collecting child support. It requires states to consolidate the caseload into one central registry, send all payments to one location for entry on a single database, amass information about income and assets of noncustodial parents from a wide variety of public and private sources, and assemble an impressive arsenal of enforcement remedies for collecting current and past-due support – all through maximum use of automated, computerized processes. It requires wage assignments in every case, and new hire reporting to make sure wage assignments keep up with job hoppers. To break down interstate barriers and help locate shifting income and assets, there are provisions for states to share information by reporting case information to the Federal Case Registry and the National Directory of New Hires. Automatic liens are required in every case owing past-due support. To put teeth into those liens, states must conduct data matches with banks and other financial institutions every quarter to locate bank accounts of delinquent obligors. It gives states the power to suspend or revoke professional, recreational, and driver's licenses for failure to pay support. It also provides streamlined procedures for handling interstate cases and establishing paternity.

The heart of this legislation is the extensive use of automation to collect child support quickly and efficiently. It requires states to reengineer child support operations, by shifting from "retail to wholesale" – transforming what was a highly individualized, case-by-case process into a standardized, computerized system that conducts data matches and automatically takes action on thousands of cases at a time. The paradigm of automation has turned customer service upside down. It sets up automated systems to collect money on the "easy" cases where income and assets can readily be found, so that the human resources can concentrate on the "tough" cases. These tough cases may require intensive effort to ferret out assets and prosecute nonpayors to the fullest extent of the law, or to build partnerships with community-based responsible fatherhood programs that serve low-income noncustodial parents ready to assume financial responsibility for their children.

The bold vision that Congress put in motion in 1996 is bearing powerful fruit for America's children, enabling them to live in the dignity of self-sufficiency and creating opportunities for their fathers to forge emotional as well as financial connections with their children.

CHILD SUPPORT ENFORCEMENT: NOTING THE SUCCESSES

To illustrate the revolution that Congress has sponsored in the nation's child support program in the last two decades, I would like to contrast how child support was collected in Massachusetts in the mid 1980's, with how it is collected now in 2003.

In 1985, the mother of a child born out of wedlock in Massachusetts had to file a complaint for paternity in criminal court. The alleged father had a right to a jury trial,

the state case registry. Once a week this information is sent to the federal Office of Child Support Enforcement (OCSE) for entry into the Federal Case Registry, which now contains 16.5 million records for matching against data in the Federal Parent Locator Service, the National Directory of New Hires, the Multi-State Financial Institution Data Match, the Internal Revenue Service, and other federal agencies.

Payment processing. If the noncustodial parent (the father in about 90% of the cases) has a steady job, the employer sends the payment to one place in the state – the state disbursement unit – where it is recorded and a new check is issued within 48 hours to the custodial parent, or even better, the payment is deposited directly into her bank account. Every year more than 2.5 million such checks are issued by our state disbursement unit to the families of the Massachusetts – with millions more issued by other states. Parents wanting the latest account information on their cases can call the customer service center 24 hours a day, or better yet visit our interactive website. Other states have or are developing similar centers and websites.

Income withholding. If the noncustodial parent stops paying, the computer goes to work, looking for income and assets. Data matches with the unemployment agency ensure that a wage assignment is in place when the first unemployment check goes out. Several times a week, the automated system matches child support cases against information that Massachusetts employers report relating to new employees (within 14 days of hire) and current employees (once a quarter). Like all states, we report this information to OCSE's National Directory of New Hires, which now contains hundreds of millions of new hire, quarterly wage and unemployment insurance records. OCSE conducts a weekly data match between this employment data match and the Federal Case Registry, looking for matches to report back to the states' automated systems. Once the computer receives a hit from either state or federal data, it automatically generates a wage assignment – along with a medical support order – to the new employer, whether in state or out. Since 1993 when Massachusetts started this process, we have issued more than 600,000 wage assignments to employers, most without human intervention, collecting almost \$2 billion in current and past-due support. Wage assignments are the most effective remedy for collecting current support, accounting for almost 65% of nationwide collections in 2001.

Automated enforcement. Once a threshold in past-due support accrues, other enforcement remedies kick in – most fully automated. For example, every other week, our computer conducts data matches with information from banks and other financial institutions, and when a delinquent obligor's account is identified, a levy is automatically issued. Once a week, OCSE conducts data matches to intercept federal income tax refunds and other federal payments, and also provides us with information about noncustodial parents who bank in other states. In addition, we make information about delinquent child support obligors available to insurance companies making settlements, the U.S. Department of State in renewing passports, and credit reporting agencies evaluating credit. Finally, we suspend or revoke professional and driver's licenses of noncustodial parents who have failed to make child support payments for 90 days. Collectively, these enforcement

remedies are highly effective, bringing in almost \$100 million in past-due support last year in Massachusetts, and more than \$5.7 billion nationwide in 2001.

In the last ten years, collections in Massachusetts have increased by 97%, from \$207 million in state fiscal year 1993, to \$408 million in 2002. Nationwide collections have seen an even greater increase – going from \$8.9 billion in 1993 to \$19 billion in 2001 – a 113% increase. The attached chart shows this steady increase in national collections since the PRWORA provisions began to take effect.

While the overall statistics are impressive, the real impact is in the difference that these collections have made for individual families, when a child support check appears out of the blue in the mailbox of a custodial parent who has not received a payment in years. Here are just a few stories that vividly illustrate the effectiveness of these enforcement remedies:

- A North Dakota mother – owed \$50,000 in back support with no payment for ten years – one day unexpectedly received a check for \$188, a result of a data match of her case with the National Directory of New Hires that located her ex-husband in Hawaii. North Dakota's computer automatically issued the wage assignment to the Hawaii employer, and now regular payments continue to come out of his paycheck.
- A Massachusetts multi-state financial institution data match yielded more than \$120,000 from an Alabama bank account belonging to a father serving a twenty year sentence in a Texas prison. Three custodial parents – all former welfare recipients – received \$20,200, \$30,000, and \$17,500, and Massachusetts received the balance of \$52,300. Massachusetts expects to collect more than \$7 million this year from levying bank accounts, bringing total collections from this remedy to \$46 million since 1993.
- A Massachusetts father whose own father had left him an inheritance to pay off his child support debt of \$37,000 failed to clear up the debt even though he now had the funds to do so – until he found out that his driver's license was about to be suspended.
- A Washington state businessman recently paid \$96,600 to get his passport renewed so he could travel abroad to complete an important contract. A former welfare recipient, the custodial parent received \$67,000, and the balance went to the state.
- A California businessman got stranded in London, unable to go to Greece on company business until he paid \$57,500 to get his passport renewed – all of which went to the custodial parent.

- Texas has achieved stunning results from the bank match program – seizing more than \$20 million in 30 months, including payments of \$90,000, \$136,000, and \$200,000 from three noncustodial parents, who evaded supporting their children while clearly having the resources to do so.
- In Colorado, more than 27,000 noncustodial parents started making child support payments to avoid suspension of their driver’s licenses, while Massachusetts collected more than \$4.6 million in less than a year from a similar program that has not yet targeted all eligible cases.

In each of these cases, the new automated enforcement remedies enacted in 1996 found assets and brought in money for families that we never would have collected with wage assignments, tax refund offsets and contempt actions. And the dramatic collections in public assistance cases show that noncustodial parents of TANF families are not always without resources.

The charts attached to this testimony vividly illustrate how far we have come since PRWORA’s provisions have come into effect. Collections in former TANF cases have increased 65% since 1999, going from \$4.8 billion in 1999 to \$7.9 billion in 2001. Meanwhile collections in current TANF went down from \$1.5 billion in 1999 to \$1.3 billion in 2001, and never TANF cases remained pretty steady, going from \$9.6 billion to \$9.7 billion during that period. The growth in child support collections has therefore come from exactly the group that we have set out to help. From 1999 to 2001, as these mothers left welfare, we were able to provide them with \$19.5 billion in child support to supplement their paychecks. The attached chart shows the changing composition of the child support caseload, with a decline in the number of current assistance cases, accompanied by an even greater growth in the number of former assistance cases. The number of never assistance cases has remained constant.

FURTHER ENHANCEMENTS FOR CSE: BUILDING ON SUCCESS

In spite of the accomplishments of the last decade, there is still more to do, both to collect more child support from those who have resources and refuse to pay – “the deadbeat” – and to develop the resources to pay for those who do not have the ability – “the deadbroke.” TANF Reauthorization gives us a unique opportunity to build on these successes. I have several recommendations for your consideration.

Provide Incentives for TANF Workers to Get More Child Support Information.

Most mothers leaving welfare work at low-wage jobs, while receiving additional subsidies from work support programs, such as Earned Income Tax Credit, food stamps, child care tax credit, Medicaid and child care. Regular child support payments give a significant boost to their financial security, providing as much as 35% additional income.

Welfare leavers who receive regular child support are three times less likely to return to welfare than those who receive no child support -- either because there is no order, or no payment on the order. Improved child support enforcement for these families can be almost as important as participating in work requirements for making a permanent transition to self-sufficiency.

PRWORA includes tougher cooperation requirements to encourage welfare mothers to identify the fathers of their children. Nonetheless, too many mothers still decline to provide sufficient verifiable information to their TANF caseworker for child support enforcement efforts to go forward. One way to improve cooperation from welfare recipients is to make the quantity and quality of information obtained about noncustodial parents a priority for TANF caseworkers. These caseworkers have obtained outstanding results in moving mothers to work through collaborations with workforce development efforts. They are in an excellent position to explain to mothers the benefits of child support enforcement as part of overall financial planning. Following the maxim that "what gets measured, gets done," an initiative that tracks TANF caseworkers' results in persuading mothers to cooperate with child support enforcement efforts would pay huge dividends in further reducing welfare rolls and in increasing collections for current and former welfare recipients.

Similarly, there are few consequences in Medicaid-only cases if a mother refuses to cooperate by naming the father of the child so that paternity can be established. Every order for private health insurance coverage means potential Medicaid cost savings and an order for the father to provide private health insurance coverage cannot be obtained until paternity is established. Last year, our medical support enforcement efforts saved Massachusetts \$43.5 million in Medicaid cost avoidance. As we go forward in the coming months to look at ways to reduce Medicaid expenditures while extending health care coverage for children, improved cooperation in this area will make a significant difference.

Continue to Support Responsible Fatherhood Initiatives.

There is no longer any debate that responsible father involvement has a significant positive impact on child well-being. Children growing up with only one parent -- usually the mother -- are five times more likely to be poor, three times more likely to have a child out of wedlock and twice as likely to drop out of school. They are at greater risk of substance abuse, depression, and juvenile delinquency. These risk factors cut across race, sex, parents' education, and place of residence. Although most single mothers struggle valiantly against staggering odds with insufficient resources to raise children alone -- and are not to be blamed for these outcomes -- a caring, involved, responsible father is clearly a powerful role model for both boys and girls in their journey to productive adulthood.

Research and our own experience with the in-hospital paternity program tell us that about 80% of fathers are romantically involved with the mother at the time of the child's birth. However, a few years later, all but 25% drift away. A job and the ability to provide financial support are critical to keeping these connections. Research also suggests that

fathers who regularly pay child support are more likely to make an emotional commitment to their children – in other words, the heart follows the money. Effective child support enforcement is therefore one way to promote responsible father involvement. In addition, child support agencies can serve as a gateway to responsible fatherhood programs.

Child support agencies across the country have teamed up with community-based responsible fatherhood programs and corrections officials to work with low-income fathers – including inmates and ex-offenders – to identify and address barriers to providing financial and emotional support for their children. In Massachusetts, we find that these fathers need work supports similar to those that low-income mothers currently receive from TANF programs – such as job readiness, job search assistance, housing, parent education, and dealing with substance abuse. Currently, we can order fathers to seek work, but there is no mandate for workforce development programs to provide services to these noncustodial parents. When provided, these supports produce results – payment compliance for child support obligations went from 31% to 46% for all graduates of one Boston responsible fatherhood program funded by a federal grant. The program was most successful for young fathers under twenty-five, where payment compliance rose from 11% to 57%.

Just as important, many of these fathers developed loving relationships with their children. Some have married their child's mother, and others have assumed custody as both parents recognized that the father was currently in a better position to care for the child. Vigilant to detect and address domestic violence, program case managers receive batterer intervention training, both to identify and effectively respond to symptoms of family abuse, and to work with fathers who are subject to abuse prevention restraining orders, helping them recognize that treating their child's mother with respect is at the core of responsible fatherhood. Supported by a federal grant, we also work to enforce support safely for custodial parents with domestic violence issues and to make appropriate referrals to community based services.

Funded by another federal grant, our caseworkers regularly go to jails and prisons throughout Massachusetts, where they meet with inmates desiring downward modifications, to establish paternity, or to manage their arrearages. Federal access and visitation funds support parent education programs behind the walls, where fathers plan for how to stay connected with their children while incarcerated and how to reconnect when they are released. For many of these men, it is first time in years that they have been clean and sober in a structured environment, giving them the opportunity to reflect on what they can do to prevent their children from following in their footsteps. Many of them comment with deep emotion on what father absence has meant in their own lives, and how connection to their child grounds their commitment not to become repeat offenders.

With 600,000 ex-offenders returning to America's communities every year – most of whom are or will be fathers – child support, criminal justice, and workforce development agencies must pool resources to expand collaborations to reduce recidivism and promote parental responsibility – both financial and emotional. Because the federal government provides funding to these programs, Congress should look for ways to continue to support

and expand these kinds of interventions, such as requiring that a portion of workforce development funds be allocated to low income noncustodial parents. A relatively modest investment will save federal and state tax dollars down the line, not just in reduced welfare costs, but also in reduced expenditures on incarceration and other costs associated with unlawful behavior. This is labor-intensive work. While the computer can collect child support on thousands of cases at a time, responsible fathers are created one dad at a time.

Simplify Rules for Distributing Child Support Collections.

The child support program from its inception has had an evolving, though contradictory, mission. Is it to pay back the state for welfare costs, or is it to keep families off welfare? Is it cost recovery or cost avoidance? Welfare reform has clearly ended this debate in favor of self-sufficiency and welfare prevention. Nonetheless, there is still unfinished business to root out the last vestiges of welfare reimbursement and cost recovery. The current rules are complex, costly to administer, and difficult to explain to families, thus undermining the effectiveness of the nation's child support program. Congress should take the opportunity presented by TANF Reauthorization to simplify the rules for distributing child support collections, bringing more efficiency and flexibility to child support programs, while providing more child support for former welfare mothers making the transition from welfare to work.

As a condition of receiving public assistance, a family must assign to the state all child support arrearages that accrued to the family before the family received public assistance, in addition to any support due while the family receives assistance. Collections on these arrearages are shared between the federal and state governments according to the state's Federal Medical Assistance Percentage (FMAP). About a third of states use these retained collections to pay some or all of the state matching funds required to receive federal reimbursement for costs of the child support program. Thus a reduction in retained collections has significant funding implications for these states.

PRWORA made significant steps toward a "Families First" policy for distributing child support. It requires states to pay collections on arrears owed to former welfare families before paying arrears owed to the state, except for collections from federal tax refund offset, which are always paid first to arrears owed to the state. To implement this rule, states are required to use six categories or "buckets" of child support arrears: permanently assigned, temporarily assigned, conditionally assigned, never assigned, unassigned during assistance, and unassigned pre-assistance. Child support payments migrate among these buckets, depending on whether the family is receiving public assistance, when the arrears accrued, and the source of the collection.

Since 1996, the national child support community has worked together to develop a consensus to support further simplification these distribution rules. This proposal was passed by the House of Representatives in 2000, and was included in bills sponsored last year by Senators Snowe, Kohl and others. I understand it will soon be re-introduced by Senator Snowe, with others joining her. This consensus includes the following

organizations of state professionals working in child support enforcement: American Public Human Services Association, National Council of Child Support Directors, National Child Support Enforcement Association, Eastern Regional Interstate Child Support Association, and National Conference of State Legislatures. In addition, major child support and welfare advocacy organizations also support this proposal, including the Association for Children for Enforcement of Support (ACES). On September 30, 2002, these groups sent a joint letter to all Senators expressing strong support for this approach.

Senator Snowe's proposal to simplify the child support distribution rules has two simple components:

1. Eliminate the requirement that families assign to the state arrears that accrued before they went on welfare; and
2. Give states the option to eliminate the federal tax offset exception by treating these collections the same as any other collection – that is, pay current support first, and then pay the balance first to arrears owed to the former welfare family and then to arrears owed to the state that accrued while the family received assistance.

In addition, under Senator Snowe's proposal, the federal government would participate in the cost of passing through child support to families currently receiving TANF, by waiving its share of child support collections to the extent that the state elected to pass through the state's share of the collection and disregarded such amounts in determining TANF eligibility or benefits. It also authorizes a state to use either TANF block grant funds or maintenance of effort funds to pay for the child support collections paid to the family, in order to help the state replace lost retained revenues previously used to fund the TANF or child support programs. Finally, it allows states to implement any or all of these provisions early.

The House has passed an alternate set of distribution rule changes as part of its version of TANF Reauthorization. Under the House bill, states could increase the amount passed through to current TANF families, up to \$100, with the federal government waiving its share of collections. It also gives states the option of distributing all collections to former TANF families, regardless of any assignment of arrears. This proposal does not provide structural reform of the current distribution rules, because it leaves intact the assignment of pre-assistance arrears and the exception for federal tax offset collections. Furthermore, the options in the House bill would require states to distribute arrears collections based on when collections are made, as opposed to when the arrears accrued.

The rules in Senator Snowe's proposal are simple and equitable. Families assign their rights to support only for the period that they receive assistance. Child support collections follow the status of the case: the family's arrears are paid first when the family is off welfare; the state's arrears are paid first when the family receives assistance. Former welfare families receive all of their arrears, no matter how collected, before the state is

reimbursed for arrears owed to the state. The pre-welfare assignment and the state's priority for federal tax offset collections are gone. The six buckets of arrears become two: assigned and unassigned. These rules are easy to explain, easy to follow, easy to program.

The state options in Senator Snowe's proposal provide the flexibility that states need to make an orderly transition to these new rules, taking into account states' different funding structures, their various budget situations, and timing for reprogramming computers, as well as their differing decisions about how best to support low-income families. Giving states flexibility to make decisions appropriate to their circumstances has been the hallmark of TANF welfare reform. These distribution options introduce the same state flexibility into the highly regulated child support environment. If adopted, these options will also unite the welfare and child support programs squarely behind self-sufficiency, and will likely improve coordination between the two agencies. The perception of the child support program in the community will also improve, as it will be seen as a vehicle to help low-income mothers and fathers work together for the benefit of their children, rather than an arm of the government seeking to recoup money for the state.

In the short run, this approach will no doubt reduce retained collections for state and federal governments at a difficult budgetary time, but it is important to look at cost savings in other areas in the long run. Any proper analysis for changing the distribution rules must look not only at possible decreased reimbursement for state and federal TANF costs, but also at the dysfunctions of the current system that waste valuable caseworker time and consume expensive computer resources. A more efficient child support program can do a better job of establishing paternity, collecting support, and modifying orders to be consistent with parents' ability to pay, because staff that currently deal with account adjustments can be re-deployed to these more productive activities. Moreover, Policy Studies, Inc., estimates that 6% to 8% of child support program costs – up to \$360 million a year – are attributable to maintaining the existing distribution rules. These are funds that can be reinvested for more productive use.

If these rules are adopted, we also expect that more welfare mothers will cooperate with child support enforcement, and more fathers will pay support if both parents see it going to the family instead of the state. Finally, welfare prevention is much more cost effective than welfare cost recovery. The real benefit from distribution rules designed to encourage families to become or remain self-sufficient is in money saved, not in money recovered. Rarely does child support recoup the full amount of the TANF benefit. Anything that we can do to reduce welfare dependency while providing for the financial needs of low-income families in other ways is sound fiscal policy.

Strengthen Certain Existing Enforcement Remedies.

I would like to comment on several proposals to strengthen existing enforcement remedies, that would boost collections and close loopholes.

Streamline Multi-State Financial Institution Data Match: PWRORA establishes a process that allows states to obtain information from financial institutions across the country and, as previously illustrated, the Multi-State Financial Institution Data Match (MSFIDM) has proven to be a valuable enforcement tool. The statutory language, however, needs to be clarified to remove any doubt that financial institutions must honor a levy from any state, not just those states in which the institution has a physical presence, such as an office or branch.

Under the current system, financial institutions that operate in more than one state regularly submit data about their account holders to OCSE and this information is compared against information about delinquent obligors submitted to OCSE by states. Whenever a match is found, the information is transmitted to the reporting state, which then issues a levy directly to the financial institution, generally within days of the match. Some financial institutions, including several of the largest institutions in the country, have narrowly interpreted the MSFIDM provision and refuse to honor levies except those issued by states where the institutions have offices or branches. This interpretation overlooks the requirement in PWRORA that states give full faith and credit to child support liens issued across state lines. It was contemplated that MSFIDM and full faith and credit provisions would be read together.

There are three ways to get financial institutions to honor levies from all states. The first is to leave PWRORA as it is and require individual states to take legal action against institutions that refuse to honor any levies. This will require states to bring case after case against each financial institution that fails to honor these levies. Some states have undertaken this process but progress will be slow. The second approach is to clarify the MSFIDM provision itself, so that financial institutions would be required to honor levies from every state, regardless of the physical location of the institution itself. The third approach is to have OCSE take action to freeze and seize accounts delinquent obligors have with multi-state financial institutions. Details of this process are under development.

In this age of direct deposit, electronic banking and automated teller machines, the physical location of a financial institution no longer controls where individuals place their funds. Delinquent obligors can use ATMs located in banks, supermarkets and convenience stores in a state that had been unsuccessful in levying these very funds because the financial institution did not have a branch or office in the state which issued the levy. Without streamlining the MSFIDM process, delinquent obligors continue to enjoy the benefits of national access to their funds while getting protection from seizure based merely on the physical location of their financial institutions.

For example, Massachusetts would never have collected the \$120,000 bank levy of the incarcerated obligor discussed above, if the Alabama bank had taken the position that it was not required to honor a levy issued by our state. We would not have known that this individual had an open account, never mind how much he had in the account.

Lower threshold for passport denial from \$5,000 to \$2,500. PRWORA authorizes the U.S. Department of State to revoke or to refuse to issue or renew passports of delinquent child support obligors owing more than \$5,000 in past-due support. On average, the State Department refuses to issue or renew 60 passports a day, as it regularly checks the database of about 3 million delinquent obligors supplied by OCSE. As illustrated above, this process has inspired many a delinquent obligor to come up with substantial sums to pay off arrears balances, so that their travel plans can go forward. OCSE estimates that more than \$13 million has been collected in lump-sum payments, plus payments of current support as noncustodial parents begin to make regular payments. If the threshold were lowered to \$2,500, an additional 1.2 million delinquent obligors would find their travel plans restricted until they settled their child support debts. Since passports are valid for ten years and global travel has become more commonplace, lowering this threshold will boost collections from individuals who have the means to travel abroad for business or pleasure, but fail to provide for their children left behind. Revoking passports as already permitted by current law would also increase collections, but to date this provision has not been implemented by the State Department.

Facilitate intercepts of insurance settlements: PWRORA includes a provision that allows states to attach the insurance proceeds of a delinquent obligor. While this can be an effective enforcement tool, there must be a mechanism for high-volume processing of insurance settlement information to maximize the collections states get from such settlements. Several states have already established successful high-volume processing of insurance intercepts.

Massachusetts began its insurance intercept program in 1998 and the program has been an enormous success – we’ve collected more than \$20 million in past-due support since the program began, with the collections increasing each year. This figure represents payments from third party insurance settlements and life insurance benefits only and does not include collections from workers’ compensation settlements. Massachusetts uses a different process to collect current and past-due support from workers’ compensation benefits; this is done through a match with the state workers’ compensation agency.

In Massachusetts, insurers who pay third party insurance claims or life insurance benefits of more than \$500 are required by law to check to see if the claimant owes past-due child support. Registered insurers access a secure website to submit the Social Security numbers of hundreds of claimants at a time. If any of these individuals owe past-due support, a lien is printed right at the adjuster’s desk, along with instructions on how to make payments. Insurers have been very pleased with the instantaneous match feature because it causes no delay or waiting period for paying claims. This process requires little human intervention and yields extremely positive results.

Any national process for intercepting insurance settlements will not work unless insurers are required to participate. Massachusetts encountered initial resistance from insurance companies when we first proposed our insurance intercept program and few insurers would have agreed to participate if we had given them a choice, which we did not.

Now that the program is operational, however, insurers have found it user-friendly and easy to comply with the program. In fact, many insurance companies are happy to see these funds go to help support children. Intercepts of insurance settlements at a national level should result in substantial collections, given the success in Massachusetts.

Close loophole in Longshoremen's Act. The federal Longshore and Harbor Workers' Act prohibits attachment of the state payments for workers' compensation benefits under the Act to pay child support, even with the consent of the employee, and even though federal benefits are subject to attachment. Closing this loophole will ensure that these workers' compensation benefits can be attached to pay support, just like other workers' compensation benefits.

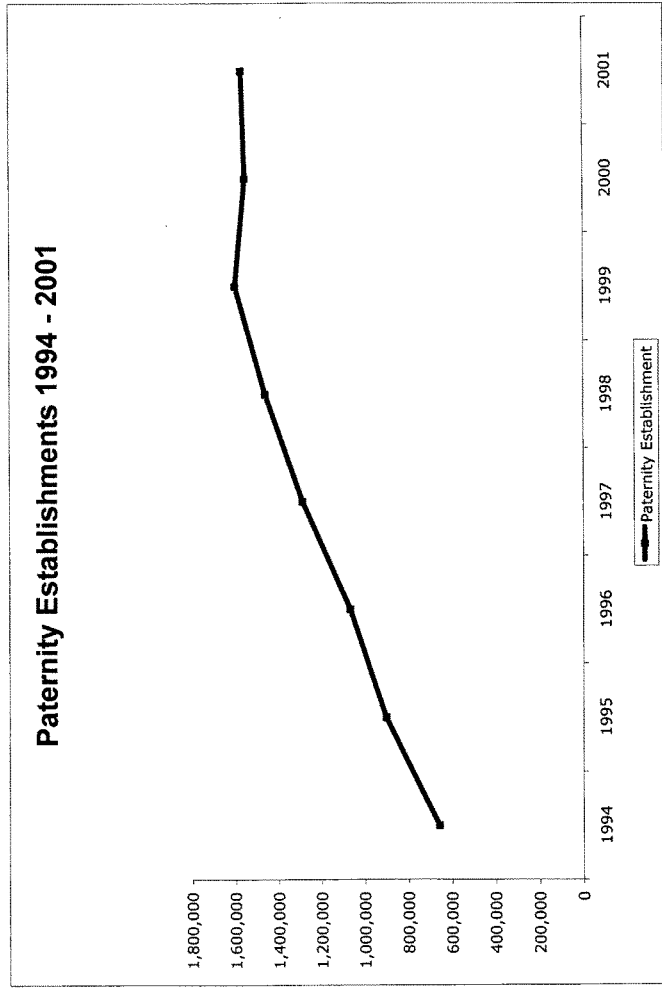
Permit the disclosure of certain IRS data to certain authorized entities providing child support enforcement services. Current law provides that child support agencies may have access to information from the IRS concerning collections from tax refund offsets, as well as information for locating obligors and their assets. However, this information may not be disclosed to public and private entities providing child support services under cooperative agreement or contract to the state child support agency, hindering their ability to effectively provide the contracted services. OCSE and the IRS have worked together to resolve many of these issues. This proposal would grant these contracting entities access to the same tax data received by child support agencies. Information would include disclosure of taxpayer identifying numbers, limited information about mortgage interest paid and pension and retirement accounts, and whether a debtor spouse claim was filed with the joint tax return. Disclosure of specific items of tax data contained in a IV-D payment history would also be allowed in limited circumstances, such as judicial proceedings to establish and collect child support. Finally, all recipients of any tax data under this proposal would be required to follow strict safeguarding provisions and be subject to civil and criminal penalties of the Internal Revenue Code for unauthorized inspection and disclosure.

Require states to adopt new UIFSA 2001 provisions. PRWORA required states to adopt the 1996 version of the Uniform Interstate Family Support Act (UIFSA), so that every state would have the same basic laws for handling interstate and international cases. At the request of the child support community, in 2001 the National Conference of Commissioners on Uniform State Laws adopted certain amendments to address issues that have arisen in case law or in implementation of the Act. These include how to determine the controlling order and arrears amounts when there are multiple orders, clarifying jurisdiction over modification cases, clarifying rules on choice of law on interest rates and duration of support, and more direction regarding international cases. At least two states have enacted UIFSA 2001, but others are reluctant to follow, since current law requires states to have the 1996 version. While OCSE has established a process for granting waivers to states wishing to adopt the new version, this is a cumbersome process. So that we continue to have a uniform act governing interstate support cases, it is crucial that all states adopt the amended UIFSA 2001, according to a clear timetable, as a condition of continued receipt of federal funds.

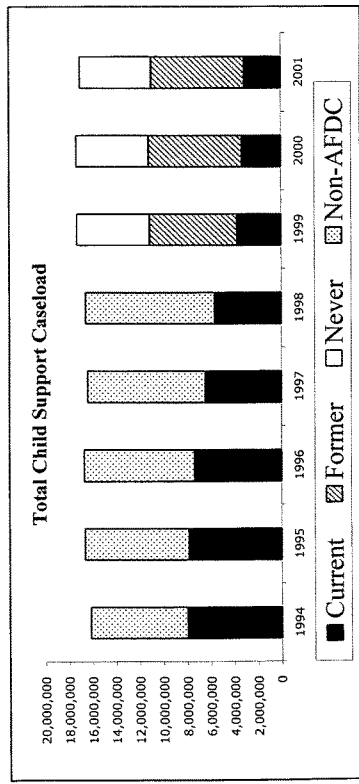
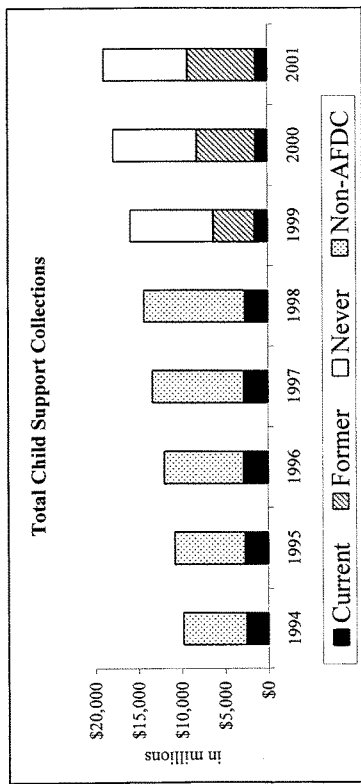
Conclusion.

The child support program is involved with more families for a longer period of time than any other program but education, giving us a unique opportunity to affect families whose children are the most vulnerable. We ask you to build on the remarkable successes of PRWORA by continuing to strengthen enforcement efforts against those noncustodial parents who could pay but won't, while supporting our efforts to form partnerships with sister agencies to develop the capacity to pay from those noncustodial parents who would pay but can't. We also ask you to simplify the rules for distributing child support collections by eliminating the assignment of pre-assistance arrears and by treating collections from federal tax refund offsets like all other collections, providing additional financial support to families making the transition from welfare to work.

Since the inception of the child support program in 1975, Congress has been unwavering in its support to work with states to ensure that America's children receive child support on time and in full, so that parents, not taxpayers, take responsibility for providing financial support for their children. The program has evolved as the needs of America's families have changed. Congress has provided the necessary leadership at every step of the way, identifying initiatives that work and providing the mandates and resources for states to put them in place. The vision and commitment of members of Congress, particularly this Committee, continue to be a powerful motivating force for thousands of child support professionals around the country who have dedicated their lives to making this program work for all children of America who need support. On behalf of my colleagues, I thank you for your leadership, for the confidence that you have placed in us, and for your continued support of our important work.



Federal Fiscal Year Data



Federal Fiscal Year Data
 The breakdown of current, former, and never assistance cases was only available after 1999.



*The Commonwealth of Massachusetts
Department of Revenue
Child Support Enforcement Division*

Alan LeBovidge
Commissioner

Marilyn Ray Smith
Deputy Commissioner

March 31, 2003

Honorable Charles E. Grassley
Chairman
U.S. Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510

Dear Senator Grassley:

Thank you for giving me the opportunity to testify before the Senate Committee on Finance on March 12, 2003, and to report to you about the nation's child support program. As you requested, I am writing in response to the Committee's questions about my testimony for inclusion in the written record of the hearing.

Administrative savings of simplified distribution rules. In my testimony, I referred to an estimate by Policy Studies, Inc. (PSI) that 6% to 8% of child support program administrative costs are attributable to maintaining the existing complex rules for distributing child support collections (up to \$360 million based on FFY 2000 program costs of \$4.5 billion). The source of this estimate was an assessment by former state child support agency directors who now work for PSI managing local child support enforcement offices under contract with several state child support agencies throughout the country. Drawing on the budget and administrative experience of these former directors in running both state and local privatized programs, this assessment reflects an estimation of ongoing costs, including maintenance and operating costs for the automated systems, as well as staff time to conduct financial accounting reviews and respond to customer service inquiries to explain to parents how collections have been distributed. Robert G. Williams, president of PSI, provided this administrative cost estimate in a 1999 letter to Ron Haskins, then the staff director of the House Subcommittee on Human Resources, when that subcommittee was considering the simplified distribution rules that are now incorporated in Senator Snowe's proposal.

You asked if this cost estimate would be greatly reduced if the current distribution rules were replaced with the simpler rules proposed by Senator Snowe. Her proposal would allow states to reduce the categories of arrearage "buckets" that the computer and caseworkers must track. It also has options to give states the flexibility to make an orderly transition to the new rules, taking into accounts states' different funding structures, varying budget situations, and

time for reprogramming computers. This flexibility makes it difficult to estimate the national annual administrative savings of the simplified distribution rules in Senator Snowe's proposal. For example, as permitted under this proposal, some states would elect to apply Federal tax refund offset collections to families' arrearages first, while others would continue to apply these collections first to arrearages owed to the state as reimbursement for public assistance. The impact of simplified distribution rules will therefore differ depending on states' choices.

While I am unable to provide you with a national figure, it is likely that Senator Snowe's proposal would significantly reduce ongoing administrative costs for states that take advantage of all or most of the options it provides. Here in Massachusetts – where we anticipate that we would elect to use two distribution buckets instead of the current six – we estimate that the administrative costs for the two-bucket system would be 3.6% of our annual budget, rather than 7.7% under the six-bucket system.¹ This is based on the estimate that staff time devoted to conducting financial accounting reviews would decrease by 64%, and the length of customer service calls related to policy and financial inquiries would be reduced by 38%. Staff could then be re-deployed to focus on increasing collections, particularly for those cases where automated enforcement remedies are not successful. We expect these efforts to increase TANF collections, move more families off welfare, and help former welfare families sustain self-sufficiency – all yielding cost savings that will offset any reductions under the new rules in the share of tax refund offset collections retained by the state and Federal governments.

Difficulties of administering the current rules. Simpler rules would produce substantial cost savings and increased efficiencies because the current six-bucket system creates time-consuming and expensive burdens for parents and staff alike. The best way to illustrate the intricacies of the current system is by describing the six buckets – the names alone are daunting – and by looking at where child support collections go under six buckets as opposed to two. I have attached a case example showing how arrearages would be distributed under each set of rules. This example also shows how simpler rules would provide more money for families leaving public assistance and would result in distributing collections consistently, regardless of the source of payment.

Under current rules, when a family leaves welfare, collections are allocated among the six buckets according to the date and source of the collection, the family's status on or off assistance when the arrearage accrued or the collection was made, the cumulative amount of unreimbursed public assistance, the date of the assignment of support rights, and the date the welfare case closed.

A family that applies for public assistance after September 30, 1997 assigns to the state arrearages that accrued before going on assistance ("pre-assistance arrearages"). These become "temporarily-assigned arrearages" while the family is on public assistance. Arrearages that accrue while the family receives assistance are "permanently-assigned arrearages," because they remain assigned to the state if still unpaid after the family leaves assistance, regardless of the source of collection. When the family leaves assistance, the temporarily-assigned arrearages

¹ Senator Snowe's proposal would also give states the option to pass through more support to families receiving assistance. This could effectively create a "one-bucket" distribution scheme. Our estimates do not address the pass-through component of the Snowe proposal.

become “conditionally-assigned arrearages.” They are considered conditionally-assigned, because if collected by Federal tax refund offset, they will be paid to the state, but if collected by any other method, such as levy and seizure of a bank account or worker’s compensation lien, they will be paid to the family. “Never-assigned arrearages” accrue after the family’s most recent period of assistance ends, but they can become temporarily-assigned arrearages if the family goes back on public assistance, and later conditionally-assigned once the family again leaves welfare. In addition, there are “unassigned during-assistance arrearages” and “unassigned pre-assistance arrearages,” which are arrearages which exceed the cumulative amount of unreimbursed public assistance at the time the family leaves assistance and which accrued either during or before the family’s receipt of assistance.

For families receiving assistance, the state retains collections on temporarily-assigned and permanently-assigned arrearages, up to the amount of unreimbursed public assistance. For families who leave public assistance, the state retains collections on permanently-assigned arrearages, up to the amount of unreimbursed public assistance, and may retain collections on conditionally-assigned arrearages, also up to the amount of unreimbursed public assistance, depending on the source of the collection. For former welfare families, collections on arrearages – except Federal tax refund offset – are applied first to the family’s arrearages (never-assigned, conditionally-assigned and unassigned pre-assistance), and then to the state’s arrearages (permanently-assigned), with the remainder to the family (unassigned during-assistance).

Even with automated systems, it is difficult to track these complex categories accurately. Financial accounting reviews take hours to complete. Parents (and sometimes even caseworkers, attorneys, and judges) simply do not understand the application of the rules. The result is that significant staff time is spent in reconciling accounts, explaining the allocation of payments to parents, and resolving disputes.

Benefits of simplified distribution. Senator Snowe’s proposal would eliminate the assignment of pre-assistance arrearages and permit states to treat Federal tax refund offset collections like any other collection. There are only two kinds of arrearages: those that accrue to the state while the family receives assistance (“assigned”), and those that accrue to the family while it does not receive assistance (“unassigned”). Collections on arrearages are distributed according to the family’s public assistance status when the collection is made. While the family receives assistance, the state’s assigned arrearages are paid first. When the family leaves assistance, the family’s unassigned arrearages are paid first. Once all arrearages are owed to the family are paid, arrearages owed to the state are paid. Because two buckets are easier for caseworkers to audit and for parents to understand, significant staff time can be devoted to increasing collections, rather than verifying and explaining how collections are distributed. As a result, simplifying the distribution rules will lead to a more efficient and cost-effective child support program.

Child support as additional income. I would also like to take this opportunity to clarify my response to your question at the hearing about the percentage of income child support represents in a poor family’s budget. According to a 2000 Urban Institute report, “Child Support Offers Some Protection Against Poverty,” by Elaine Sorensen and Chava Zibman, for poor families who are not on welfare but who receive regular child support payments, child support

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makes up 35% of the household income. Earnings contribute 48% and other sources of income make up 17% of household income for these families. The Urban Institute study is available online at www.urban.org/url.cfm?ID=309440.

Please contact me at 617-626-4170 if you have questions or need further information. Again, thank you for the opportunity to testify, and for your ongoing commitment to the nation's child support program.

Sincerely,

Marilyn Ray Smith
Deputy Commissioner and IV-D Director
51 Sleeper Street
P.O. Box 55492
Boston, MA 02205-5492

MRS/dd

cc: Alicia Ziemiecki
e-mail Alicia_Ziemiecki@finance-rep.senate.gov

Alicia and Becky,

Attached is the letter to Senator Grassley in response to the question about the difference in administrative costs that may be associated with Senator Snowe's proposal to simplify the rules for distributing child support collections, in contrast to those currently in place. I have also included a case example illustrating the consequences of the rules as applied. I recognize that this response is long, but I thought it useful to provide the complex context that caseworkers operate in under the current rules.

Thank you again for your attention to this important issue. Please let me know if I can provide further information on this or other issues related to child support as the Committee considers TANF Reauthorization.

Marilyn

Marilyn Ray Smith
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Question #10 for Commissioner Smith on Administrative Savings:

Question: Commissioner Smith, You cite an estimate that the complicated rules for distributing child support collections are responsible for 6% to 8% of the cost of the program – up to \$360 million per year. That’s a tremendous amount of money.

You also say that Senator Snowe’s proposals – which we included in the bipartisan bill this Committee approved last year – would replace these complicated rules with new “simple and equitable” rules. Would this greatly reduce the estimated cost of up to \$360 million it takes to administer these rules?

Response of Marilyn Ray Smith, Deputy Commissioner for Massachusetts Department of Revenue, Child Support Enforcement Division, dated March 31, 2003:

Administrative savings of simplified distribution rules. In my testimony, I referred to an estimate by Policy Studies, Inc. (PSI) that 6% to 8% of child support program administrative costs are attributable to maintaining the existing complex rules for distributing child support collections (up to \$360 million based on FFY 2000 program costs of \$4.5 billion). The source of this estimate was an assessment by former state child support agency directors who now work for PSI managing local child support enforcement offices under contract with several state child support agencies throughout the country. Drawing on the budget and administrative experience of these former directors in running both state and local privatized programs, this assessment reflects an estimation of ongoing costs, including maintenance and operating costs for the automated systems, as well as staff time to conduct financial accounting reviews and respond to customer service inquiries to explain to parents how collections have been distributed. Robert G. Williams, president of PSI, provided this administrative cost estimate in a 1999 letter to Ron Haskins, then the staff director of the House Subcommittee on Human Resources, when that subcommittee was considering the simplified distribution rules that are now incorporated in Senator Snowe’s proposal.

You asked if this cost estimate would be greatly reduced if the current distribution rules were replaced with the simpler rules proposed by Senator Snowe. Her proposal would allow states to reduce the categories of arrearage “buckets” that the computer and caseworkers must track. It also has options to give states the flexibility to make an orderly transition to the new rules, taking into accounts states’ different funding structures, varying budget situations, and time for reprogramming computers. This flexibility makes it difficult to estimate the national annual administrative savings of the simplified distribution rules in Senator Snowe’s proposal. For example, as permitted under this proposal, some states would elect to apply Federal tax refund offset collections to families’ arrearages first, while others would continue to apply these collections first to arrearages owed to the state as reimbursement for public assistance. The impact of simplified distribution rules will therefore differ depending on states’ choices.

While I am unable to provide you with a national figure, it is likely that Senator Snowe's proposal would significantly reduce ongoing administrative costs for states that take advantage of all or most of the options it provides. Here in Massachusetts – where we anticipate that we would elect to use two distribution buckets instead of the current six – we estimate that the administrative costs for the two-bucket system would be 3.6% of our annual budget, rather than 7.7% under the six-bucket system.¹ This is based on the estimate that staff time devoted to conducting financial accounting reviews would decrease by 64%, and the length of customer service calls related to policy and financial inquiries would be reduced by 38%. Staff could then be re-deployed to focus on increasing collections, particularly for those cases where automated enforcement remedies are not successful. We expect these efforts to increase TANF collections, move more families off welfare, and help former welfare families sustain self-sufficiency – all yielding cost savings that will offset any reductions under the new rules in the share of tax refund offset collections retained by the state and Federal governments.

Difficulties of administering the current rules. Simpler rules would produce substantial cost savings and increased efficiencies because the current six-bucket system creates time-consuming and expensive burdens for parents and staff alike. The best way to illustrate the intricacies of the current system is by describing the six buckets – the names alone are daunting – and by looking at where child support collections go under six buckets as opposed to two. I have attached a case example showing how arrearages would be distributed under each set of rules. This example also shows how simpler rules would provide more money for families leaving public assistance and would result in distributing collections consistently, regardless of the source of payment.

Under current rules, when a family leaves welfare, collections are allocated among the six buckets according to the date and source of the collection, the family's status on or off assistance when the arrearage accrued or the collection was made, the cumulative amount of unreimbursed public assistance, the date of the assignment of support rights, and the date the welfare case closed.

A family that applies for public assistance after September 30, 1997 assigns to the state arrearages that accrued before going on assistance ("pre-assistance arrearages"). These become "temporarily-assigned arrearages" while the family is on public assistance. Arrearages that accrue while the family receives assistance are "permanently-assigned arrearages," because they remain assigned to the state if still unpaid after the family leaves assistance, regardless of the source of collection. When the family leaves assistance, the temporarily-assigned arrearages become "conditionally-assigned arrearages." They are considered conditionally-assigned, because if collected by Federal tax refund offset, they will be paid to the state, but if collected by any other method, such as levy and seizure of a bank account or worker's compensation lien, they will be paid to the family. "Never-assigned arrearages" accrue after the family's most recent period of assistance ends, but they can become temporarily-assigned arrearages if the family goes back on public assistance, and

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later conditionally-assigned once the family again leaves welfare. In addition, there are “unassigned during-assistance arrearages” and “unassigned pre-assistance arrearages,” which are arrearages which exceed the cumulative amount of unreimbursed public assistance at the time the family leaves assistance and which accrued either during or before the family’s receipt of assistance.

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Benefits of simplified distribution. Senator Snowe’s proposal would eliminate the assignment of pre-assistance arrearages and permit states to treat Federal tax refund offset collections like any other collection. There are only two kinds of arrearages: those that accrue to the state while the family receives assistance (“assigned”), and those that accrue to the family while it does not receive assistance (“unassigned”). Collections on arrearages are distributed according to the family’s public assistance status when the collection is made. While the family receives assistance, the state’s assigned arrearages are paid first. When the family leaves assistance, the family’s unassigned arrearages are paid first. Once all arrearages are owed to the family are paid, arrearages owed to the state are paid. Because two buckets are easier for caseworkers to audit and for parents to understand, significant staff time can be devoted to increasing collections, rather than verifying and explaining how collections are distributed. As a result, simplifying the distribution rules will lead to a more efficient and cost-effective child support program.

Child support as additional income. I would also like to take this opportunity to clarify my response to the question at the hearing about the percentage of income child support represents in a poor family’s budget. According to a 2000 Urban Institute report, “Child Support Offers Some Protection Against Poverty,” by Elaine Sorensen and Chava Zibman, for poor families who are not on welfare but who receive regular child support payments, child support makes up 35% of the household income. Earnings contribute 48% and other sources of income make up 17% of household income for these families. The Urban Institute study is available online at www.urban.org/url.cfm?ID=309440.

Case Examples
Current Distribution Rules and Simplified Distribution Rules

Example 1**Facts:**

- On December 31, 2001, the family is owed \$10,000 in child support arrears.
- On January 1, 2002, the family goes on TANF.
- Between January 1, 2002, and September 30, 2002, the family remains on TANF; during this time, no child support payments are received.
- On October 1, 2002, the family goes off TANF; there is \$4,000 in unreimbursed public assistance (URPA).
- On November 1, 2002, there is a Federal tax refund offset in the amount of \$5,000.

a. Under the current distribution rules:

- On December 31, 2001, the family is owed \$10,000 **never-assigned** (non-public assistance) arrears.
- On January 1, 2002, the family **temporarily assigns** the \$10,000 **never-assigned** arrears when it goes on TANF.
- Between January 1, 2002, and September 30, 2002, the family is on TANF and accrues **permanently-assigned** arrears.
- On September 30, 2002, the arrears balances are:
 - \$3,000 **permanently-assigned**; and
 - \$10,000 **temporarily-assigned**.
- On October 1, 2002, the family goes off TANF. Unreimbursed public assistance (URPA) is \$4,000. URPA will be satisfied by:
 - \$3,000 **permanently-assigned** TANF arrears; and
 - \$1,000 **conditionally-assigned** arrears (which were **temporarily-assigned** arrears while the family was on assistance).
- Between October 1, 2002, and November 1, 2002, the family received regular child support payments. **Never-assigned** arrears did not accrue during this time.
- On November 1, 2002, the arrears balances are:
 - \$3,000 **permanently-assigned**;
 - \$1,000 **conditionally-assigned**; and
 - \$9,000 **unassigned pre-assistance**.
- The November 1, 2002, Federal tax refund offset of \$5,000 is distributed as follows:
 - \$3,000 **permanently-assigned** arrears to the state;
 - \$1,000 **conditionally-assigned** arrears to the state; and
 - \$1,000 **unassigned pre-assistance** arrears to the family.
 - Remaining arrears: \$8,000 **unassigned pre-assistance** arrears owed to the family.

b. Under the simplified distribution rules:

- Between January 1, 2002, and September 30, 2002, the family is on TANF and accrues **permanently-assigned** arrears.
- On November 1, 2002, the balances are:
 - \$3,000 **permanently-assigned** arrears; and
 - \$10,000 **never-assigned** arrears.
- The November 1, 2002, Federal tax refund offset of \$5,000 is distributed as follows:
 - \$5,000 **never-assigned** arrears to the family.
- Remaining arrears: \$5,000 **never-assigned** owed to the family and \$3,000 **permanently-assigned** owed to the state.

Example 2**Facts:**

Same facts as above, except on November 1, 2002, a \$5,000 bank levy is collected and distributed instead of a Federal tax refund offset.

a. Under the current distribution rules:

- On November 1, 2002, the arrears balances are:
 - \$3,000 **permanently-assigned**;
 - \$1,000 **conditionally-assigned**; and
 - \$9,000 **unassigned pre-assistance**.
- The November 1, 2002, bank levy of \$5,000 is distributed as follows:
 - \$1,000 **conditionally-assigned** arrears to the family; and
 - \$4,000 **unassigned pre-assistance** arrears to the family.
 - Remaining arrears: \$3,000 **permanently-assigned** owed to the state and \$5,000 **unassigned pre-assistance** arrears owed to the family.

b. Under the simplified distribution rules:

- On November 1, 2002, the arrears balances are:
 - \$3,000 **permanently-assigned**; and
 - \$10,000 **never-assigned**.
- The November 1, 2002, bank levy collection of \$5,000 is distributed as follows:
 - \$5,000 **never-assigned** arrears to the family.
 - Remaining arrears: \$5,000 **never-assigned** arrears owed to the family and \$3,000 **permanently-assigned** owed to the state.

Note: Under the simplified distribution rules, the results are the same even though the collection source in example 1 is Federal tax refund offset and, in example 2, bank levy.

WRITTEN TESTIMONY
OF
LARRY TEMPLE
DEPUTY EXECUTIVE DIRECTOR, TEXAS WORKFORCE COMMISSION
ON BEHALF OF
THE STATE OF TEXAS
BEFORE THE SENATE FINANCE COMMITTEE
MARCH 12, 2003

Good morning Mister Chairman and members of the committee. I am Larry Temple, Deputy Executive Director of the Texas Workforce Commission. I would like to thank the committee on the behalf of the state of Texas for this opportunity to share our welfare reform successes and our ideas regarding the reauthorization of the TANF program.

The Texas Workforce Commission is charged by state law and the Governor with the responsibility of ensuring that every adult Texan receiving welfare is afforded the opportunity to workforce development services in each of our 254 counties. Services are designed to assist our customers in leaving welfare by getting a job.

As you know, since the enactment of PRWORA in 1996, welfare dependency has plummeted. States have successfully transformed their welfare entitlement programs into work programs resulting in unprecedented caseload reduction and job placement. Nationwide, the welfare caseload has declined one half since 1996. Texas mirrors the success of the nation: the welfare caseload has also declined by one half since 1996 and Texas has moved a record number of individuals into jobs. In recognition of this high rate of job placement, Texas received the High Performance Bonus from the U.S. Department of Health and Human Services in FY 1999, FY 2001, and FY 2002, totaling \$65 million. Texas looks forward to continuing this success.

The revamping of welfare has been a journey of learning for Texas. The state attributes its success to an early commitment to a work first philosophy and continual enhancements to its welfare program as well as its overall workforce service delivery design. Texas developed innovative strategies, including integration of all workforce services through 28 local workforce development boards in order to effectively serve all Texans by providing opportunities to successfully enter the workforce and, therefore, attain self-sufficiency. Transitioning welfare from an entitlement to a work program has been a challenge, but has allowed Texas to learn along the continuum of reform and evolve its program into one that is ready begin serving more Texans.

The evolution of Texas' program began with the addition of a 20-hour per week participation requirement in response to federal changes to the Aid to Families with Dependent Children program. This was the first effort at recognizing the merit of personal responsibility in moving individuals along the path from welfare dependency to self-sufficiency. Just about any activity counted and we found that most of the participants did

not become employed. Because the focus was on training and education, there was no real expectation of participants to go to work. Therefore, in order to expand and improve upon the concept of personal responsibility, in 1995 Texas applied for and received a waiver to operate its welfare program that increased the emphasis on work. Then, upon the enactment of PRWORA, Texas again increased the emphasis on work by raising the bar on hourly requirements to 30 hours (20 hours in work activities and 10 hours in education and training activities).

Beginning in 1999, Texas further tightened the allowable work activities within the already established 30 hour per week participation requirement in preparation for compliance with PRWORA. In the 18 months prior to the expiration of the waiver, Texas began an aggressive campaign to provide training and technical assistance to the local workforce boards to prepare them for the increased emphasis on work. As a result of this campaign, by March 2002, the number of individuals participating in work activities had increased by 51%. Texas accomplished this increase by putting people to work. Ultimately, Texas' transition to a more work focused program under PRWORA proved to be simply the next phase on the continuum of welfare reform for the state.

The Texas model continues to be focused on work. Reinforcing this service delivery model is a requirement that customers be in an employment activity and meeting their hourly participation requirement within four weeks of entering the welfare employment program we call "Choices"; the result of non-compliance with this policy is a community service placement. We believe that this is one of the best methods to identify our hardest to serve families. Since the implementation of this policy in July 2002, on average only 10% of customers participating in the Choices program are in community service placements.

We realize that a community service requirement has been a controversial issue. However, I believe from personal experience that this type of activity has value whether it is dubbed community service, work experience or workfare. My father and his brother left home during the depression to participate in a workfare program, the Civilian Conservation Corps. They left their Mississippi farm to earn money helping to build state parks; parks that are still enjoyed today by millions of Americans. The money they earned literally helped to save the family farm. I truly believe that this type of activity has merit when crafted right.

Texas' focus on work has even passed the test of an economic downturn. During the last two years of economic downturn, amid high unemployment, we have not only been successful in placing our TANF customers in jobs, but have increased those numbers over the course of those two years (see Attachment A).

Further, these jobs on average paid \$7.20 per hour, well above the minimum wage of \$5.15 per hour. When combined with the Earned Income Tax Credit, guaranteed child care, Medicaid, and food stamps, this \$7.20 hourly wage at full time hours totals nearly \$30,000 per year, a figure that is clearly above, actually nearly double, the federal poverty

line of \$14,640 for a family of three (see Attachment B).

As you can see, the work first approach has been successful for the state of Texas on many levels. We realize that some individuals challenge whether this approach, which is consistent with the approach prescribed in the Bush Administration's proposal, is the most effective way to move people from welfare to self-sufficiency. Generally, they charge that pre-employment education and training are the missing elements from successful welfare reform. I am here today to disagree.

What we have found in Texas is that there is a missing element in individuals ability to move from welfare to self-sufficiency, but it is not pre-employment training. It is the absence of a good job reference. We are providing that job reference by helping people to get jobs as quickly as possible. Once individuals are employed, we can work with them and their employers on ways to increase their chances for job retention and advancement. This model is working for Texas and it will work with implementing the Bush Administration's proposal.

Texas looks forward to participating in the next phase of welfare reform by partnering with the federal government to again raise the bar of expectations and, thus, increase the long-term self-sufficiency of needy families. With over a decade of demonstrated success in welfare programs, the research definitively shows that a combination of work and training, with the primary focus on work, results in the most positive outcomes for program participants: increased job placement, retention, and advancement. Recognizing this success, the Bush Administration has proposed an increased emphasis on direct work activities coupled with additional flexibility for states to engage families in other activities that assist them in addressing their unique needs in the climb to independence. From experience, I believe that this is the best program strategy.

Any discussion about the next phase of welfare reform and the changes associated with it must also consider how programmatic success will be measured. Currently, there are two primary measures that determine the success of states' welfare programs: participation rates and the caseload reduction credit. The participation rate measures what percentage of welfare recipients a state has in countable program activities; currently, the maximum rate required of states is 50%. The caseload reduction credit is designed to give states credit for those individuals who leave welfare; currently, the credit is calculated with 1996 as the base year.

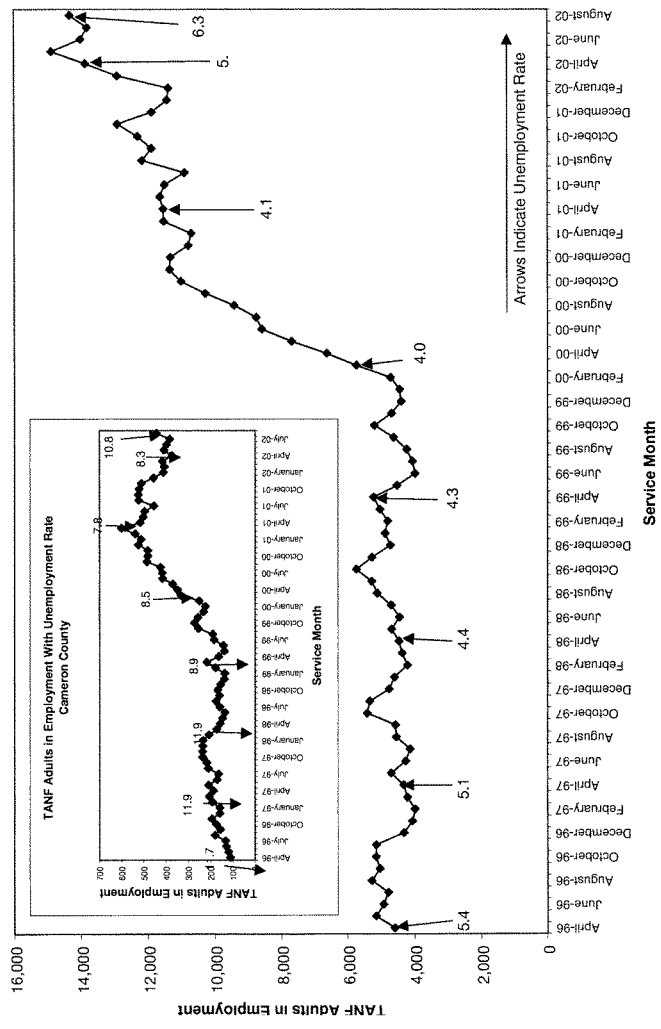
Under the Bush Administration's proposal, both the participation rate and the caseload reduction credit would change. The combination of the incremental increase to the participation rate from 50% in FY2003 to 70% in FY 2007 and the phase out of the caseload reduction credit will have the net effect of requiring states to serve more welfare recipients. Since many states have already been faced with the challenge of providing work services to a growing caseload, this will be a familiar challenge. Texas' experience with its transition from its waiver to PRWORA demonstrates the challenge is surmountable and that the key to conquering this challenge is focused preparation.

The primary tool offered by the Bush Administration's proposal to achieve this increased level of service is universal engagement. The expectation is for states to begin serving all individuals in their welfare caseloads. When mixed with the increased participation rate and the phase out of the caseload reduction credit, universal engagement will ensure that the entire nation's welfare caseload receives services.

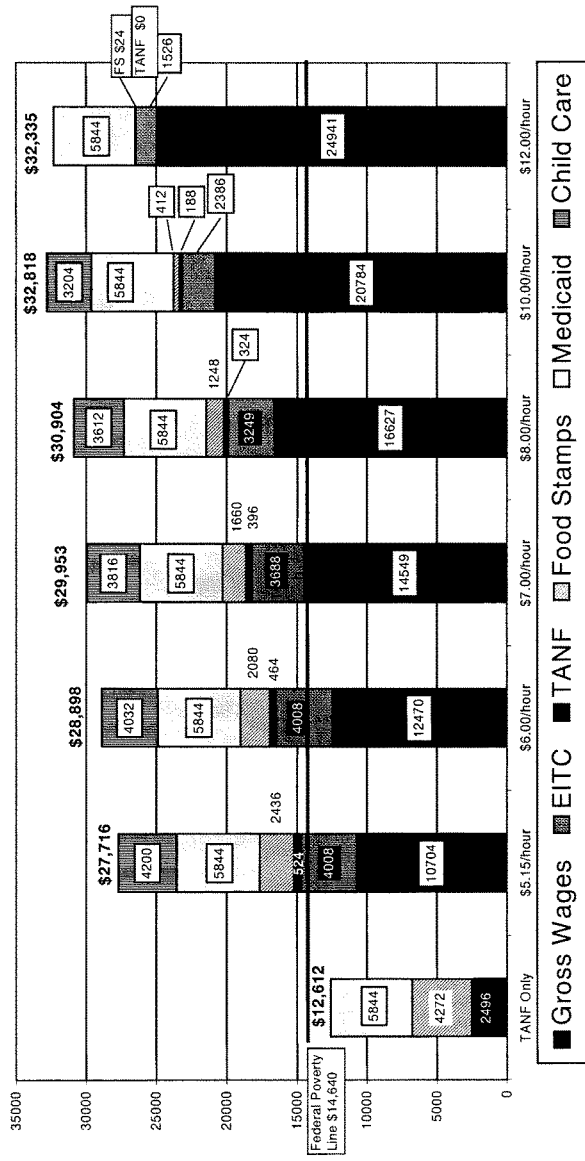
The challenges of these proposed changes offer exciting opportunities for states to re-examine what their program goals should be. The focus should still be work. I believe that an increase in the work hours mixed with the broad flexibility to address families' needs through other work-related activities will further widen the path from welfare to self-sufficiency. Certainly, states will have to continue to improve upon the management of the programs and services to reach the increased participation requirements set forth and this will not be an easy task. But, as we would probably all agree, hard work begets good results. All, not just a percentage of, families deserve services that will address their employment needs and Texas applauds the Bush Administration's proposal to do this.

Again, I thank you on behalf of the state of Texas to share our thoughts and concerns on TANF reauthorization.

Total TANF Adults in Employment with Unemployment Rate



2002 Annual Wage and Benefit Scenarios for Single Parent with Two Children



NOTE: Annual totals are derived by using four months of Earned Income Disregard (EID) values plus eight months of post-EID values.

**Question #9 for Texas Director Larry Temple
Mandating "Workfare"**

Question:

Director Temple. You say in your testimony that Texas has recently implemented a "workfare" requirement as a way to deal with non-compliant recipients. So clearly there's nothing under current TANF law that prevents a state from using "workfare" if they believe it is the best policy.

The official State survey last year found that a majority of States operate "workfare" programs on a limited basis because of "the high costs associated with running these programs, and because of the challenges of finding employers/supervisors and developing appropriate work sites." In fact, as Ms. Waller notes, Washington has actually abandoned the idea, given limited cost-effectiveness.

In light of this, why should we mandate all States switch to an expensive "workfare first" approach? They can already operate that model if they want to and, according to your own testimony, even Texas operates "workfare" as a last resort for recipients who fail in more traditional programs. Under the bipartisan bill approved by this Committee last year, Texas could implement the Administration's model if you choose to do so and Montana could continue its own successful program. What justifies such an unfunded mandate of something States can already do?

RESPONSE TO QUESTION #9
From Larry Temple, Deputy Executive Director,
Texas Workforce Commission

As mentioned in my testimony, Texas operates a work first program with community service as one of several work activities that TANF recipients can participate in to meet their work requirement. Texas' program is not a workfare program, but a work first program that utilizes community service or workfare as a tool to identify, assess, and serve clients who may not be able to fully participate in other activities. Community service placements have been successful in urban and rural areas of the state; in Houston, Texas as well as in Muleshoe, Texas, community service placements are a utilized component of the state's work first program. In fact, 76 Texas towns with populations at or under 2,000 currently have clients engaged in community service. As I also mentioned in my testimony, currently only 10% of all clients statewide who are engaged in an activity are in the community service activity. So, a full 90% of engaged clients are participating in other work activities (unsubsidized or subsidized employment, work experience, on-the-job training, vocational educational training).

Texas' program costs have not increased since introducing the community service component into its work first program. If other states that choose to operate workfare programs are experiencing high costs associated with running their programs, they have the option under current law (and preserved in the President's proposal) to fund activities by converting TANF and Food Stamps benefits into wage subsidies. States can also use these funds to develop jobs in the private and public sector without incurring additional expenses. Texas has not exercised this option since community service is only one component of its work first program. However, other states, including Washington, that are experiencing increased costs associated with implementing workfare programs could explore the option.

Finally, I certainly see no mandate in the President's proposal for states to switch to a "workfare first" approach. In fact, I see just the opposite: more flexibility. States will have expanded flexibility to determine activities that their citizens can access to move toward self-sufficiency. In my testimony I did not propose mandating "workfare first", but did suggest that the successful work first model currently utilized in Texas' program would work well under the provisions of the President's proposal. I am not familiar with Montana's program model, but if it operates under a work first philosophy the expanded flexibility provided in the President's proposal would suffice.

Statement of Senator Craig Thomas

Senate Finance Committee
TANF Reauthorization Hearing
10:00 a.m. Wednesday, March 12, 2003

Today the Finance Committee is meeting to hear testimony from HHS Secretary Tommy Thompson and other distinguished panelists on how to improve upon the overwhelming success of the 1996 bill that reformed our nation's welfare program. I am very pleased we have expert witnesses before us today and look forward to hearing their comments and suggestions on how to move forward on this important legislation.

America began a war on poverty more than three decades ago. The good intention of this policy produced conflicting results. Seniors were lifted out of poverty, poor families received basic health care, and disadvantaged children were given a head start in life. However, many Americans were injured by that helping hand. The welfare system became an enemy of individual effort and responsibility as dependence passed from one generation to the next. Between 1965 and 1995, federal and state welfare spending increased from \$40 billion to more than \$350 billion a year -- even as virtually no progress was made in reducing child poverty.

On August 22, 1996, Congress passed a progressive welfare reform law that transferred welfare benefits into temporary help, not a permanent way of life. The new system honors work by requiring all able-bodied recipients to work or go back to school to further their education. The goal of the 1996 welfare reform law was to give participants a strong, time-limited support system as they develop life-long skills that encourage independence. It provides child care funding to help families meet these work requirements while limiting their benefits to five years. States must promote self-sufficiency, and they are given the flexibility to reach that goal. Using innovative approaches, states now use federal dollars for child care, rather than blind cash assistance.

I believe the results of welfare reform speak for themselves. Since 1996, welfare case loads plummeted by more than 50 percent. Today, 5.4 million fewer Americans live in poverty than in 1996 -- that includes 2.6 million children. Child poverty for African American children is at its lowest level in our nation's history. For the first time in generations, the out-of-wedlock birthrate has leveled off, the unwed teen birthrate has declined and child support collections have doubled. In the wake of these federal changes, Wyoming's welfare reform has been phenomenal. In fact, the number of individuals receiving assistance has dropped by 84 percent since 1994. Welfare reform has proven to be a strong, comprehensive policy to uplift and empower the poor.

This year, Congress is charged with reauthorizing this vital social services program. While encouraged by the initial results of welfare reform, there is still much work to do. The Administration has recently outlined its plan to take the next step in welfare reform to retain the basic structure of the Temporary Assistance for Needy Families (TANF) program while increasing focus on work, strengthening child support enforcement, and expanding state flexibility.

I support the Administration's increased focus on work and family self-sufficiency. I applaud its recognition that governors have proven to be extremely innovative in delivering services to their vulnerable populations and the federal government should continue to expand their abilities to tailor programs that best meet the needs of their states.

I thank Secretary Thompson and our other guests for their comments today. I look forward to working with Chairman Grassley and the Administration in developing welfare reauthorization legislation that continues our investment in assisting families become self sufficient.

Thank you Mr. Chairman.

**STATEMENT BY
TOMMY G. THOMPSON
SECRETARY
DEPARTMENT OF HEALTH AND HUMAN SERVICES
ON "WELFARE REFORM: BUILDING ON SUCCESS"**

Mr. Chairman, Senator Baucus and members of the Committee, I am honored to appear before you today to discuss the next phase of welfare reform, and the importance of completing reauthorization of our welfare and child care programs as quickly as possible. Over one year ago the President proposed a reauthorization plan that included critical changes to strengthen the Temporary Assistance for Needy Families (TANF) program and the child support enforcement program while also providing a strong commitment to child care. The proposal builds a foundation for helping even more families achieve self-sufficiency, for helping those finding jobs succeed and progress in employment and for helping to build stronger, healthier families.

I believe it is extremely important, and I know you do also, that we complete reauthorization of the TANF and child care programs and enact child support reform legislation quickly so that States can plan properly for the future and, more importantly, so families can benefit from the improvements envisioned.

The House recently passed H.R. 4, a plan very similar to the proposal it adopted last year and which is based on the President's reauthorization principles. In addition, Senator Talent and others recently introduced S. 5, which also is based on the President's plan. The Administration supports the framework of both these bills, and is very pleased to be working with this committee, under Chairman Grassley's able leadership, toward swift much-needed reauthorization of welfare reform consistent with the President's budget.

Last year I appeared before this committee to discuss the President's welfare reform plan and I appreciate the comments, concerns and candor that members of this Committee provided regarding our proposal as well as the interesting ideas you shared. I recognize that we will not always agree, and the President and I fully understand that you will want to do some things differently than we have proposed. However, I am convinced that even with these differences we can produce stronger and better programs for America's low-income families. I come before you today not only to present our proposal once again but also to ask you to work with me, and with the House of Representatives, to complete this critical work.

Together our work on welfare reform has had a profound impact on our nation's most vulnerable families. We have exceeded the most optimistic expectations by assisting millions of families in moving from dependence on welfare to the independence of work. We have provided a strong commitment to child care to ensure parents can go to work without worrying about the safety and well-being of their children, and we have succeeded in collecting record amounts of child support on behalf of children with a

parent absent from the home. I am confident that together our work in reauthorizing the TANF program and the Child Care Entitlement Programs, along with making improvements to our Child Support Enforcement program, will lead to even greater achievements in the future.

President Bush's proposal for the next phase of welfare reform is based on four important goals: help more welfare recipients achieve independence through work; promote strong families; empower States to seek new and imaginative solutions to help welfare recipients achieve independence; and show compassion to those in need. These goals formed the guideposts in shaping the Administration's proposals for TANF, child care and child support.

I would like to take a few moments now to remind members of the important progress we have made in strengthening families under these three critical programs and highlighting the specific areas the President has targeted for improvement. I will begin with TANF, the cornerstone of our welfare reform efforts.

Temporary Assistance for Needy Families

TANF has been a tremendous Federal-State partnership success. Congress established a clear expectation that cash assistance should be temporary and adult recipients should be expected to work and pursue self-sufficiency. At the same time States were given a great deal of flexibility to reform their welfare programs to achieve these goals. As a result, millions of families have been able to end their dependency on welfare and achieve self-sufficiency.

TANF caseloads have declined for the sixth straight year. The number of persons receiving TANF cash assistance in September 2002 was 4,995,719 - a decline of 6.2 during the fiscal year, and a decline of 59.2 percent since August of 1996 when the TANF law went into effect.

Families receiving TANF benefits declined 3.9 percent during fiscal year 2002 to 2,024,691. Overall, since the TANF legislation was passed in August of 1996, the number of families receiving TANF assistance has dropped by 54.1 percent.

Indeed, our recent experience confirms that the 1996 law has fundamentally changed the way welfare works in America. While we are understandably concerned about job opportunities for recipients, recent data demonstrates that, despite the rise in unemployment during the recent recession, TANF caseloads have not increased as early critics of welfare reform had anticipated. In fact, from March 2001, when the recession began, until September 2002, caseloads declined 4 percent for families and 8 percent for recipients. Welfare programs grounded in expectations of work and focused on helping clients find employment can help families tremendously even when economic opportunities appear to be less available.

Declining dependency has not been the only positive outcome we have seen since TANF was created:

- Employment among single mothers has grown to unprecedented levels, and a new study, recently published in Science Magazine reported that, “In families...mothers’ entry into employment was related to a significant increase in family income across every model specification.”
- Child poverty rates are at or near historic lows. This is one of the most important outcomes we could have hoped to achieve – and TANF has been a stunning success. The overall child poverty rate has fallen from 20.5% in 1996 to 16.3% in 2001 - a 20% decline. The poverty rate for African American children is down 24% since 1996 and in 2001 reached its lowest level ever recorded. The Hispanic child poverty rate dropped from 40.3 percent to 28.0, the largest five year drop on record. This is all the more remarkable as the nation was in a recession for most of 2001. Putting this into perspective, in all previous recessionary periods since the early 1960’s, child poverty increased - on average 1.4 percentage points during a recessionary year, and never less than 1.0 percentage point in such a year. Yet, between 2000 and 2001 overall child poverty rates essentially remained unchanged, and child poverty among African American and Hispanics both declined.
- The rate of births to unwed mothers has stabilized.
- The share of young children living with married mothers ended a decades-long decline in 1996.
- The share of unmarried women with a young child stopped growing and began to decline in mid-decade as well.

But even with this notable progress, much remains to be done, and States still face many challenges. The President’s reauthorization proposal builds on this success by:

- strengthening the Federal-State partnership;
- asking States to help every family they serve achieve the greatest degree of self-sufficiency possible through a creative mix of work and additional constructive activities;
- helping States find effective ways to promote healthy marriages and reduce out-of-wedlock childbearing;
- improving the management and, therefore, the quality of programs and services made available to families; and
- allowing States to integrate the various welfare and workforce assistance programs operating in their States.

I would like now to take a few moments to explain again some of the details of our proposal.

Strengthening the Federal-State Partnership

Our proposal seeks to strengthen the Federal-State partnership by maintaining the Federal financial commitment to the program and by making some key policy changes to increase State flexibility. We provide \$16.5 billion each year for block grants to States and Tribes and an additional \$319 million for annual Supplemental Grants to States that have experienced high population growth and had historically low funding levels. We also reauthorize and improve the \$2 billion Contingency Fund. We continue the current

maintenance of effort (MOE) requirement for States' contribution to assistance for children and families. Finally, we restore the policy permitting the transfer of up to 10 percent of TANF funds to the Social Services Block Grant, which current law limits to 4.25%.

In addition to these basic funding provisions, we propose a number of policy changes on the use of funds that will provide States increased flexibility in managing their programs.

- The distinction under current law between "assistance" and "non-assistance" has been a source of considerable confusion for States and has restricted State creativity in helping those not on welfare who lose jobs to avoid going on welfare. We ease limitations on services for the unemployed by clarifying the definition of "assistance" so that rules tied to such spending would not apply to child care and other non-cash support services.
- While current law allows States to carry over funds from year-to-year, there is no clear way for States to signal that the carry over funds are purposely conserved against difficult economic times, rather than simply unspent. We allow States to designate "rainy day funds" and clarify that such funds would be reserved for future TANF use.
- Further, we revise current restrictions on carried over funds, which limited their use only to expenditures on "assistance," by allowing such funds to be spent on any service or benefit that achieves a TANF purpose. Had action been completed on reauthorization last year, this provision would have enabled States to use nearly \$2.4 billion in TANF balances that remained available at the end of FY 2002 for child care assistance right now. Instead, those funds must be reserved for cash benefits.

Maximize Self-Sufficiency Through Work

The second element of our reauthorization proposal is to maximize self-sufficiency through work. Evidence suggests that under current law a substantial portion of TANF recipients are not engaged in *any* activity leading toward self-sufficiency. In addition, a recent study from the University of Michigan shows that in the States with the strongest work incentives, single parents have seen larger increases in income than in States with weaker work requirements.

So under the President's proposal, first and foremost, States would be required to engage all TANF families with an adult in self-sufficiency activities. States must approve activities as part of self-sufficiency plans and regularly review case progress.

In addition to the requirement for such universal engagement, we increase the direct work requirement, in order that parents can become accustomed to a full work week of activities, instead of just the 30 or 35 hours a week required under current law. In order for a case to be counted as participating, our proposal requires a full 40 hours per week of participation in monitored, constructive activities by welfare recipients. Cases counted as participating would be required to average at least 24 hours per week (of their total required 40 hours) in direct work, including employment, on the job training, and/or supervised work experience. States will have the flexibility to decide which activities

should make up the remaining 16 hours. These could include a variety of services the States determine are needed by the family.

On a temporary basis, certain cases could be counted as participating even when they are not averaging 24 hours per week in direct work. These cases would still be fully participating but could be in work-related training, short-term substance abuse treatment, or rehabilitation for up to three months within any 24-month period.

When calculating participation rates States will continue to be allowed to exclude parents with children under 12 months of age. As in current law, teen parents who are heads of households and maintain satisfactory school attendance will be deemed as meeting all participation requirements.

We also gradually increase minimum requirements concerning the share of its caseload a State must engage in these direct work activities. Under the existing law, the participation rate began at 25 percent in 1997 and rose to just 50 percent in 2002. We propose that in the first year at least 50 percent of all TANF families headed by a parent be required to participate in combined work and other activities designed to help them achieve self-sufficiency. This percentage will increase five percentage points each year until reaching 70 percent in five years. There will be no separate standard for work participation for two-parent cases.

The current penalty structure will apply when a State fails to meet either, or both, of the universal engagement or participation rate requirements. Potential penalties will be limited to a maximum of five percent of a State's TANF grant, as under current law. States subject to a penalty will have the opportunity to develop a corrective compliance plan, and no penalty will be assessed as long as they are making progress toward meeting the requirements. The current caseload reduction credit will be phased out so that States still receive full credit against participation targets in the first year, 50 percent of credit in the second year and no credit thereafter. In its place States would receive an employment credit to provide an incentive for moving families from welfare to work. The five-year cumulative lifetime limit for TANF cash assistance will be retained. States also may continue to exempt up to 20 percent of their cases from this limit.

Finally, Tribes face significant barriers to helping their members achieve self-sufficiency, but under current law they did not fully receive the kind of technical assistance that would make a difference in their ability to serve their families in order to make a difference in the lives of this vulnerable population. HHS will undertake a major new expanded and enhanced technical assistance effort for tribal organizations to help them build and administer effective Tribal TANF programs.

Promote Child Well-Being and Healthy Marriages

Congress recognized the fact that two-parent, married families represent the ideal environment for raising children when it enacted TANF, incorporating a variety of family formation provisions. However, State efforts to promote healthy marriages represent just one percent of total TANF program expenditures. The limited attention paid to family

formation in implementing TANF is due in part to the fact that States lack the knowledge and tools to implement successful marriage and family formation programs. Our proposal embraces the needs of families by promoting child well-being and healthy marriages. To this end, we establish improving the well-being of children as the overarching purpose of TANF. This meaningful change recognizes that the four current goals of TANF are important strategies for achieving this purpose. Similarly, we clarify and underscore that the fourth goal of TANF is to encourage the formation and maintenance of healthy, two-parent, married families and responsible fatherhood.

Research shows that both adults and children are better off in two-parent families. It is no criticism of single parents to acknowledge the better outcomes for children of married-couple families. Rather it supports the underlying principles to redirect our policies to encourage healthy marriage especially when children are involved. Our approach to promoting healthy marriage is to provide financial incentives for States, often working together with private and faith-based organizations, to develop and implement innovative programs to support family formation and healthy marriages. These demonstration programs will be carefully evaluated and information about successful programs will be broadly disseminated.

In addition, we target \$100 million from the discontinued Out-of-Wedlock Birth Reduction Bonus for broad research, evaluation, demonstration and technical assistance, focused primarily on healthy marriage and family formation activities. Funds previously used for the Out-of-Wedlock Birth Reduction Bonus could be spent far more effectively on developing innovative approaches to support family formation and healthy marriages. Strong and stable families are good for children and must be a central goal of our next steps in welfare reform.

Along those lines, we also redirect \$100 million from the current High Performance Bonus to establish a competitive matching grant program for States and Tribes to develop innovative approaches to promoting healthy marriages and reducing out-of-wedlock births. State expenditures will be matched dollar for dollar and TANF funds may be used by States to meet their matching requirement.

We require States to discuss in their State plans the efforts they will make to accomplish the family formation goals of the TANF program, including the promotion of healthy marriages, and their efforts to provide equitable treatment for two-parent married families.

And finally, within the context of our goals to strengthen family formation and reduce illegitimacy, we reauthorize the Abstinence Education grant program to States and territories at \$50 million per year. In fiscal year 2003, 53 out of a possible 59 States and jurisdictions applied for and received Section 510 Abstinence Education grants to promote abstinence from sexual activity outside of marriage, focusing on groups most likely to bear children out of wedlock.

Improve Program Performance

Our fourth reauthorization element focuses on improving program performance. TANF has allowed States to become great innovators. At the same time, the shift to work and family-based aid has presented considerable management challenges. Keeping the President's focus on governing with accountability, we propose to focus increased emphasis on results rather than dollars spent. We replace the current High Performance Bonus, which includes measures not directly related to work, with a \$100 million Bonus to Reward Employment Achievement for meeting the employment goals of TANF. We also require States to establish and report on performance goals related to each of the four major goals of TANF and to describe in their State plans how they are addressing each. Likewise, States will be required to describe particular strategies and programs they are employing to address critical TANF challenges. We will research the best ways to construct performance measures that relate to the TANF goals, collaborate with States to identify key performance measures, and build uniform data support and reporting methodologies.

Program Integration

For any organization to succeed, it must never stop asking how it can do things better. Using the flexibility under programs such as TANF and the One-Stop Career Center system, States have made great strides towards transforming and integrating their public assistance programs into innovative and comprehensive workforce assistance programs. But, with greater flexibility even more can be accomplished. The final key element of our TANF proposal seeks to enable far broader State welfare and workforce program integration. Other major Federal assistance programs serving low-income populations provide similar assistance to TANF. Yet the potential effectiveness of all these programs combined is greatly compromised by differences in administrative practices and program rules. These make serving low-income populations more difficult than need be and hampers State efforts to help individuals and families escape government dependency.

In our proposal, we establish new State program integration waivers to permit States to further integrate welfare and workforce development programs in order to improve the effectiveness of these programs. Broad flexibility to design new strategies and approaches will be provided. The proposed waiver authority could apply to many aspects of selected Federal programs, including funding and program eligibility and reporting rules, enabling States to design fully integrated welfare and workforce development systems that could revolutionize service delivery.

I would like to turn now to another program that offers a vital connection to a family's ability to achieve self-sufficiency: child support enforcement.

Child Support Enforcement

Child support is a critical component of Federal and State efforts to promote family self-sufficiency. For the low-income families who receive child support, it makes up a significant portion of the family budget (on average 26 percent).

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) put in place a number of important child support enforcement measures. Measures such as increased automation, expansion of the Federal Parent Locator Service to include the National Directory of New Hires and Federal Case Registry, the passport denial program, the financial institution data match, and license revocation have significantly improved State performance and strengthened child support collection efforts. Equally important, PRWORA streamlined paternity establishment, particularly voluntary paternity establishment, to encourage fathers to take the first step toward providing their children with financial and emotional support. The impact of these changes has been dramatic. The annual number of paternities established or acknowledged has reached almost 1.6 million and in FY 2002, with a caseload of 16.1 million cases, a record of over \$20 billion in child support was collected.

Like TANF, our proposals in both our 2003 and 2004 budget requests for child support enforcement build on our success under PRWORA. These proposals will increase child support collections and direct more of the support collected to families, moving the child support program toward a focus on families and away from the historic purpose of recouping of Federal and State outlays.

Directing More Support to Families

Currently, States and the Federal government can keep some of the child support collected on behalf of current and former TANF recipients to defray welfare costs to taxpayers. Our proposal would change that law and give States an incentive to give more of the child support collected from non-custodial parents directly to the family. Children and their families will benefit financially and, equally important, the children will see that their parents support and care for them.

Today, more families receiving TANF assistance are working and the assistance they receive is more temporary. The Wisconsin W-2 waiver demonstration clearly indicates that non-custodial parents are more likely to pay child support and to pay more child support when they know their families will receive the support.

Currently, about half the States pass through a portion of child support collections to TANF families, using State funds. Under our proposal, the Federal government would share in the cost of amounts passed through to families and disregarded for purposes of determining TANF eligibility. We would waive the Federal share of amounts passed through and disregarded that are above the State's pass-through and disregard amount in a base year, up to the greater of \$50 per month or the difference between \$100 and the base-year amount. Federal contributions to the passthrough of collections to TANF families will provide a strong incentive to States to begin to pass through additional support to these families, or increase the amount of their current passthrough. This proposal would increase collections going to families by \$136 million over five years.

Under a similar proposal to increase support reaching families, States would be given the option to adopt simplified distribution rules under which all support collected on behalf of families that have left welfare would be given to the families. This proposal would

increase collections distributed to families by \$850 million over five years and make it easier for States to explain and support their child support distribution policies.

Increasing the Amount of Child Support Collected

The second prong of our strategy for child support enforcement is to increase the amount of support collected by adding to our existing cadre of enforcement tools.

First, we expand our successful program for denying passports to parents owing more than \$2,500 in past due support. The passport denial program, run jointly by HHS and the Department of State, currently denies passports to delinquent parents owing more than \$5,000 in past due support. In FY 2000 alone, individuals with child support arrearages paid \$3.6 million in lump sum child support payments to avoid losing their passports. An additional number of these individuals have entered into payment agreements under which support payments are made regularly to children. Our new proposal would generate an additional \$32 million to families over five years.

We also will expand the Federal administrative offset program by allowing certain Social Security benefits to be offset to collect unpaid child support in appropriate cases selected by the States. Currently under the Federal Debt Collection Act, Old Age, Survivors and Disability (Social Security) benefits can be offset only for Federal debt recovery. Our proposal provides a limited expansion to include child support debts and would be subject to the same offset thresholds, or safeguards, as in current law. This proposal would increase collections to families by \$55 million over five years.

Our final enforcement proposal would ensure that child support orders are fair to both custodial parents and children as well as noncustodial parents by requiring States to review and adjust child support orders in TANF cases every three years, reinstating a pre-PRWORA policy.

Typically, the ability of obligors to pay child support increases over time. Periodically reviewing and adjusting child support awards to reflect current income can result in increases in the amount of the support provided and the economic security of single parent families. The needs of low-income families change as they obtain employment and move off of TANF; regular reviews will ensure that they will continue to receive child support at an appropriate level.

There also are legitimate reasons to reduce an existing award, for instance, if the obligor has lost his or her job or otherwise suffered a major decline in income. In those cases, periodic review and adjustment means that the award amount is fair and that the child support agency is assisting a low-income parent who does not have the current ability to pay support, by helping the parent avoid building up a large and unmanageable arrearage.

The President also proposed several additional proposals in his 2004 budget. These proposals use technology, improve coordination and expose untapped income. For example, the gaming proposal would intercept the gaming winnings of child support debtors, directing approximately \$700 million to families over five years. We also

propose to use technology to support federal seizure of debtor bank accounts in multi-state institutions, increasing collections to families by approximately \$500 million over five years. When combined with the foundation provided by the 1996 law and our welfare reform proposals, will deliver \$2.6 billion in previously unpaid child support to families over the next five years.

Processing Fee

In addition to our proposals for increasing support and directing more of the support collected to families, we will require States to impose a \$25 annual processing fee on families that have never used public assistance in cases where the State has been successful in collecting support on their behalf. Because the fee is collected only when the State is successful in collecting support and represents a fraction of the cost of the services families receive, we are confident it will not pose a barrier to families seeking child support enforcement services.

As States and the Federal government struggle to serve all the needs of its citizens, it is imperative that we find innovative ways to finance the child support enforcement program. This minimal step toward contributing to the costs of the program is reasonable and represents a firm step toward changing the perception that the purpose of the child support program is to recoup welfare benefits.

I would like to turn now to child care, a key support service.

Child Care

Our TANF reauthorization proposal is based on our expectation that all families will be fully engaged in work and other meaningful activities. To make this possible, we must ensure that resources are available to help families pay for safe, affordable child care when they need it. Child care assistance is a vital support for many low income families. It supports self sufficiency by enabling families to accept and retain jobs. In addition, by improving the quality of care, it plays a role in supporting healthy child development and school readiness.

Reauthorization

As work continues to reauthorize the child care assistance program, the Administration is committed to preserving key aspects that have made the program a success, including administrative flexibility for States and Tribes, and parental choice. The major restructuring of the Federally funded child care programs under PRWORA remains an effective and efficient method for distributing child care funds to States. States have flexibility to determine the best use of those funds to meet the varying needs of their low-income populations. Therefore, our proposed reauthorization of the discretionary Child Care and Development Block Grant (CCDBG) and mandatory Child Care Entitlement programs does not seek any changes to the underlying structure and financing of these essential programs. Rather, we enthusiastically support maintaining the historically high level of funding for child care.

Funding

Our proposal includes \$2.1 billion for the Child Care and Development Block Grant and \$2.7 billion for Child Care Entitlement -- a total of \$4.8 billion for what is referred to as the Child Care and Development Fund or CCDF.

However, these funds are only part of the picture. States continue to have flexibility to use Temporary Assistance for Needy Families (TANF) funds for child care both by transferring up to 30 percent of TANF funds to CCDF and by spending additional TANF money directly for child care. In recent years, States have used significant amounts of TANF funds for child care, including \$2 billion for transfers to CCDF and \$1.6 billion in direct spending in FY 2001. As I mentioned earlier, our proposal would increase administrative flexibility by allowing States to use unobligated TANF balances (approximately \$2.4 billion at the end of 2002) on services other than assistance--such as child care.

In addition to CCDF and TANF, other Federal programs also fund early childhood care and education, including the Social Services Block Grant and Head Start. Our proposal to strengthen Head Start would allow States the option of better coordinating the \$23 billion in Federal and State spending on child care and early childhood education programs like Head Start and State pre-K programs.

Federal and State funding available through our child care programs, TANF, and the Social Services Block Grant will provide child care assistance to an estimated 2.5 million children in FY 2004. This level is more than double the roughly 1.2 million children served when welfare reform was passed in 1996. We estimate that in 2001 we served 42 percent of eligible children in families with income below poverty for a family of three. This estimate does not capture children whose child care requirements are being met through other sources--such as at home, with relatives, or at schools, Head Start, State pre-K, and other programs--many of which do not require parental payments or are heavily subsidized.

Supporting Work

Due largely to the success of welfare reform, the employment rates of single-mother heads of households with low incomes (less than 200 percent of the Federal poverty line) increased from 51 to 61 percent between 1996 and 2000. Child care assistance can make a critical difference in helping these mothers find and retain jobs. A GAO study found that single parents who received child care assistance more often successfully completed their training, obtained jobs, or experienced other positive outcomes. Eighty percent of all mothers who received child care subsidies in 2000 were employed (with most of the other parents receiving subsidies while in training or education).

Promoting Child Development and Literacy through Child Care

In addition to supporting working parents, quality child care promotes early childhood development and literacy skills. We cannot overstate the value of high quality early childhood program. Research clearly shows that the positive outcomes for children engaged in high quality care are significant, particularly for low-income youth. The most effective early childhood programs positively influence a child's social and emotional

development, enhance the likelihood of successful school performance in the early grades, and in some instances, reduce later risks of involvement with the special education and juvenile justice systems.

Our proposal maintains funding for quality investments in child care. A minimum of four percent of the CCDF must be spent on activities to promote quality. In addition, we would retain set-asides for infant and toddler care, school-age care and resource and referral services, additional quality expenditures, and ongoing research to identify and promote effective child care practices.

I'd like to congratulate the many States that have shown leadership and innovation in using these resources to build an infrastructure that supports quality child care. In FY 2001, States spent \$716 million in current and prior year funds to improve the quality of child care services--9 percent of combined Federal and State expenditures under CCDF--far more than the amount required under Federal law. A growing number of States are addressing the retention and compensation of child care providers--usually tied to advances in training. For example, many States have implemented the T.E.A.C.H. (Teacher Education and Compensation Helps) Early Childhood scholarship program which assists providers in furthering their education and rewards them with increased compensation. More than half of States also are investigating or implementing tiered systems that provide higher subsidy reimbursement rates to providers that meet quality benchmarks. Other approaches that States are using to improve quality include: grants and loans to providers for specific quality improvements, training and technical assistance for providers and staff, and monitoring of compliance with regulatory requirements.

President Bush's early childhood initiative *Good Start, Grow Smart* also is making a critical contribution to efforts to improve quality. This initiative aims to support the school readiness of young children through nurturing environments that foster early literacy, language, pre-reading, and math skills. The President has asked our Child Care Bureau to work with States to address three goals through the CCDF biennial planning process: (1) developing voluntary early learning guidelines for children ages 3 to 5 that align with State K-12 standards and describe what children need to know and be able to do to succeed in kindergarten; (2) developing State plans for professional development and training of child care teachers to enable them to support the school readiness of young children; and (3) developing State plans for coordination across early childhood programs and funding streams. The Child Care Bureau will continue to provide technical assistance and guidance to States, which are currently at varying stages of addressing these goals, as they move forward.

State Flexibility

States have significant flexibility to decide how child care funds will be used and what will be emphasized in achieving the overall goals of improving access to care and the quality of care. Within basic Federal requirements, States define income eligibility, set the parent co-payment scale, determine provider reimbursement rates, and define the target population served. States have taken advantage of this flexibility to design a wide variety of State subsidy systems and coverage patterns that fit their particular needs and

priorities. For example, income eligibility levels range from 39 to 85 percent of State median income (or 122 percent to 325 percent of the Federal poverty level). States decide whether to target certain populations e.g., whether to focus on families transitioning off TANF or to treat all families the same regardless of TANF status or history. Some States, such as Wisconsin under my leadership as Governor, have created a single subsidy system that serves low-income families, regardless of welfare status.

My Department supports an array of studies to promote a better understanding of State and local child care policies and to provide results that will lead to more informed decision-making. For example, we are currently funding the first federally sponsored child care policy demonstrations that will be rigorously evaluated.

Promoting Parental Choice

Our nation's child care system is built on the foundation of parental choice--recognition that parents, not government agencies, should decide what is best for their children. In CCDF, we support parental choice through vouchers and access to a wide range of child care providers--so that families can choose a caregiver that best meets their needs, whether with a relative, neighbor, child care center, or faith-based program. In FY 2001, 84 percent of CCDF subsidy payments were made using certificates or vouchers. Using these vouchers and other child care payments, 58 percent of children were cared for in a child care center, while 31 percent were in family child care homes, three percent were in group homes, and eight percent were in the child's home.

To help parents make these critical child care decisions, we also support parental choice by equipping parents with the information and tools they need to make well-informed choices for their children. States are required to provide consumer education and outreach under the CCDF, which many States do in partnership with local child care resource and referral agencies. Nationally, my Department funds the Child Care Aware web-site and toll-free hotline to link parents to information about child care in their local communities.

In summary, the Administration clearly recognizes that child care assistance is fundamental to our self-sufficiency strategy for low-income families, as well as for promoting child development and school readiness.

Finally, let me address one last component of our reauthorization proposal that also helps meet the needs of families making the transition to independence.

Transitional Medical Assistance (TMA)

TMA allows families who could not otherwise afford health care coverage to remain eligible for Medicaid for up to 12 months after they lose welfare-related Medicaid eligibility due to earnings from work. The program was scheduled to sunset in September 2002 but has been extended by Congress to June 30, 2003. The President's

budget proposal would extend TMA through fiscal year 2008 at a cost of \$400 million in FY2004, and \$2.4 billion over five years.

We are also proposing modifications to TMA provisions to simplify it and make it work better with private insurance. These provisions include giving States the option to offer 12 months of continuous care to eligible participants and allowing States to waive income-reporting requirements for beneficiaries. In addition, States that have Medicaid eligibility for children and families with incomes up to 185 percent of poverty may waive their TMA program requirements. States have the option of offering TMA recipients "Health Coupons" to purchase private health insurance instead of offering traditional Medicaid benefits. These modifications would cost \$20 million in FY2004 and \$290 million over five years.

Conclusion

Mr. Chairman, the proposal I bring before you today contains many different elements. What binds these fundamental elements together is the desire to improve the lives of the people and families protected by America's social safety net. As noted by the President when he spoke this year about the need to move forward and improve welfare reform, "The welfare law is a success because it put government on the side of personal responsibility, and it has helped people change their life for the better - helped people realize their dreams; helped people help themselves. That's one of the key principles of the law that makes a lot of sense, that has helped make the law effective." This committee demonstrated its desire to help low-income families succeed when you made the hard choices on the original precedent-setting PRWORA legislation and in your ongoing interest in the impact of these changes. It is time to take the next steps in welfare reform and the President and I stand ready to work with you to achieve even greater successes for America's neediest families.

I would be happy to answer any questions you have.

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THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

JUL 24 2003

The Honorable Charles Grassley
Chairman, Finance Committee
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

I am further responding to your request for information concerning annual funding under the Health Care Fraud and Abuse Control Program (HCFAC) for fiscal year 2003. (This response has been developed collaboratively with the Justice Department (DOJ), and DOJ will answer the final three questions you asked, as those questions only concern the FBI.)

As you know, the purpose of the HCFAC Program, established by the Health Insurance Portability and Accountability Act of 1996 (P.L. 104-191, "HIPAA", or, the Act), is to combat health care fraud and abuse through prevention and control, investigations, and prosecutions. The Act established HCFAC as a joint program of the Department of Health and Human Services (HHS) and the Department of Justice (DOJ). Both the Act and a 1996 memorandum of agreement govern the division of responsibilities.

The Act appropriates monies from the Medicare Trust Fund to an expenditure account, called the HCFAC account, in amounts that the Attorney General and the Secretary of HHS jointly certify are necessary to carry out purposes of the Act. These resources are designed to supplement, not supplant, direct appropriations to HHS and DOJ that are devoted to health care fraud enforcement, though they provide the sole source of funding for Medicare and Medicaid enforcement by the HHS Office of Inspector General (OIG). In this regard, the Act assigns specific authorities to the HHS OIG, and it stipulates the range of funding OIG must receive each year.

The enclosed in-depth answers to each of your questions show that the HCFAC program, and the negotiation process established under HIPAA, work well. A stable, mandatory funding source ensures sustained efforts to prevent, control, investigate, and prosecute health care fraud and abuse. Further, this funding has allowed the two Departments to test and implement new and innovative approaches to combat fraud and abuse. As a result of HCFAC, billions of dollars have been returned to the Medicare Trust Funds since 1997. Finally, coordination of HHS and DOJ anti-fraud and abuse activities has improved.

Page 2 – The Honorable Charles Grassley

We are committed to the goals of the HCFAC program, to the OIG's important role in this process, and to a more expeditious negotiation process. Thank you for your unwavering commitment to controlling health care fraud and abuse.

Sincerely,

A handwritten signature in cursive script that reads "Tommy G. Thompson".

Tommy G. Thompson

Enclosure

RESPONSES TO QUESTIONS FROM SENATORS GRASSLEY AND BAUCUS

Question 1: How effectively has the HHS/DOJ negotiation process supported the intent of HIPAA in providing a guaranteed funding stream for fraud and abuse activities that is not adversely affected by the appropriations process?

Answer: The statute directs that the HCFAC program is to achieve 5 specified goals:

- coordinate Federal, State, and local law enforcement efforts relating to health care fraud and abuse;
- conduct investigations, audits, and evaluations relating to the delivery of and payment for health care;
- facilitate enforcement of all applicable remedies for such fraud;
- provide formal guidance to the health care industry regarding fraudulent practices; and
- establish a national data bank of final adverse actions against providers.

HHS and DOJ believe that the negotiation process has supported the intent of HIPAA to date and that it has been very effective in providing a guaranteed funding stream for fraud and abuse activities.

First, the HCFAC Program statute compels a coordinated and efficient approach to health care fraud enforcement. HIPAA directly appropriates funds to two Departments at once (HHS and DOJ), with a directive that they negotiate funding levels between them, and jointly oversee and coordinate enforcement efforts. This approach avoids duplication between the two Departments' anti-fraud efforts, allows more effective allocation of HCFAC resources, and promotes effective working relationships. Before HIPAA, Federal health care enforcement efforts depended on various appropriations and competing priorities for investigators and prosecutors. With HIPAA, Congress directly appropriated funds from the Medicare Trust Fund (up to ceilings specified in statute) to achieve program goals.

Second, the statute increased funds available for combating fraud and abuse, and most notably, stipulated sums available on a permanent basis. Since law enforcement expenses are largely all personnel costs, a permanent level of funding permits long range hiring and staffing decisions. Moreover, the funding levels increased at a reasonable rate, designed to permit build-up of staff at a progressively sustainable rate. The HCFAC program has proven its effectiveness in detecting and preventing health care fraud, as well as extending the life of the Medicare Trust Fund. The HCFAC program has shown a great return on investment. In FY 2001, for example, the total appropriation was \$182 million. In their annual report of program accomplishments issued in April 2002, the Secretary and the Attorney General announced that in fiscal year 2001 alone, the government collected over \$1.3 billion in health care cases, with over \$1 billion of that amount returned to the Trust Fund. In FY 2002, the amount collected for health care fraud was approximately \$1.6 billion dollars, an increase of \$0.3 billion and a new record, with \$1.4 billion being returned to the Medicare Trust Fund.

Third, the statute provides flexibility to HHS and DOJ in developing and implementing anti-fraud activities. While there are some specific requirements, the statute generally authorizes HHS and DOJ to "conduct investigations, audits, evaluations, and inspections relating to the delivery of and payment for health care in the United States," and facilitates related administrative enforcement actions. This broad directive allows for wide latitude in responding to changes in the health care industry, and permits creativity in enforcement efforts. Our negotiation process benefits from this flexibility in the statute.

Since HIPAA was enacted, the appropriation has increased by 15 percent per year. This increase has helped support the health care fraud and abuse programs identified within each component. FY 2003 is the last year that the appropriation is slated to increase. For FY 2004 and beyond, the amount available for the HCFAC Program will be capped at the current level of \$240.6 million.

Question 2: Why was the HCFAC negotiation letter not concluded by October 1, 2002?

Answer: In FY 2003, the negotiation process was delayed because DOJ preferred to defer negotiations until its 2003 appropriation was enacted, due to the uncertainty of funding available to support health care fraud (HCF) litigation activities. The level of funding appropriated directly to DOJ through the usual appropriations process has bearing on the allocation between HHS and DOJ (and within DOJ). Congress agreed to the conference report for the Consolidated Appropriations Reso-

lution, 2003 on February 13, 2003, which the President signed into law on February 20, 2003. DOJ agreed to begin negotiations in March 2003.

Although the negotiation letter was not concluded by October 1, 2002, HHS and the Office of Management and Budget (OMB) took necessary steps to apportion the HCFAC funds as required by law. For the purposes of that apportionment, we used the 2002 negotiated agreement as a reference point, which maintained a placeholder for the OIG at its statutory funding limit of \$160 million for fiscal year 2003. Given that final negotiations had not been concluded at that time, \$150 million of the \$160 million annualized level was allocated to the OIG in order to preserve funding options pending a final negotiated agreement. Thus, OIG was provided the maximum amount of the statutory range of funding (\$150 million–\$160 million) that could be provided prior to final negotiations with DOJ.

Question 3: When have the negotiations concluded for the past three years?

Answer: FY 2003 negotiations between HHS and the DOJ concluded on April 29, 2003.

FY 2002 negotiations between HHS and the DOJ concluded on January 9, 2002.

FY 2001 negotiations between HHS and the DOJ concluded on January 8, 2001.

FY 2000 negotiations between HHS and the DOJ concluded on July 26, 1999.

Question 4: Please describe the mechanics of the negotiations process and address the following:

Who is responsible for beginning the negotiations?

Answer: HHS and DOJ have administered these funds in a collegial environment and communicate on a regular, informal basis regarding the offices and programs funded through HCFAC. As the Department that manages the funding source for HCFAC activities, HHS has typically approached DOJ to initiate negotiations. Of course, either Department has the authority to begin the negotiation process.

Who participates in the negotiations?

The Secretary has delegated responsibility for HCFAC negotiations to senior career staff in the office of the Assistant Secretary for Budget, Technology, and Finance (ASBTF), who in turn have included representatives from the OIG in the process.

Who decides who the participants will be?

At HHS, the ASBTF decides who from that organization will participate the negotiations, while at DOJ, the program office with direction from the Deputy Attorney General's Office selects the participants. Participants from both Departments tend to be senior career staff who work on the regular appropriations process.

What is the basis of these decisions?

The basis for participants in the negotiations ultimately comes from the Secretary of HHS and the Attorney General of the DOJ, who by statute, are given the authority to negotiate final HCFAC funding levels. As with most authorities granted to the head of a Department, the Secretary and Attorney General have delegated implementation of the negotiations to other officials within their respective Department—to ASBTF at HHS, and to the Deputy Attorney General's Office at DOJ. All final funding decisions require the approval of the Secretary and Attorney General, or their designees.

How does each agency determine its initial negotiating position?

HHS determines its initial negotiating position by soliciting requests for funding from the interested agencies, analyzing those requests, and then recommending funding levels to the Secretary of HHS. The Secretary's decision forms the basis for starting negotiations.

First, the ASBTF issues an annual call letter, the Request for HCFAC Program Funds, to HHS agencies. In response, the agencies send the ASBTF a narrative justification for their request, with supporting information that includes performance information. The ASBTF, with input from the OIG, evaluates these agency documents and prepares a decision memo for the Secretary. The OIG's analysis of the agency requests are an important element in ASBTF's recommendations. The Secretary's decisions on ASBTF recommendations are the starting point of our negotiations with DOJ.

How do the two agencies work out disagreements?

If funding disagreements arise, HHS and DOJ attempt to resolve the issue informally at the career staff level or the ASBTF/Deputy Attorney General level. In some cases, this has required further discussion between the two Departments, additional meetings, and exchanges of information. In the end, all final HCFAC funding decisions have the approval of the Secretary and Attorney General, or their designees.

Question 5: Why was the OIG not included in the negotiations process this year?

Answer: The OIG has played a significant role in the negotiation process in every year of HCFAC's existence. For the FY 2003 negotiations, the OIG was consulted during every step.

HHS and DOJ expedited the FY 2003 negotiations once they began, and moved quickly to conclude them. FY 2003 required an expedited process because negotiations were delayed until after DOJ received their FY 2003 appropriation. HHS and DOJ held only one face-to-face meeting, in April, with the remainder of the negotiations completed through e-mail and facsimile. Even though the process was expedited, the OIG was involved. They analyzed and commented on all the potential projects that were brought to the negotiations table, as well as concurred with the final negotiated agreement.

Question 6: What is the allocation of funding for DOJ and HHS?

Answer: For FY 2003, the negotiated funding allocation is HHS: \$191,143,000; DOJ: \$49,415,000. The HHS funding allocation includes \$160,000,000 for the HHS/OIG, the maximum allowable under HIPAA.

Question 7: What is the basis of allocation?

Answer: The funding allocation is based on the levels needed to further the statute's goal of preventing and controlling health care fraud and abuse, as identified by HHS and DOJ. Each year, the agencies identify their enforcement priorities and initiatives. As in the past, the funds are used to further these enforcement priorities.

The basis of the FY 2003 allocation, specifically, was the negotiated agreement that each Department was to receive approximately the same percentage increase (24 percent for HHS, and 25 percent for DOJ) over its FY 2002 base funding level, with some litigation spending removed from the FY 2002 base (which was an agreement the two Departments reached previously).

Question 8: How do HHS and DOJ determine HCFAC funding needs for its agencies/programs?

Answer: ASBTF solicits proposals from agencies within HHS, and, along with the OIG, evaluates the proposals received to ensure they reflect program goals, provide evidence of successful performance, and further the priorities of the Attorney General and the Secretary of HHS. Specifically, ASBTF asks agencies to submit prior year accomplishments, including performance measures, that helped achieve strategic goals.

ASBTF recommends that the Secretary fund those projects which are the most efficient use of HCFAC funds. Agencies are asked to provide detailed descriptions of how the funds will be used and how the activities meet the objectives of the authorizing statute; an explanation of interactions with other entities receiving HCFAC Program funds; a description of how HCFAC activities relate to similar activities funded through non-HCFAC sources; and a justification of how the HCFAC activities are consistent with the goal of having a return on the investment.

DOJ and HHS are aware of the other's funding needs as a result of the open lines of communications between the two Departments.

Question 9: How do HHS and DOJ agencies justify the funding they receive?

Answer: The ASBTF issues a budget call letter to HHS agencies who, in turn, request HCFAC funds. In the late spring or early summer, these agencies send back a budget request complete with a justification for the projects that they wish to fund. Their justification must include how prior year funds were spent, including performance measures as well as plans, and performance measures for activities that they wish to pursue in the coming year.

These justifications are reviewed to determine: whether the specific project meets the statutory criteria for use of HCFAC funds; whether the activity is consistent with the President's efforts to combat health care fraud, waste, and abuse; whether the proposed activity could or should be funded by another funding source; or whether the requested funds supplement current or supplant any other funding.

Please provide a breakdown of how the HIPAA funds have been allocated for the past three years.

FY 2002 allocation: DOJ: \$55.2 million; HHS: \$154 million (HHS/OIG accounted for \$145 million of the HHS total).

FY 2001 allocation: DOJ: \$43.5 million; HHS: \$138.4 million; (HHS/OIG accounted for \$130 million of the HHS total).

FY 2000 allocation: DOJ: \$35.1 million; HHS: \$123.1 million; (HHS/OIG accounted for \$119.3 million of the HHS total).

**Questions for the Record
Senate Finance hearing on "Welfare Reform: Building on Success"
March 12, 2003**

Questions from Senator Max Baucus

#1 Marriage Promotion and Domestic Violence

Q. Mr. Secretary, I've expressed concerns about the proposal to promote marriage. In my State, people don't think the government should be getting into the people's personal lives and are pretty skeptical about it.

One particular concern is about domestic violence. Unfortunately, far too many women are still victims of abuse. I see that in Oklahoma "baseline survey" on marriage, 47% of the women who had been divorced and ended up on TANF had suffered from domestic violence. So I want to make sure that any marriage promotion proposal includes safeguards for domestic violence. Would you agree that participation in any of these programs should be voluntary? And would you also agree that groups receiving marriage promotion funding should be required to work with local domestic violence coalitions to ensure they have the proper awareness of this tragic problem?

Secretary Thompson:

As I've discussed the Administration's reauthorization proposal, I have always emphasized that promoting healthy marriages cannot, intentionally or unintentionally, result in policies or practices that force people to enter or remain in abusive relationships. In announcing and awarding research, evaluation, demonstration and technical assistance funds that promote healthy marriage and family formation activities, we will encourage States to provide similar assurances and describe, in their proposals, consultations with domestic violence coalitions and how they intend to address domestic violence. The pre-marital and marital education activities and programs funded through our proposal will increase our knowledge base about effective marriage promotion techniques through innovative programs, including programs designed to help couples constructively deal with conflict.

The marriage promotion grants do not affect the Family Violence Option, a current provision of TANF that requires participating States to screen all clients for domestic violence, to provide counseling and supportive services and, where necessary, waive any program requirements to victims of domestic violence and their families. Nearly all States have adopted this provision and are already screening for and providing services to victims of domestic violence.

I certainly agree that marriage programs and activities such as pre-marital, marital education and divorce prevention services should be voluntary. The choice to marry and who to marry is a private decision. Promoting healthy marriages is not about forcing

anyone to get or stay married and government should not get in the business of telling people whether or whom to marry. Our emphasis is on healthy marriages that provide a strong and stable environment for raising children, not marriage for the sake of marriage.

We expect one component of an integrated, healthy marriage effort to entail broad public outreach and information dissemination to explain the benefits of marriage and enhance skills that improve a couple's ability to deal with conflict and succeed in marriage. With this information, clients can then freely choose whether they want available services and the types of services. We also want States to examine policies and remove disincentives to marriage that punish, rather than support, low-income couples who choose to marry. Such changes will provide equitable treatment for all two-parent married families.

#2 SSI Benefits

Q. Mr. Secretary, you say that the Administration “supports the framework: of S.5, the welfare bill introduced by Senator Talent. There is a provision I’ve noticed in that bill which surprised me and caused concern. I’d like to get your reaction to it.

As I read S.5, States would be able to impose work requirements on SSI recipients. I find that odd, given that SSI recipients are – by definition – disabled. Does the Administration support work requirements for the disabled? Would you agree Senator Talent has gone too far here?

Secretary Thompson:

The Administration believes that Senator Talent's bill incorporates many of the principles in the President's TANF reauthorization proposal. However, the President has not proposed everything in S. 5.

The Supplemental Security Income (SSI) program was designed as a national program with uniform and objective eligibility criteria. Titles VII and XVI of the Social Security Act provide the Commissioner of Social Security with sole authority to make SSI eligibility determinations. The SSI program was created to provide a minimum floor of income to individuals who are not able and are not expected to support themselves through work because of age, blindness, or disability. Unlike the family assistance programs, SSI benefits are paid to disabled individuals on the basis that they are unable to support themselves through work. For those SSI beneficiaries who may be able to work there are a number of work incentives to support an individual's efforts to return to work, including income disregards and continued Medicaid eligibility. In December 2002, nearly 341,000 SSI recipients benefited from these work incentives. S. 5 would require SSI beneficiaries to work, participate in a rehabilitation plan, and receive employment services through State Vocational Rehabilitation agencies. The Administration believes that the key goals of the Ticket to Work program, e.g., allowing beneficiaries to volunteer to receive employment support services and offering more choice of providers for those who receive these services, represent powerful work incentives.

#3 “Super-Waiver”

Q. Mr. Secretary, you have again requested so-called “Super-Waiver” authority to integrate TANF with programs like Food Stamps. Clearly, our programs to assist low-income families sometimes don’t interact well and they could be better coordinated. There’s a lot of concern that it would significantly diminish Congressional authority.

Let me suggest a better way to go. States told us a few years ago of a problem with the different rules around cars in TANF and Food Stamps. So we legislated a simple option allowing States more flexibility, allowing them to use their TANF rules in food stamps. States don’t have to bother with waivers and members of Congress are respected. It’s win-win. Why doesn’t the Administration submit a list of options needed to co-ordinate programs? Better yet, ask the States for the list of “20 stupid things” that interfere with program co-ordination. Send it up here and let us work on that.

Secretary Thompson:

We believe that the President’s proposed new waiver authority will allow States to build stronger, more integrated and effective service delivery systems across a broad range of public assistance and training programs. Under these waivers, States will be able to improve the effectiveness of their programs by delivering more seamless services through integrated welfare and workforce assistance programs. We feel that the flexibility of the waiver approach has the advantage of allowing States to effectively target their resources and implement service delivery systems that are responsive to the needs of their respective populations.

#4 Abstinence Education

Q. Mr. Secretary, I want to commend you and the President for raising the Administration’s efforts to combat AIDS in Africa. But we’re also concerned with AIDS here in the U.S.

I’m worried that the “abstinence only” programs, including the Adolescent Family Life Act and SPRANS program of the Maternal and Child Health block grant, leave teenagers in the dark about how to protect themselves from AIDS. We should lead with an abstinence message. That’s something I fully agree with. But why can’t we require these programs to be “medically accurate”? In this era of AIDS, don’t we need to make sure all of our young people, including those who are gay, know how to be safe?

Secretary Thompson:

Federal support for programs that convey a clear and consistent message of abstinence to young people – whether it be from drugs, alcohol, violence or cigarettes – has been strong for many years. However, programs conveying the same message with regard to sexual activity have not received the same level of commitment. Until 1996 and passage of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), the only Federal program supporting abstinence education for teens was the Adolescent Family Life Act.

In 1996, Congress passed PRWORA, which included Section 510 of Title V of the Social Security Act. This law authorized and appropriated \$50 million for each fiscal year 1998 through 2002 for matching grants to enable States to provide abstinence education, with a focus on those groups most likely to bear children out of wedlock. In the first year of the program 52 States and jurisdictions implemented a section 510 Abstinence Education Program. Since FY 2000, 53 States and jurisdictions have received Section 510 funding. The programs have varied from full year programs offered in schools to multimedia public awareness campaigns. The Assistant Secretary for Planning and Evaluation is currently conducting an evaluation of the scope and methods of several of the programs funded under Section 510. An interim report released last year found that “youth tend to respond especially positively to programs when the staff are unambiguously committed to abstinence until marriage” and that “the Section 510 abstinence education programs...have gained support because they are more than ‘Just Say No’ programs.” In fact, “they offer a breadth of services and activities designed to support youth, equip them with knowledge and decision-making skills to help them make good choices, and provide them with constructive activities that are fun and widely perceived as good for kids.”

In FY 2001, by Congressional appropriation, the Health Resources and Services Administration (HRSA) issued the first grants for direct community-based abstinence education programs, which comply with the Section 510 abstinence education definition. Fifty-three projects received funding from the \$20 million available for these activities. In the second year, FY 2002, the appropriation for the program doubled and 59 new grants were awarded.

Our experience with both state and community interest in abstinence education has demonstrated the strong support that parents and policymakers give to a consistent and unambiguous message to young people that the only 100% certain way to prevent out-of-wedlock pregnancy and a host of STDs is abstinence. This message is not only medically accurate but also critical for young people to hear. While condoms, when used consistently and correctly, are effective in reducing the risk of HIV/AIDS transmission and in preventing gonorrhea in men, there have not been conclusive studies showing their effectiveness in preventing many other STDs. The lack of information on the effectiveness of this intervention reinforces our obligation to tell teens that the best possible choice for them to make when deciding whether or not to engage in sex is the choice to remain abstinent until marriage.

However, it is important that abstinence educators are well informed on the most current information regarding the transmission and prevention of STDs, including AIDS.

Toward this end, in September 2002 HRSA's Maternal and Child Health Bureau awarded an Abstinence Education Technical Assistance Contract. Among the tasks to be performed is the development and implementation of a program to provide medically accurate information and training to Abstinence Education program grantees.

For many years the Federal government has provided a great deal of funding for pregnancy and STD prevention programs which encourage the use of condoms and contraceptives for those who are or intend to be sexually active, and the appropriation for those programs has not decreased – in many cases it has increased – since the growth of Federal support for abstinence education programs. However, those with experience in abstinence education believe that the effectiveness of the abstinence message is weakened by the promotion of contraceptive and condom use in the same context.

#5 Charitable Choice

Q. Do you support language similar to the language that is already in the Substance Abuse and Mental Health Services Administration that says "Nothing in this section shall be construed to affect any state or local law or regulation that relates to discrimination in employment, including in the provision of employee benefits."

Secretary Thompson:

We intend to give this point very serious consideration when writing the final regulations on the charitable choice provision. The charitable choice statutes all take somewhat different approaches to this issue, and our goal is to ensure that Congress's intention is implemented for each program. The regulation mentioned above is based on the charitable choice law applicable to the Substance Abuse and Mental Health Services Administration at 42 USC, chapter 6A, subchapter III-A, Part J, section 290kk-1(e) which states:

"Nothing in this section shall be construed to modify or affect the provisions of any other Federal or State law or regulation that relates to discrimination in employment. A religious organization's exemption provided under section 2000e-1 of this title regarding employment practices shall not be affected by its participation in, or receipt of funds from, a designated program." (42 USC 290kk-1(e))

However, the Charitable Choice provision applicable to the TANF program, at 42 USC 604a, does not contain the first sentence of the above-cited provision. And, thus far, we don't think there is any evidence to support the need for such a sentence being added to the charitable choice statute. Section 604a preserves a religious organization's Title VII exemption, enabling the organization to hire individuals of a certain religion to do work connected with the organization's performance of its activities without running afoul of Title VII.

Q. Do you believe that state and local civil rights laws remain in effect even where state and local funds used to the "maintenance-of-effort" requirements are intertwined with federal funds?

Secretary Thompson:

The Civil Rights provision at 42 US Code, chapter 21, subchapter IX, section 200h-4 addresses the applicability of consistent State laws. As you know, this section states that

"Nothing contained in any title of this Act shall be construed as indicating an intent on the part of Congress to occupy the field in which any such title operates to the exclusion of State laws on the same subject matter, nor shall any provision of this Act be construed as invalidating any provision of State law unless such provision is inconsistent with any of the purposes of this Act, or any provision thereof."

Therefore, when State funds are commingled (intertwined) with Federal funds, both Federal and State/local civil rights laws apply, provided such State/local civil rights laws are not inconsistent with Federal laws. We intend to respond to this issue in greater detail when writing the final regulations on the charitable choice provision.

#6 Healthy Marriage Funding

Q. How will you ensure that the marriage promotion funds you've proposed will not be used to discriminate against those who cannot be married, such as gay couples? Will they be eligible for the relationship skills courses you describe?

Secretary Thompson:

The purpose of these funds is to improve child well-being by helping those who chose marriage for themselves, develop skills and obtain knowledge that will help them form and sustain healthy marriages. Relationship skills training certainly could be part of a program proposed for this funding, provided the program's central objective is to help couples build healthy marriages.

#7 Child Support Enforcement

Q. Interstate child support cases are among the more difficult to make collections on, given the jurisdiction issues. How are we using the IRS "full collection" tool and could it be used more effectively in interstate cases?

Secretary Thompson:

The Office of Child Support Enforcement (OCSE) presently has approximately one thousand Full Collection cases certified at IRS. Currently, full collection case actions are an entirely manual process for IRS, which means that it is costly for IRS to implement and operate. OCSE performed a pilot in the past with IRS to look at the effectiveness of the full collection process, with a view to automating the process and focusing on high profile cases. However, IRS found that the program was not particularly effective, with a collection rate of two percent over the four years of the study. There were 698 "high profile" cases in the pilot, with collections of only \$1,198,497 over the four-year period.

Rather than attempt to expand the IRS Full Collection process, HHS is proposing other enforcement remedies to improve interstate child support collections. For example, the President's FY 2004 budget proposes to give OCSE the authority to take administrative action on behalf of a State to freeze and seize assets in accounts in multi-state financial institutions to satisfy child support obligations to ease the significant barriers States face in taking action to seize funds in financial institutions outside their State.

Q. I've been advised that significant funds within the child support system are undistributed. What steps is the Administration taking to ensure collections are quickly and appropriately distributed by states?

Secretary Thompson:

There are many reasons why a payment may be undistributed. Some of the reasons have to do with payments that are delayed due to timing, legal, or definitional issues (e.g., a spouse may have a claim on a federal tax refund from which child support has been withheld). The Federal Office of Child Support Enforcement (OCSE) established an Undistributed Collections (UDC) workgroup to look into this issue and it is working on a number of fronts to address undistributed collections including:

- Currently States only report the total amount of UDC. We are revising the reporting form, to capture information on how much of the UDC is due to timing issues and will be distributed shortly, and what portion represents collections that require additional research to disburse. Preliminary data indicate that over 40 percent of UDC have been held for less than 30 days.
- OCSE is sharing data from the Federal Tax Offset file with States. These data will help to ensure that States are not holding too much in tax collections.
- OCSE and the National Council of Child Support Directors (NCCSD) are working together to develop a supplemental schedule that states would use to report detailed categories of UDC and how long the funds have been held.
- OCSE and NCCSD are currently conducting a voluntary survey of States to collect detailed data on UDC by the various categories. This will give us information prior to the start of the new forms.

- OCSE has hired a contractor to provide technical assistance to states on UDC. The contractor will identify problem areas and recommend solutions.
- OCSE is contacting states to identify best practices regarding UDC. These best practices will be shared with the other states.
- OCSE is funding several UDC-related 1115 demonstration grants.

Questions from Senator Rockefeller

Child Care

Q. Our country and my State are in an economic downturn. Jobs are harder to find. Since June 2000, West Virginia's welfare caseload has increased from 10,661 families to 16,000. Previously my State had more than a 50% caseload decline, but as our economy has changed so has the need for temporary welfare help.

Because of the downturn and increased needs, West Virginia has reduced child care help - in past families at 200% of poverty got child care help, now only families at 150% of poverty- which is about \$2,300 for a family of 3 - and such families face higher pay co-payments of half of their child care costs.

In 1996, we merged all our child programs into a single block grant to promote coordination and collaboration. But I cannot support any back door effort to eliminate child care subsidies for low-income families or families at risk of welfare because of unfunded mandates in a new welfare package.

Lack of child care undermines welfare reform in my view, and I would like to know how much funding will be available for low income families who are also supposed to benefit from the Child Care Development Block Grant?

Secretary Thompson:

We know that child care is essential for many working parents and we are maintaining the historically high level of commitment to child care, along with the enormous flexibility for States in how they use their Temporary Assistance for Needy Families (TANF) and Child Care and Development Fund (CCDF) block grants. Collectively these two programs, along with the Social Services Block Grant, provide over \$11 billion in Federal and State funding for child care. In addition, there are a number of programs, including Head Start and State funded Pre-K, that are serving children who might otherwise be in need of child care services during the hours that they attend those programs.

The degree to which these funds support TANF recipients versus other poor or low income working families is largely a matter of State choice--depending on how a State chooses to implement its program. Nationally, about 20 percent of families receiving CCDF assistance are current cash assistance recipients. About 48 percent of the families are families above poverty.

Within CCDF, States have the flexibility to define income eligibility (up to 85% of State Median Income), set the parent co-payment scale, determine provider reimbursement rates (as long as equal access to a range of care is ensured), and define the target populations served. This allows them to design programs to fit their needs and priorities.

According to West Virginia's CCDF plan, the State targets its voucher money to meet the needs of families who are receiving TANF, families who are attempting through work activities to transition off TANF, and families who are at risk of becoming dependent. In the event West Virginia must establish a waiting list (the State did not have one as of February 2003), very low income families (40% of Federal Poverty Level) are exempted from waiting, regardless of their TANF status.

Given the reduction in the cash assistance caseload, States have significant TANF resources available that they can use for child care. Nationally, the number of families receiving TANF assistance has dropped by 54.1 percent since the TANF legislation was enacted in August of 1996. In West Virginia, the family caseload has declined by 59 percent during this period. The national caseload continued to decline in fiscal year 2002 despite economic conditions. According to caseload data reported by West Virginia to HHS, the number of TANF families in the State declined from 16,197 in December 2001 to 15,183 in June 2002--a decline of 6.3 percent. The Administration is committed to maintaining TANF's original funding level even in light of this decline.

States can use TANF dollars directly for child care or transfer up to 30% to the Child Care and Development Fund (CCDF). In fiscal year 2002, West Virginia did not transfer any TANF dollars to CCDF but spent over \$28 million in TANF funds directly on child care. (The State used a similar amount of TANF for child care the previous year). The Administration's welfare reform proposal would allow States to use unobligated TANF balances on services other than assistance--such as child care. Unobligated funds at the end of FY 2002 were over \$2.4 billion nationally. West Virginia had a \$29 million unobligated balance.

Substance Abuse Treatment

Q. The President talks about the flexibility to provide substance abuse treatment to welfare families for 3 months. If the goal is to ensure that TANF parents get treatment to deal with substance abuse, how can States offer services without additional funding? Or will you propose a set-aside to ensure that TANF parents are targeted for treatment with new funding for substance abuse?

Secretary Thompson:

We are not proposing to establish a new set-aside for TANF parents who need treatment for substance abuse. Our proposal is to maintain the current level of funding for the TANF program. These funds will be distributed among the States and territories as in current law. Since TANF caseloads are down dramatically from the inception of the program, full funding will allow States to supplement their recent investments in welfare-to-work programs and post-employment supports, including substance abuse treatment, that enable families to obtain and retain employment, enhance skills, and move up the career ladder.

One strategy that we have found to be particularly effective is for States to partner with the Substance Abuse and Mental Health Services Administration (SAMHSA) in funding for treatment and appropriate technical assistance. We urge States to work closely with SAMHSA in the implementation of substance abuse treatment programs for needy TANF families.

I would also like to take this opportunity to note that the President's FY 2004 budget for SAMHSA provides a new \$200 million State voucher program for substance abuse treatment. These vouchers could be used by TANF recipients to access substance abuse treatment.

Contingency Fund

Q1. How many States have received contingency funds since March 2001 when recession started? Please share the list of States and the amount of funding received.

Secretary Thompson:

No state has received contingency funds since March 2001.

Q2. How many States would have met the trigger under the Administration/House's contingency fund proposal? Of those, how many reported meeting a 100% MOE requirement? How much would such states have had to increase their qualified state expenditures in order to qualify for contingency funds? At the point they qualified, what match rate would they have faced?

Given that states were cutting expenditures of state general funds substantially over the last two years, how many states would have been able to meet this 100% MOE requirement and put up matching funds?

Secretary Thompson:

If the House's Contingency Fund (CF) proposal had been enacted last year and been in place for all of fiscal year 2003, we estimate that roughly 16-22 states would have met either the unemployment or food stamp triggers at least once during the year. We provide a range, from 16 to 22 states, because the number depends very much on state-by-state economic conditions. This estimate is based on four alternate scenarios for how different state unemployment rates could vary above and below the national unemployment rate projected in the President's fiscal year 2004 budget.

Note that the proposed triggers are the same as under current law, except for a small adjustment to the food stamp trigger, to adjust for policy expansions such as last year's Farm Bill.

Under the Administration and House proposal, the definition of qualified state expenditures for the Maintenance of Effort (MOE) requirement for the Contingency Fund would expand to be the same as the definition under the overall TANF program, i.e., states could count expenditures for both child care and Separate State Programs toward the CF MOE requirement. Only one of the 51 states is currently reporting regular TANF MOE expenditures at 100% of previous levels. In order to qualify for contingency funds, the other states would have to increase their qualified state expenditures from current reported levels -- which generally range from 75 to 94 percent of MOE. To reach a 100% MOE requirement would therefore require a 6 to 33 percent increase in reported MOE funds.

At the point they qualify, states would face the standard Federal Medicaid Assistance Percentages (FMAP) matching rate if our proposal were enacted. This is an improvement over current law, under which the Federal matching rate payable to a state is reduced to the FMAP times 1/12 times the number of months the state received contingency funds as part of the annual reconciliation process.

Currently, most States report the 75 or 80 percent of Maintenance of Effort funds required for regular TANF program operations. In absence of a large increase in TANF caseload or other pressure leading agencies to seek Contingency Funds, we do not anticipate many states will report higher than 75 or 80 percent of MOE funds. If States do need to show higher levels of MOE spending, they would benefit from the flexibility in what is allowable as qualified state expenditures, particularly under our proposal, which would include child care programs and Separate State programs as countable toward the MOE requirement. It is possible that some existing state spending not currently reported as TANF MOE could meet the definition of qualified state expenditures.

Q3. How many states would have qualified for contingency fund grants (i.e., both met a trigger and had caseload increase) under the Senate Finance bill? How much, if at all, would those states have had to increase state funding to access those funds?

Secretary Thompson:

If the Contingency Fund proposal in the bill reported out of Senate Finance Committee last year had been enacted last year, we estimate that roughly 45-46 states would have met the expanded unemployment, food stamp, or TANF caseload triggers in the SFC proposal at least once during fiscal year 2003. (The specific triggers are described further below). As in our analysis of the House proposal, this estimate is based on four alternate scenarios for how state unemployment rates could vary above and below the national unemployment rate. However, this analysis was done last July, and so was based on economic projections in the President's fiscal year 2003 budget. The estimates could change somewhat if re-estimated with updated economic conditions and caseload trends.

We further estimated that of those 45-46 states meeting the triggers, 25-26 states could have drawn down Contingency Funds in fiscal year 2003. The number of states drawing down funds would be lower than the number of states qualifying as a needy state because, under last year's Senate Finance Committee proposal, states could not draw down funds unless they had less than 30 percent in unexpended TANF balances and unless they had increases in TANF caseload of more than 4 percent. Qualifying states would receive funds on the basis of an estimate of 100% of the costs of the rise in the TANF caseload, reimbursed at the higher of 60% or the state's Federal Medicaid Assistance Percentage (FMAP) rate. The reimbursement calculation would not include the first 4% of state's caseload increase and a state could not receive an amount larger than 10% of its TANF allocation (including supplemental grants) from the contingency fund in a single year.

Under last year's Senate Finance committee proposal, the state maintenance-of-effort (MOE) requirement for the Contingency Fund would be reduced from 100% of historic spending levels to the standard TANF MOE requirement (75% in general but 80% if the state fails work participation standards). States would not therefore have to increase state funding, except for the matching requirement.

More states would trigger under last year's Senate Finance Committee proposal than under the Administration's proposal as reflected in H.R. 4 because of the expansion in the triggers. Under the Senate Finance bill, States would qualify if they met any of the following triggers:

1. Unemployment Trigger. Either an increase of total unemployment (seasonally adjusted) of 1.5 percentage points or an increase in the total unemployment rate of 50 percent or an increase in the insured unemployment rate of 1 percentage point. Each of these would be compared to the corresponding three month period in either of the two preceding years; or
2. Food Stamp Trigger. An increase in the number of Food Stamp households of 10 percent or more compared to the corresponding three month period in either of the two preceding years provided that the Secretary of Agriculture determines the increase was caused, in large measure, by economic conditions rather than State policy; or
3. TANF Caseload Trigger. An increase of 10 percent or more in the number of TANF families compared to the corresponding three month period in either of the

two preceding years provided that the Secretary of HHS determines the increase was caused, in large measure, by economic conditions rather than State policy.

Workforce Issues

Q1. How can we ensure that all workplace laws, including minimum wage, health and safety laws, and civil rights will apply equally to parents in workfare programs?

Secretary Thompson:

We recognize the importance of workplace and civil rights protections and continue to support the current oversight and technical assistance responsibilities that are vested in the Department of Labor (with respect to the enforcement of various workplace laws, including applicable Federal minimum wage, equal employment, and health and safety requirements), the Department of Health and Human Services' Office of Civil Rights, and other Federal agencies. We believe that the efforts of these organizations are sufficient to ensure equitable treatment of parents engaged in workfare programs.

Q2. President Bush has called for universal participation and engagement of families in the TANF program, and the key to success on this important initiative is quality training of caseworkers and reasonable caseloads. How can we ensure training and reasonable caseloads for workers given lack of funding and State fiscal constraints? How do we also ensure that caseworkers are protected in cases of violence?

Secretary Thompson:

Decisions regarding caseload size, qualifications of staff, in-service training, and office security have traditionally been State agency responsibilities. We believe that such decisions should continue to be left to the discretion of the State agencies.

Child Support Enforcement

Q1. Mr. Secretary, can you describe the extraordinary child support pass-through program that you initiated as Governor of Wisconsin, and can you explain how the Wisconsin program compares to the legislation that I cosponsored in the last Congress with Senators Snowe and Kohl? Given your experience in Wisconsin, don't you agree we should give States the option, and incentive to return all child support to families?

Secretary Thompson:

Under a Federal waiver, Wisconsin passes through and disregards 100% of current support collected for any child receiving assistance. Under our proposal, the Federal government would share in the costs of amounts passed through to families and disregarded for purposes of determining TANF eligibility. We would waive the federal share of amounts passed through and disregarded that are above the State's pass-through and disregard amount in a base year, up to the greater of \$50 per month or the difference between \$100 and the base-year amount. Under the pass-through provision in the legislation you cosponsored with Senators Snowe and Kohl last year, States would be allowed to pass through and disregard up to \$400 a month for a one-child family and up to \$600 a month for larger families without paying the Federal share of the collection.

Child support is a critical resource for a family's self-sufficiency. Wisconsin's experience supports allowing States to make their own policy decisions about the extent that child support collections should be passed through to families and disregarded for purposes of determining eligibility for cash assistance.

The extent of Federal participation in the costs of those decisions must, of course, be partially dictated by budgetary constraints. Our child support proposals are a balanced package that attempts to address competing interests in a fiscally responsible way aimed at ensuring that more support reaches families. Our pass-through proposal and simplified distribution proposals provide incentives for States to take a fresh look at these kinds of policies.

Q2. As one of the sponsors of the provision to create the Medical Child Support Working Group, I would like an update on progress regarding medical support, especially focusing on administration actions to implement the recommendations.

Secretary Thompson:

Medical child support is an important issue for the Department, and we continue our efforts to increase health care coverage through medical support. The National Medical Support Notice (NMSN) was developed and final regulations requiring its use were published jointly by HHS and the Department of Labor in December 2000, after consulting with the Medical Child Support Working Group. HHS is currently drafting additional regulations to address impediments to improving child support enforcement agencies' medical support efforts, taking into consideration the Working Group Recommendations. We recently issued policy guidance to States responding to questions on the use of the NMSN and participated in a nationwide teleconference to explain the policy guidance.

In addition, we are working closely with employers and States to ensure a smooth transition to use of the NMSN. We have negotiated a single point to send the NMSN for

all Department of Defense military and civilian employees, and are working with them toward electronic transmission of the NMSN.

HHS has conducted research to determine the availability of private family health care coverage through both noncustodial and custodial parents, and is currently researching States' efforts to coordinate health care coverage availability between child support, Medicaid and the State Children's Health Insurance Program (SCHIP). We have also awarded grants to States to explore innovative ideas for improving health insurance coverage for children.

Q3. I believe the report recommended that by October 2001, all States were supposed to be using the National Medical Support Notice (NMSN) to enforce medical support orders. This is of huge importance in getting medical support orders enforced. How many States are in compliance, and please provide a list of States that are not and what efforts are underway to encourage use of the notice?

Secretary Thompson

The Child Support Performance and Incentive Act of 1998 (CSPIA) requires that States begin using the NMSN by October 1, 2001, unless a State needed additional time to enact and implement State legislation. If a State needed legislation, the NMSN must be in use no later than the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that began after October 1, 2001.

Thirty-four States, the District of Columbia and the Virgin Islands have implemented the NMSN. The other States are working on necessary State legislation or have recently enacted legislation and will soon be using the NMSN. Federal staff in both regional and central offices are providing technical assistance to States as they enact State laws and implement the use of the NMSN. The Federal Office of Child Support Enforcement has employer liaison staff working with our partners in the employer community to facilitate implementation. Each State has identified an individual for employers and others to contact when they have NMSN concerns.

The 18 entities yet to implement the NMSN include:

Arkansas
Guam
Idaho
Louisiana
Massachusetts
Mississippi

Nebraska
Nevada
New Jersey
New Mexico
New York
North Dakota
Oregon
Pennsylvania
Puerto Rico
Texas
Vermont
Washington.

Q4. In 1998, CSPIA required the HHS Secretary, in consultation with States and affected families, to develop a medical support performance measure based on the effectiveness of States in establishing and enforcing medical support. Can you provide an update on the development of this performance measure?

Secretary Thompson:

The former Secretary of HHS submitted an interim report to Congress in June 1999 indicating that additional time was needed to develop the medical support performance measure and standard. The workgroup of State, Federal and advocacy representatives concluded their work and submitted recommendations for proceeding with a medical support incentive. Those recommendations are under consideration and will be addressed as part of the HHS/DOL joint report to the Congress which we are working with DOL to finalize.

Child Welfare

Q1. The child welfare option is very vague and raises many questions, including why we should take money in the TANF contingency fund and divert it to foster care. Shouldn't we have an adequate contingency fund for welfare and for foster care that are separate and distinct?

Secretary Thompson:

The TANF contingency fund is authorized at a level of \$2 billion. Few States have requested access to this fund for TANF purposes and we anticipate that few States will

need the fund for child welfare purposes. Therefore, we do not believe that we need to have a contingency fund that is separate and distinct for each program.

Q2. In the 1996 welfare law, the Senate took a strong position on maintenance of effort. It is clear that several major funding streams support child welfare, including Medicaid, Social Services Block Grant, and TANF funding. Given the fiscal crisis States are facing, how will you ensure that State and local investments in child welfare will be fully maintained at least at their current levels in all the funding streams so there is not a net loss?

Secretary Thompson:

We have no reason to believe that States will not continue to protect children and provide the same level of funding to their foster care programs. States are legally responsible for and have an obligation to care for the children in foster care. That in itself ensures the States commitment to funding. We are, however, developing a maintenance of effort provision to ensure that States continue to invest in child welfare services at their current levels.

Q3. As I read about the new grant program, I see a quid pro quo that I do not feel very comfortable with. States can invest in prevention but only if they are successful in reducing their current foster care caseloads and not letting any additional children into care. Shouldn't decisions about prevention and foster care be based on the individual needs of children and families instead?

Secretary Thompson:

We agree that decisions about prevention and foster care should be based on the individual needs of children and families. That is what our Option is all about. The program option provides States with additional up front funding that may be used for prevention efforts. States also will realize some savings from the streamlined administrative requirements. In addition, the ability to use title IV-E dollars in a more flexible fashion in and of itself provides the opportunity to enhance preplacement services. To the extent States' prevention efforts are successful, fewer children will need to enter the foster care system.

Q4. As you know, I have been very concerned over the years about ensuring that abused and neglected children have the benefit of a range of federal protections to ensure that they get quality care that is appropriate to their needs. Your staff have assured my staff that all existing protections will be maintained and that is reassuring. I am concerned however about how the federal government will continue to ensure that individual children eligible for the program are afforded the protections in federal law.

Secretary Thompson:

The safety and well-being of children in foster care is a priority for the Department. We will continue to use the Child and Family Services (CFS) Reviews to monitor the safety, permanency and well-being outcomes for children in each State. The CFS Reviews provide critical information and serve a collaborative role between States and the Federal government in improving the child welfare system.

The Department will maintain existing child protections to ensure that States keep their focus on child safety and well being when providing services. In particular, we will continue to require:

- Licensing requirements for foster homes and child care institutions to ensure children are placed in safe out-of-home placements.
- Criminal background checks for foster and adoptive parents to ensure the provider is fit to parent the child.
- Prior to removal from the home, judicial determinations that state it is contrary to the child's welfare to remain safely in the home.
- Judicial determinations regarding reasonable efforts to prevent the child's removal from the home and to achieve a permanency plan every 12 months.
- Permanency hearings through the courts every 12 months for each child in foster care.
- Administrative case reviews every 6 months for each child in foster care.
- Case plans for all children in foster care to identify the goals and steps the agency is taking to provide permanency.
- MEPA and Interethnic Adoption Provisions which prohibit discrimination on the basis of race, color or national origin in making foster care and adoptive placement decisions.

Q5. HHS officials have discussed problems with the "look back" on eligibility for foster care, and I agree this is a serious issue. If you understand that problems of the look-back, why have you not proposed a better eligibility criteria for adoption assistance? How can officials be confident that States will invest in adoption under your proposal?

Secretary Thompson:

The Administration's child welfare proposal is designed to meet the needs of States for flexibility and innovation within their child welfare systems while preserving fiscal responsibility.

Unlike the title IV-E adoption assistance program where spending continues to grow at a rate of approximately 10 percent per year, State title IV-E foster care expenditures are increasing at a much slower growth rate. Therefore, we are maintaining the entitlement to adoption in order to ensure that all children can grow up in a loving and permanent home. States have a financial incentive to move children into adoption as the costs

associated with maintaining a child in foster care, whether it is IV-E or State only, far exceeds the costs associated with a child who has been adopted. Additionally, the Administration is seeking reauthorization of the adoption incentives program to provide specific fiscal incentives to States to increase all adoptions and in particular, adoptions of older children.

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Testimony of Margy Waller
Visiting Fellow
Brookings Institution
Center on Urban and Metropolitan Policy

Senate Committee on Finance
“Welfare Reform: Building on Success”

March 12, 2003

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Mr. Chairman and Members of the Committee, thank you for inviting me to testify. My name is Margy Waller. I am a Visiting Fellow at the Brookings Institution in Washington, DC where my research focuses on welfare and low-income working families. It is an honor to appear before you to discuss the outcomes of the 1996 welfare law, and methods for building on the law's success as you consider reauthorization.

There is a widespread consensus that the implementation of the law has led to some important and positive outcomes. Caseloads have dropped significantly, in large part because adult welfare recipients left the rolls to go to work. In addition, the most common way for welfare recipients to fulfill work requirements is an unsubsidized job in the regular market. Furthermore, states report that nearly two-thirds of all adults are working or participating in activities intended to lead to work.

One of the most surprising positive outcomes of the 1996 law, moreover, has been the ability of states to use the flexibility in the law to "make work pay." The combination of caseload decline, and the promise made and kept by Congress to retain level funding of the Temporary Assistance for Needy Families (TANF) block grant for five years, and the flexibility provided in the TANF regulations, has made it possible for states to invest over half of the block grants in child care, transportation, and other services. Research increasingly shows the importance of these supports for families that stay in the workforce. Given this record of achievement, considerable consensus about the success of the law has emerged.

In view of that, the changes to the 1996 bill contemplated in the administration's proposal for welfare reauthorization are hard to understand. In sum, the proposal seems sure to undermine the success of the welfare law by effectively eliminating the ability of states to employ proven welfare-to-work strategies, and virtually wipe out the progress made in the last six years to use TANF and child care funds to "make work pay".

To see why this is so, my testimony will review the following points:

- States are moving record numbers of recipients into jobs and using the flexibility in the law to engage a high percentage of the remaining recipients.
- States also use the flexibility in the law to provide work supports like child care and transportation that help parents care for their children and remain off welfare to low-income working families.
- There is no evidence that increasing the number of hours an adult must participate in welfare-to-work activities will lead to better employment or family outcomes.
- The administration's proposed work requirements will effectively force states to create costly one-size-fits-all work programs states have generally not used their flexibility to implement on their own.
- There is a growing body of evidence that employment and family outcomes improve when low-income families get work support services like child care, transportation, housing, training, and wage subsidies.

- States report that the administration's proposal would require that they cut funding for these successful work support services in order to pay for large, expensive, and unproven work programs for those remaining on the rolls.

In my testimony, I will first review some important outcomes and lessons of the state and local implementation of the welfare law. Next, I will outline my concern that these successes will be undermined by the limitations and cost of the administration's proposal. Finally, I will make some specific recommendations to the committee for your consideration as you draft a reauthorization bill.

Welfare law outcomes

In 1996, the states and federal government shared the cost of the Aid to Families with Dependent Children (AFDC) program. States had the power to decide which families would be eligible, within some federal rules. And the states and the federal government shared the cost for a welfare check and limited services to every eligible family that came through the door of a welfare office.

The 1996 welfare legislation altered this arrangement significantly.

Now, states get a block grant from the federal government that is roughly equivalent to the amount of federal funds they were getting just before the federal law passed. Congress promised to continue funding the block grants at the same level for six years, even if state caseloads declined. States must continue to spend about 75 percent of the amount they were spending for AFDC. There are new standards and rules for states and recipients, but much more flexibility for administrators in program design.

States must meet work participation requirements, which means that beginning in 1997 states had to have an increasing percentage of their caseloads engaged in welfare-to-work activities defined by the federal law. The state may only count adults who participate in at least 30 hours of countable activities a week toward the rate. Parents with children under age 6 can be counted if they work for 20 hours.

The participation rate requirements increased from 25 percent of the caseload in 1997 to 50 percent in 2001. However, in an attempt to give states credit for moving people off welfare (and hopefully into work) the law rewarded states for reducing the caseload. States get to reduce the participation rate for each percentage point of caseload reduction since 1995. This formula led to a much smaller effective participation rate requirement than anyone anticipated. By 2001, the national effective rate had dropped to five percent as a result of the significant national caseload decline. However, states' actual participation rates are much higher.

Researchers have credited caseload decline of more than 50 percent to a combination of factors: the change in culture resulting from signaling in the federal law; a strong economy that created high demand for entry level workers; and "make work pay" incentives like earned income tax credits, child care assistance, and other supports available to low-income working families.

The low effective rate might be a problem if states had taken advantage of it to eliminate their requirements for participation in work and work-preparation activities. But states have not done that. In fact, a number of states have an effective rate of zero, but are reporting participation in work activities meeting federal definitions in excess thirty percent.

After 1996, most states designed programs with a strict work-first approach. However, within a couple years, many administrators discovered that this strategy did not work well for all recipients. States began to develop more of a menu of strategies for adults with multiple barriers to work like health problems, limited English proficiency, domestic violence, substance abuse, and depression. In addition, recognizing that many recipients returned to the rolls after a job loss or financial setback, some states started to invest in helping recipients prepare to secure a job that holds the promise of paying enough to support a family, and offers opportunity for advancement. Still, the states are committed to requirements for welfare recipients to work toward leaving the welfare rolls and are engaging over 60 percent of recipients in some work-preparation activity.

Flexibility makes success possible

Caseload decline, combined with level funding, and the formula for participation requirements have had the effect of maintaining state flexibility in the law. States used this flexibility in two ways: to create participation options for hard-to-place recipients, and to provide retention and advancement services to low-income working families.

Addressing the needs of adults with barriers to work

States have used the flexibility in the 1996 law to create employment services that meet the needs of recipients with barriers to work, even when the activities are not countable toward the participation rate in the federal law. Thanks to the formula for the participation rate, administrators have been able to engage a large part of the caseload and simultaneously attempt to design the most appropriate plans based on individual and local circumstances.

Our research shows that single mothers in remote rural counties and central-cities counties were more likely than their counterparts elsewhere to have been poor and on public assistance for extended periods of time during the 1990s. In addition, the long-term welfare caseload is increasingly concentrated in metropolitan areas with larger cities. These families may require additional support to move from welfare to work: services such as skills training for new employment opportunities, or transitional work to prepare for the expectations of the workplace.

Improving job retention and advancement

Studies of families leaving welfare generally find that about two-thirds to three-fourths of all "leavers" work at some point. However, this does not mean they find full-time year around jobs. These families are working, but poor. Many remain below the federal poverty line and are very much in need of work support services if they are to stay in the jobs and move up the ladder of work. States use their flexibility to invest in work support services like child care and transportation for these families.

- States report that the administration's proposal would require that they cut funding for these successful work support services in order to pay for large, expensive, and unproven work programs for those remaining on the rolls.

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- 1) increasing the number of hours an individual must participate in order to count toward the rate
- 2) narrowing the activities that count toward the work activities hours (the first 20 under current law, and 24 under the proposal)
- 3) increasing participation standards for states by
 - a) increasing the rate, and
 - b) eliminating the existing caseload reduction credit, replacing it with a credit that will not reduce the rate so significantly

Of course, the three parts are inseparable because each has an impact on the others. For example, analysis of existing welfare to work programs indicates that increasing the participation rate above 50 percent would require counting *any activity*, and *all participants regardless of the number of hours of participation*. This was apparent in the state responses to a survey last year. States reported that over 60 percent of adult welfare recipients are engaged in *some* work-related activity, as defined by state or federal law. However, only 29 percent are active for at least 30 hours in activities that count under current law.

Increasing the number of hours of participation creates a number of problems:

- Most adults in countable activities are working in the regular labor market where they have not been able to find jobs that provide a 40-hour work-week, and it is difficult and expensive for administrators to create programs for 5 to 10 hours a week.
- In any particular week, a significant number of participants will not meet the hours requirement if it is set at 40 hours. Even at 30 hours a week, many administrators report difficulty and some states have consequently set hours requirements higher than the weekly average they hope to achieve. To meet a 40-hour requirement, states would actually have to set the hours minimum higher than 40.
- Increasing the hours requirement raises costs of program administration as well as child care, forcing states to reduce their investment in other TANF-funded programs. A recent Congressional Budget Office (CBO) analysis found that the overall cost to states of implementing the proposed work requirements would be between \$8 and \$11 billion. Members of the administration indicate that the cost should be paid for with the existing block grants, but do not indicate what services states should cut in order to pay for a work program.
- States already have the flexibility to create workfare programs. However, they have not used the option much at all, and certainly not in large statewide programs. Nationally, only 5.3 percent of families counting toward rates were in community service or work experience programs. Only 6.3 percent had any hours in these activities. In fact, most adults that count toward the rate are working for wages in the regular labor market. However, their earnings are so low that they remain eligible for some cash assistance, enabling the state to count these workers toward the rate.

Narrowing the list of countable activities would force states to make major changes

- In last year's survey, states reported that under the current law on average 29 percent of the TANF cases with an adult in the caseload are engaged in a federally-defined

work activity for at least 24 hours a week. However, only 20 percent of the cases with an adult are working 24 hours or more in an activity that would meet the proposed definition of countable activities.

- This proposal runs directly counter to the advice of most administrators: Count more education and training toward the rate, as well as other barrier removal activities like treatment for depression and substance abuse.

The participation rate should encourage and measure success

The administration's proposed rate would eliminate the credit for caseload reduction, and replace it with a formula that temporarily adds working families who leave the rolls into the rate. The House bill inexplicably retains a caseload reduction credit, despite broad agreement that the goal should be to measure successful outcomes, not just families leaving the caseload since some 25–40 percent leave without a job. This subtraction approach is confusing. The public and media reasonably expect states to be striving for the actual rate, not the rate minus the maximum credit allowable.

Instead, performance measures for success should count the outcomes we want to encourage. The rate should count those who are on assistance and engaged in work preparation, subsidized and unsubsidized employment, as well as those who have left welfare for work. It should give extra credit for placements in better paying jobs and credit for helping low-income parents stay on the job with child care and transportation, or other work supports. This proposal is much like the one adopted by this committee last year, and supported by senators from both sides of the aisle.

The state participation and employment standard should encourage and measure desired outcomes without simultaneously making it more difficult to achieve these outcomes. While the administration's proposal for the rate partially accomplishes the first, it fails on the second.

Pushing all of the administration's proposed work requirement levers at the same time would be a recipe for failure—for the states, for low-income workers, and for families on welfare.

Part 2: Providing the assistance families need to advance in their careers?

The administration's proposal to "strengthen work requirements" comes at a high cost to program flexibility and services to low-income working families. So it seems reasonable to ask what evidence exists that the changes in work hours will lead to better TANF outcomes.

Recently, a member of the administration asserted that the proposal to increase work hours is "... a plan to help welfare recipients not only leave the rolls, but escape poverty. That is because working full time, even at relatively low-wage jobs, when combined with the Earned Income Tax Credit, helps recipients escape poverty. Part-time work does not."

There is no disputing this statement, of course. After all, the last administration deliberately designed its expansion of the Earned Income Tax Credit to ensure that full time workers with children would be able to escape poverty when they combined earnings with the EITC and food stamps. However, there is no connection between the math involved in this explanation, and a conclusion that people who have not been able to

find a full-time job, or even *any* job, will benefit from a full-time commitment to some combination of workfare and other activities.

Further, the explanation fails to acknowledge that the proposal will force states to reduce services like child care to poor working families. These work support services have proven to help families “advance in their careers” by retaining jobs. The cost of increasing work hours for the recipients still getting cash assistance will require a reduction in education programs for working parents who could get a better job with additional training.

Members of the administration have also referenced a recent study from the University of Michigan as evidence that increasing work requirements will lead to success. A careful reading of the paper, however, reveals that the authors find that providing wage subsidies to welfare recipients who get jobs produces the strongest income gains—stronger than strict penalties. The research did not consider increased work hours or countable activities at all.

In fact, the Michigan research suggests that reauthorization should address the contradiction in the welfare law that makes it difficult for states to provide wage subsidies to adults on welfare when they find work. The current law has a kind of push and pull that puts these working adults in a tug-of-war. If they find a job and the state offers a federally funded wage subsidy (also called an “earned income disregard”), the family has to choose between enhanced economic security provided by the wage subsidy, and using up more months of the time limited benefit. Many observers have suggested that Congress address this inherent contradiction in the law by clarifying that wage subsidies may be provided to working parents without counting months when families receive such subsidies against the five-year time limit. While the Michigan study cited by the president provides evidence that supports making this change, the president’s proposal and the House bill do not address the wage subsidy contradiction.

Creating and expanding workfare programs is costly, and would require spending cuts in services to working families and hard-to-serve welfare recipients

The CBO estimates the cost of the work requirements of the House-passed bill (about equally split between the cost of the work program and additional child care that would be needed) at between \$8 billion and \$11 billion over five years. However, neither the administration nor the House bill increases TANF block grant funds. The administration’s budget acknowledges that its proposed flat funding of child care will result in a loss of slots for child care assistance, while the House only guarantees an additional \$1 billion in child care.

Consequently, states would have to pay for the work program and additional child care out of the TANF block grant. States have been able to use carry-over funds that resulted from a rapidly decreasing caseload, and the delay that came from a transition to a new set of programs. In 2002, however, states spent \$2 billion more than their annual federal grant as they spent down the carry-over. Now, states are cutting programs like child care for the working poor created with those funds.

How would states cover the costs of creating a work program and the child care that would be necessary for more people to be engaged for more hours? States would be

forced to take funds away from services to poor working families and welfare recipients receiving services for multiple barriers to work. Services like child care, substance abuse treatment, and transportation would be cut. Or eliminated.

In short, the combination of parts in the administration's work requirements proposal reflects a choice. It represents a decision to focus excessively on all the families still getting a welfare check at the cost of supporting low-income working families who need services like child care and education so they can remain off welfare and support their families. It is even a trade-off that restricts the states' ability to provide training for those left on the rolls, likely limiting the future employment options of those participants.

This choice might be more logical if the administration could point to research that supports the president's proposal. In the absence of such evidence, the better method for "providing the assistance families need to progress in their careers" is one that retains flexibility, and resources for work supports proven to improve placement, retention, and advancement.

Part 3: Granting states more flexibility to run successful programs?

Proponents frequently say the administration's welfare reauthorization proposal increases flexibility. By this, they are presumably referring to the fact that the proposal requires 40 hours of participation, up from 30, but allows states great latitude in defining countable activities for the last 16 hours. However, this description completely overlooks the impact of other parts of the administration's proposal. Before states ever reach the point of designing a program of activities for the last 16 hours, the state must have a plan to meet the other requirements.

States would have to design and administer a program that includes 24 hours of community service or unpaid work for recipients that have not found a job in the regular market. The only way to meet the proposed work rates of 50–70 percent (depending on the size of the credit) would be to include almost all adults in a workfare program. The cost of creating and managing such a large number of community service or work experience positions would force states to withdraw spending on work supports like child care. The rest of the administration's proposal seriously undercuts any benefit of flexibility in the definition of countable activities in the 16 hours after the first 24. Furthermore, since current law already provides states the option of requiring 40 hours of participation defined as the states choose, mandating 40 hours of engagement can hardly be called an increase in flexibility.

The combined impact of these proposals is particularly troubling. The administration proposal requires increases in state participation rates and hours that adults must be engaged in activities in order to be counted toward the rate, and a narrowing of the activities that are countable as "direct work activities".

More than one state administrator has expressed concern that this proposal forces them to ignore “lessons learned.” For example, in Washington State, independent research found the state’s unpaid work experience program so ineffective at increasing employment and earnings for participants that the state canceled the program. The administration’s proposal would effectively force the state to reinstate and even expand the canceled program.

States are nowhere near meeting the proposal’s combination of a proposed 70 percent participation rate at 40 hours a week. Still, close to that percentage of adults is currently engaged in at least *some* activity—albeit for fewer than 30 hours. But only 30 percent is participating for 30 hours or more in countable activities. That means, as an analysis by the Manpower Demonstration Research Corporation has found, that the only way for states to increase the participation rates further is to relax the hours requirement and expand the list of eligible activities.

Under the administration proposal and the House bill, states would have to significantly ramp up work programs in order to meet the proposed requirements. The MDRC research suggests that both states and individuals would fail to meet the requirements in the administration proposal. In part, this would happen because it will be very expensive for states to develop a “work only” option for 24 hours a week for large numbers of welfare recipients. In addition, in any particular week a significant number of recipients will not meet the hours requirement because they are waiting for an assignment, temporarily disabled, experiencing a transportation or child care problem, taking care of an ill family member, or any one of a number of such common occurrences.

In short, the administration’s welfare reauthorization proposal creates an effective unfunded mandate on states to create a large public program of unpaid work that would unraveling heralded state flexibility and undermining the state creativity that led to welfare reform and supported so many successful outcomes.

States describe the loss of flexibility anticipated under the proposal

Last year 41 of 47 states responding to a survey indicated that they would have to make “fundamental changes to their programs and/or redirect resources” to meet the requirements of the administration’s proposals.

The state of Utah provided this response:

Yes, a major redirection of resources and policy would occur. Utah would likely have to abandon the universal participation approach based on individualized employment planning. Employment counselors would become worksite developers and monitors instead of negotiating individualized employment plans tailored to meet the customer's needs to be employed.

The state of Oklahoma described the likely impact on its program:

This would cause a major shift in how we run our programs. We currently have contracts with many state and community partners to provide work readiness activities for our TANF client. These contracts would have to be ended or severely modified. Additionally, we would have to seriously look at the

probability of including a community service component to our program which we currently do not have.

New York State noted that the proposal would have a negative impact on services to low-income working families:

To meet these increased rates, New York would have to significantly increase the number of recipients in other allowable activities such as work experience and community service. TANF resources directed to support working recipients and other low-income individuals will need to be redirected to help meet the increased rates to perform the additional referral and tracking functions associated with increased hours and numbers of participants.

State respondents were particularly concerned about the difficulty of meeting the proposed requirements “in rural areas where the economy is often lagging and employment opportunities are limited”.

Just last month, a state legislator summarized some of the states’ concerns, saying:

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 programs 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....

[t]he 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. (Emphasis in original.)

New math

In February, the White House released a fact sheet about the president’s welfare reauthorization proposal that said his plan would “increase the welfare-to-work resources available for families.” In the document and press statements made since its release, the administration explains this statement: because of caseload decline the plan will provide

“an average of \$16,000 per family in federal and state welfare, childcare, and job training resources, compared to \$7,000 per family available in 1996.” This math needs to be evaluated carefully.

It is true that if one divides the amount of federal and state TANF and child care funds by the number of cash assistance recipients, there is an increase in spending per family. However, this math assumes that states are spending all of these resources on cash assistance recipients. In fact, as noted above, states have used the savings from caseload reduction to provide services to many low-income working families that are *not* receiving cash assistance.

The TANF block grant is not a “cash assistance” program; it is a funding stream for “Temporary Assistance to Needy Families.” Based on the provisions of the 1996 law, states only count cases getting assistance in their caseload reports to the Department of Health and Human Services. Thus, the caseload decline we all applaud represents only those families that are either not working or, commonly, working for wages and earning so little they remain eligible for some assistance.

The General Accounting Office reported that a survey of 25 states found the states were providing TANF funded services to 46 percent more families than are receiving assistance. The only way to increase spending on a per family basis is to decrease the number of families served.

The administration’s proposed work requirements suggest that is exactly the idea. The plan would force states to shift funds away from services to low-income working families in order to create a workfare program only for cash assistance recipients. Again, this action makes little sense in light of the fact that there is no evidence that making the change would lead to better employment outcomes. In fact, there *is* evidence that reducing work support services to working families will force some families *back* on the welfare rolls. It is hard to understand the reasoning behind the administration’s proposal.

Recommendations

State and local administrators of the TANF and child care funds have shared their suggestions for reauthorization with members. This committee has been particularly attentive to these recommendations and would be well served to continue working closely with those officials in developing this bill.

Last year, this committee passed welfare reauthorization legislation developed in large part by a bipartisan group of committee members consulting with their constituents. Many senators from both sides of the aisle supported the bill.

I will begin my recommendations by commending the committee and all of the members who worked together to develop that proposal. That legislation incorporates many of my recommendations.

I will highlight important provisions of that bill that should be included in this year's version and add a couple of other suggestions based on my review of the research.

- **Retain the welfare law's focus on work without sacrificing flexibility; replace the caseload reduction credit with a standard that rewards employment and participation in work-related activities rather than caseload reduction.**

A bill that strengthens the engagement of individuals by encouraging universal engagement, increasing direct work requirements to 24 hours, and measures employment outcomes sends the right signals to states and individuals. This combination of changes increases the focus on work but also retains flexibility for the program administrators to meet the particular needs of individuals and places.

- **Support the development and expansion of transportation programs that remove a significant barrier to work and better employment outcomes.**

Both child care and transportation are usually cited as the most prevalent barriers to success at work. Child care gets a great deal of policy attention, even if we are still a long way from meeting the need of low-income working families. Policy solutions for poor families with transportation barriers to work are rarely discussed however. Lack of transportation is a significant barrier, preventing welfare recipients and other low-income people from finding, getting, and retaining a job. Public transportation is sometimes inadequate or unsafe in urban areas, and often virtually nonexistent in rural areas. Even in urban areas with an existing public transit system, service frequently does not match the transportation needs of entry level workers whose work schedule may include early morning or late night shifts when public transit is not available. Most welfare recipients do not have access to a dependable automobile, and research indicates that lack of access to an automobile is one of the most prevalent barriers to employment. Research further indicates that car ownership improves the likelihood that low-income people will get and keep work, and improves access to better jobs.

To address this problem, last year Sen. Jeffords recommended and the committee adopted a pilot program to fund car ownership programs. Many nonprofits and public agencies across the country, including states like Pennsylvania, Tennessee, Florida, Iowa, Arizona, and others have started programs to assist welfare recipients and with car purchases. This small funding stream could help ensure that successful programs continue as states face budget deficits, and support new programs in other places.

- **Funding for transitional jobs should be provided through the new Business Links grant model to support existing programs and allow other communities to develop this successful model for adults with barriers to work.**

The next step in welfare to work policy should build on successful efforts to address the needs of particular places and populations. One of the important lessons learned since 1996 is that transitional jobs are an especially promising policy response to the needs of

hard-pressed rural and urban communities, and unemployed people facing barriers to work. Transitional jobs are wage-paying, community service jobs for welfare recipients and other unemployed adults who have not been hired after a job search in the regular labor market. These jobs provide experience and references that improve chances of success in the job market and enable families to avoid destitution when welfare benefits end. By comparison, unpaid work experience programs have not been successful with people facing severe barriers to work. For example, in Fiscal Year (FY) 2002, only 9 percent of those enrolled in New York City's unpaid Work Experience Program found unsubsidized employment. In Washington State, after research showed that unpaid work experience had very limited positive effects on employment and earnings, the program was eliminated.

- **Expand funding to meet the critical need for child care assistance in low-income working families.**

Only 1 in 7 children eligible under federal guidelines gets assistance with child care costs. Despite the increases in spending on child care in recent years, the vast majority of low-income working families get no help with child care costs at all. At the same time, states are cutting their spending on child care because of significant budget deficits. The administration's budget proposal makes no increase in the Child Care and Development Block Grant, and acknowledges that this will mean a loss of 200,000 slots over the next 5 years. In fact, last year CBO estimated that it would cost \$4.5 to \$4.9 billion over the next five years just to maintain the current level of child care in states. Of course, any increase in hours or participation rates would require an additional, and significant increase in child care spending.

In order to make welfare work, both families still getting cash assistance and those with low-income working parents need help with child care in order to succeed in getting and keeping a job. Currently, thousands and thousands of low-income working families are scheduled to lose the child care help they need to stay employed. States are lowering eligibility for assistance and waiting lists are growing for those who remain eligible. In order to continue working, families face horrendous choices. Often the only options are paying a significant amount of their limited income for child care, leaving little for other necessities, or placing children in situations that could jeopardize their basic health and safety.

- **Reinstate public benefits to legal immigrants.**

The 1996 welfare law barred recent legal immigrants from receipt of TANF-funded assistance and services, as well as Medicaid. This bar on benefits for recent immigrants disproportionately impacts cities, as they are home to the majority of immigrants in the United States. Many states use state dollars to provide some benefits to legal immigrants. In some places, local governments are required to share the cost of providing these benefits. In other places, local governments finance some services without help from the state. While immigrants are likely to work, they often earn low wages for jobs that do not come with benefits. Many of these working immigrants would benefit from the work supports that other low-wage workers may receive like health coverage and child care, as

well as TANF-funded training and education like English-as-a-second-language classes. When new immigrants are temporarily unemployed, they should be able to access the same safety net as other taxpayers. States should be able to use federal funds to support these working families.

- **Permit states to use TANF-funded housing assistance as a work support like child care and transportation—without counting such aid against federal time limits.**

The affordable housing gap has adverse consequences for low-income families trying to work. The demand for affordable housing is increasing and already far exceeds supply. Much of the current stock of affordable housing is located in places that have limited employment opportunities and are a long distance from centers of job growth. A growing body of research suggests that providing housing assistance to low-income families and enabling families to live closer to employment opportunities may help welfare recipients get and keep jobs. Ten states (including Kentucky and Pennsylvania) and several counties in two additional states have committed federal TANF and/or state maintenance-of-effort funds to programs that provide housing subsidies. Many of these jurisdictions were unable to implement the types of housing programs they wanted—particularly ongoing rental assistance to working families—due to HHS rules that consider any TANF-funded housing subsidy that is not short-term as “assistance” even if families are working and not receiving TANF cash benefits. Under these rules, a TANF-funded housing subsidy provided for more than four months counts against the family’s federal lifetime TANF time limit. TANF-funded supplemental housing benefits should be categorized as “non-assistance” to facilitate states’ use of TANF funds to serve working families.

- **Enhance local options to prepare and support a skilled workforce required for successful economic development by counting educational activities that prepare workers to meet the needs of employers toward the participation rate.**

When states have chosen to make education and training immediately available as one of a “mix” of service options for their welfare recipients—as determined by each person’s specific situation and by the skill requirements of available jobs in the local labor market—they have shown some of the greatest achievements in the nation in terms of employment and earnings gains for their TANF clients. Oregon allowed certain welfare clients to access any where from a few weeks to two years of education as part of their welfare-to-work strategy, as determined by what would best help that individual land a decent job in the local private-sector labor market. Other Oregon clients participated in job search, or some combination of job search and education—but there was no mandated combination of how and when such services should be combined. With that flexibility, and the flexibility to use employment and training freely as part of an employment strategy, Oregon surpassed earnings and employment gains beyond any other state in the study. However, under the Administration’s proposal, this strategy would be essentially impossible to implement. States should have the flexibility to replicate Oregon’s successful program.

- **Maintain state flexibility to design participation plans for adults with barriers to work.**

While education or vocational training can prepare some parents for careers, other recipients need a different set of activities for them to move to self-sufficiency. Some parents have significant barriers to employment—physical disabilities, mental health problems, substance abuse problems, learning disabilities, very low literacy, homelessness or insecure housing and domestic violence—that must be addressed if the parent is going to secure employment. Some parents need mental health treatment, some need substance abuse treatment, some need to learn to read, and some need time to find and secure safe housing—sometimes away from an abusive partner. For many of these parents, 40 hours—or even 24 hours—of participation in workfare would not be the welfare-to-work activity best suited to helping them succeed in the workplace, or maintain family security and safety.

Over the past six years, states increasingly have worked to develop individualized approaches to helping recipients move from welfare to work. States have had the flexibility to engage recipients in a range of activities, including activities that did not meet the federally prescribed participation rules. States could choose to place recipients in activities the state thought were most appropriate even if the recipient would not then be countable toward the participation rate requirements. TANF reauthorization legislation should ensure that while states are required to engage an increasing number of recipients in welfare-to-work activities, they retain the flexibility they now have and use to tailor those activities to the needs and circumstances of each recipient.

- **Allow states to provide wage subsidies to low-income workers from federal TANF funds without counting months of such assistance against the federal lifetime limits of workers.**

Reauthorization should address the contradiction in the welfare law that makes it difficult for states to provide wage subsidies to adults on welfare when they find work. The current law has a kind of push and pull that puts these working adults in a tug-of-war. If they find a job and the state offers a federally funded wage subsidy (also called an earned income disregard), the family has to choose between enhanced economic security provided by the wage subsidy, and using up more months of the time limited benefit. Congress can address this inherent contradiction in the law by clarifying that wage subsidies may be provided to working parents without counting months when families receive such subsidies against the five-year time limit.

Many of those adults facing and reaching time limits in some states are currently working and using up months of assistance because their low income makes them eligible for some cash assistance. While it is possible for states to provide such wage subsidies in a separate program funded with state dollars not subject to time limits, it reduces flexibility to require states to manage the accounting of two separate programs. Instead, federal welfare-to-work policy should ensure that states have the option to use federal funds to support families who are working but poor. Federal policy should signal states that providing a wage subsidy to working families does not have to count against time limits.

- **Address problems faced by low-income families in applying for and receiving work supports like child care and food stamps.**

The Administration proposal and House bill propose to address problems faced by eligible recipients in accessing services by creating a new waiver to facilitate program integration. While the goal in this component of the proposal is important, the proposed process is a means to the end that unnecessarily leaves out important opportunities for stakeholder input. Under the administration proposal, states and the secretaries of administering federal agencies would be largely the sole decisionmakers leaving out local elected officials and providers (not to mention Congress). In addition, this so-called “superwaiver” option is so open-ended that it would permit change that fundamentally alter programs in ways that may be wholly unrelated to improving program integration. Instead, it makes sense to provide pilot grants to local communities testing methods to improve uptake of various services. In addition, a thorough review of the true barriers to program integration should be undertaken before recommending sweeping changes in program management.

- **Restore full funding to the Social Services Block Grant (SSBG) that states use to provide welfare-to-work services.**

In 1996, Congress and the governors agreed to reduce SSBG funding to \$2.38 billion for 5 years and then return it to its former level of \$2.8 billion in 2003. Unfortunately, the funding level was further reduced in 1998 to offset funding increases in TEA-21. SSBG is currently funded at \$1.7 billion. At this point, the purchasing power of SSBG has declined by 80 percent relative to its initial funding level in FY 1977. The cut in SSBG has forced social services providers to discontinue services to children, families, the elderly and people with disabilities, lay off staff, and reduce benefits for vulnerable families. These cuts exacerbate the budget crisis in states today. There is considerable bipartisan congressional support for a return to the \$2.8 billion funding level including longtime champions of SSBG on this committee.

- **Marriage proposals**

The needs for federal support for various proven methods of improving welfare outcomes are significant, as is clear from the list above. Meanwhile, only a few states have been anxious to test methods of strengthening or encouraging marriage with their flexible dollars. The evidence that we can even accomplish these goals is scant. Further, the public seems opposed to the use of federal funds for this purpose. Under these circumstances, it seems logical to invest any “spare” funds in child care, transportation, transitional jobs, or other proven strategies for success. However, if members choose to dedicate special funds to encourage states to experiment with marriage strengthening strategies, the funding should be available to replicate the one of the few strategies for which there is evidence of success: the Minnesota Family Investment Program (MFIP). MFIP participants were more likely to be married and had a reduced incidence of domestic violence compared to other welfare recipients. The model included program components designed to increase household income, including work incentives like wage

subsidies. States should also be able to use such funds to invest in proven strategies to reduce teen pregnancy, which is associated with welfare dependency, poverty, and reduces the likelihood of marriage,

.....

Since 1996, the state and local administrators of TANF have made enormous progress in turning what was a check-writing safety net into a placement, retention, and advancement system. Millions of former welfare recipients have made the leap from welfare to work. As a nation, we have come a long way toward fulfilling the social compact that promised full-time working parents would not live in poverty with their children. We clearly still have room for improvement. The decisions made in welfare reauthorization will determine whether we continue making progress in fulfilling that social compact and supporting those who still struggle to work. If Congress pursues the proposal made by the Administration and endorsed by the House, we will walk away from the promises made in the historic welfare law of 1996. Retaining flexibility, and improving the options for states to support parents with barriers and parents struggling to stay on the job is the best way to build on the success of welfare recipients and program administrators.

Thank you for the opportunity to testify on this very important legislation.

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COMMUNICATIONS

WRITTEN STATEMENTS FROM ORGANIZATIONS AND INDIVIDUALS
SUBMITTED FOR THE RECORD

(1)

(147)



**Written Testimony of
Association for Children for
Enforcement of Support, Inc.**

**Senate Committee on Finance
March 12, 2003**

ACES has 50,000 members and 400 chapters located in 48 states. We are representative of the families whose 20 million children are owed over \$88 billion in unpaid child support. We have banded together to work for effective and fair child support enforcement. Child support collections have doubled due to income-withholding and criminal non-support laws. New Hire reporting and bank account attachments have all resulted in increased child support collections. 60% now receive child support payments. Child support payments are relied upon by million of families: low-income families child support payments represent 26% of the family income. Single parents leaving the welfare rolls rely on child support payments to supplement low wages more than ever before due to welfare reform.

40% of the children are still in need of support payments because the following problems are yet to be solved:

1. **Interstate Cases:** make up 33% of the caseload but only 8% of collections: streamline the Federal New Hire Registry process, obtain more help from IRS Full Collection Services, improve the process for bank attachment and insurance intercept for multi-State cases.
2. **Undistributed Child Support:** reported \$738 million, and could be a higher see(Chart 1)
3. **IRS Offset Program:** enhancements to collect support for children over age 18 and for family-first distribution
4. **Improved Enforcement Methods:** passport denial, attach gambling winnings, social security offset, revoking or suspending federal licenses, medical support
5. **Improved Customer Service:** no fee to families owed support, performance audits of States to ensure timely services

1. Interstate cases make up about 33% of the caseload but only 8% of the collections (see chart 3)

Streamlining the process used by the Federal New Hire Registry is needed. The current system notifies the originating State who sends the notice to the employer. The employer then sends the payment to State where it is located, and that State then sends the payment to the State that originated order, that State then sends the payment to the family. There has been a significant increase in missing payments and problems with income-withholding notices being sent out under the current system. State governments report being

ACES, Association for Children for Enforcement of Support, Inc.

too short-staffed to process the large amount of data received. For example Alabama received 56,000 matches, Arizona 49,00, Florida 121,00, Illinois 105,00, Mississippi 50,000, Missouri 67,000, New York 117,000, Texas 166,00, and VA 199,00 matches.

The New Hire Registry was developed to ensure efficient collection methods by requiring employers to report new hires within 20 days. This data is to be measured against State and Federal case registries and matches are sent back to the State for institution of income-withholding procedures. The system is failing because States are not able to keep pace with the number of matches sent to them and because some States, including California, still do not have PRWORA compliant case registries, so they cannot send or deal with appropriate data.

The Federal Parent locator system needs to be empowered to issue income-withholding notices to employer, and employers need to be able to send payment directly to the State where the order originates.

For interstate cases where there is a self employed, under the table earner, or job hopper, and a large arrearage, we should build on the success of the IRS offset program, which requires States to submit cases. Requiring States to submit interstate cases with arrears of over \$5,000 will bring additional needed resources to collect child support. Current law allows States to submit cases to the IRS Full Collection Service if arrears are over \$750 and other methods have been unsuccessful.

Attachment of bank accounts and insurance claims has resulted in millions of dollars to feed hungry children. Problems exist on Interstate cases because banks and States have difficulty accepting responsibility for case process. Having the Federal Office of Child Support enforcement process multi-State cases will assist even more children.

2. Undistributed Child Support States report over \$738 million at the end of 2001 in collected but undistributed child support.

Most States do not have a reason for holding for at least one half of the undistributed funds (see *Chart 1*). One third to one-half of the reported undistributed funds are attributed to IRS offset payments being held in case someone files an injured spouse claim. Most if not all states hold all IRS Offset money for six months, even on cases where no one ever files an injured spouse claim. In addition to the reported amount of \$ 645,397,369 in 2000 when State total collections are compared with total distributed there is an additional \$140 million in payments collected but not sent to families. Some state escheat undistributed child support to State Unclaimed funds or the General fund, Michigan has escheated almost \$1 million with-in the last year alone.(see *Chart 1*)

In Ohio, the Department of Jobs and Family Services (ODJFS) failed to implement changes in the Welfare Reform law, which reduced the amount of welfare benefits the State was allowed to recoup from pre-assistance arrears. This caused 160,000 families to receive less child support than they were due. About \$38 million was illegally withheld from Ohio's poorest families, those who participated in Ohio Works First, became employed, and left the welfare rolls. An ACES investigation discovered that ODJFS *knowingly* brought online a computer system in October 2000 that *miscalculated* distribution of child

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support payments owed families. As a result, Governor Taft has issued an Executive Order for refunds to affected families. Lawsuits have also been filed in Alabama, Tennessee, and Georgia by parents who have had misdirected payments.

Simplified distribution is needed, to help families receive accurate and prompt payments. It should include: no pre-assistance arrearage assigned to State and increasing the pass-through to \$400 for family of two, \$600 for family of three or more. It should use TANF or State Maintenance of Effort (MOE) funds to pay for pass-through and expanded distribution to former TANF families.

Federal law requires States to do an annual self-assessment in *42 USC Section 654(15)(A)*. The Secretary of Health and Human Services has the authority to issue regulations on what the self-assessment will require. Those regulations have been issued, but the distribution section does not require reports on undistributed funds or what efforts States are making to reduce this problem (*45 CFR Section 308.2(d)*). The regulations should be amended to require such reporting. It would at least get States to address the problem and make some plan for dealing with it.

In addition, States should be required to place all undistributed funds in an interest-bearing account. They should also be required to pay the interest to the custodial parent (when identified) or the non-custodial parent (if not found, the money should be returned to the obligor). If neither the custodial parent nor the non-custodial parent can be identified, the State could keep the interest but would have to report it as program income.

The Federal law which gives OCSE authority to audit State programs to determine whether collections and disbursements of support payments are carried out correctly and are fully accounted for is *42 USC Section 652(a)(4)(C)(ii)(II)*. Health and Human Services should be required to issue a regulation saying that this power would be exercised whenever a State reported undistributed funds in excess of .03% of its total yearly collections. The auditors could then determine the source of the problem and require the State to correct problems

If the State Disbursement Unit (SDU) receives any information with a payment that indicates that the payment might be for one or more identifiable families, but the SDU holds the payment while it is trying to determine for which family the payment was intended, it should be obligated to notify all families potentially involved and give them a chance to come forward with information or claim the money.

OCSE should make it clear that SDUs, IV-D programs, and absent parent employers are legally required to send copies of their payment and collection records on request to the family or its representatives. This must be true even for out-of-state SDUs, IV-D programs, and absent parent employers. It must also include records of an out-of-state SDU, IV-D program, or employer of child support being sent to the SDU, clerk of courts, or IV-D program in the family's State. This change would better enable families to identify where in the process money is disappearing.

OCSE should make SDUs and IV-D agencies create publicly searchable databases containing the known information on all undistributed child support payments, so families and their representatives can look for, and claim, their money. OCSE regulations should require States to complete data entry setting up a new

SDU account within three days of the first child support order in a case, regardless of whether data entry is done on the State level by SDU or the IV-D unit, or at the local level by IV-D staff or clerks of courts. OCSE regulations should require States to have quality assurance programs to ensure that data entry creating new SDU accounts is performed accurately and within time deadlines.

OCSE regulations should require both IV-D and SDU customer service programs to be able to promptly resolve payee family complaints regarding non-processing or mis-processing by the SDU of child support it has received. This should include:

1. A requirement that payee families receive toll-free customer service numbers at the time of the first child support order on their case
2. Limits on the percentage of calls that can result in a busy signal or no answer
3. Require that the customer service program be able to electronically access court orders; IV-D, SDU, and court payment ledgers; and SDU and IV-D account data for each complaining payee family
4. Require that the customer service program be accessible by telephone to legal counsel for the payee family pursuant to specified confidentiality protocols;
5. Require that the customer service program begin research regarding the payee family's complaint within one business day and have sufficient staff to do so
6. More generally, States should be required to send monthly payment and balance notices to all cases for both payee families and payors. States should no longer be permitted to obtain waivers of the monthly notice requirement.

3. IRS Offset program

The IRS Offset program has a proven track record in collecting child support. Collection under this program has increased from \$205 million in 1984 to \$1.33 billion in 1998, a 635% increase.

PRWORA required States to implement laws which provided for family-first distribution of State tax offsets. The same requirement should be in place for the IRS Offset Program. Children need child support payments for food, clothing, healthcare and educational opportunities *now*. The government can wait but children's needs can't. Also, allowing the offset to be used to collect back support due for children over age 18 will position many families to better afford college expenses and will reduce the need for some student loans. This important enforcement tool should be used to send a strong signal to those who fail to support their children. They should not be exempted from their federal income tax refunds being attached just because their children are over age 18.

4. Improving Enforcement Methods is Needed

Children who receive child support:

Are more likely to have contact with their fathers¹

Have better grade point averages and significantly better test scores²

¹ Argys, Peter, Brooks-Gunn, and Smith, "Contributions of Absent Fathers to Child Well-Being: The Impact of Child Support Dollars and Father-Child Contact", University of Colorado (1996).

Have fewer behavior problems³
Remain in school longer³

Receipt of child support is associated with significantly higher expenditures on children than any other source of income.

About 20% of our nation's children have a parent living outside the household and are entitled to child support. They are four times more likely to be poor and five times more likely to receive food stamps than children who live with two biological parents. Child support, when received by low-income families, accounts for 26% of family income.

Strong Child Support Enforcement:

Reduces the divorce rate⁴
Reduces the number of births to never married parents⁵
Reduces teenage pre-marital childbearing⁶

New studies show that strong child support enforcement programs have far-reaching positive social impact that reduces the number of children living in fatherless households and promotes marriage. Many recent studies have shown that strict establishment and enforcement of child support obligations is leading to lower divorce rates and fewer illegitimate births. In "The Effect of Child Support Enforcement on Marital Dissolution," Lucia A. Nixon found that strong child support enforcement reduces marital breakups, and in "The Effects of Stronger Child Support Enforcement on Non-Marital Fertility," Anne Case found that anything that increases the cost of fatherhood reduces the probability of children being born. "The Impact of Child Support Enforcement Policy on Non-Marital Child Bearing," showed that in States with a strong child support enforcement programs, non-married women had fewer children.

Additional tools to collect support are needed to reach self employed and under the table earners include:

Denial of passports has been effective but the threshold needs to be lowered to \$2,500 from \$5,000.

² Graham, Beller, and Hernandez, "The Relationship between Child Support Payments and Offspring Educational Attainment" in *Child Support and Child Well-Being* (Garfinkel, MacLanahan, and Robbins (eds), Washington, DC (1994).

³H. McLanahan, *et al*, National Survey of Families and Households (1994)

⁴Nixon, Lucia, *The Journal of Human Resources*, XXXII-1, Winter 1997, Vol. 32, No. 1 and Barnow, Burt S., *et al*, "The Potential of the Child Support Enforcement Program to Avoid Costs to Public Programs: A Review and Synthesis of the Literature", U.S. Department of Health and Human Services, HHS 100-97-007 (2000)

⁵Case, Anne, *Fathers Under Fire*, Chapter 7, "The Effects of Stronger Child support Enforcement on Non-marital Fertility" and Plotnick, Robert D., *et al*, "The Impact of Child Support Enforcement Policy on Non-marital Childbearing," University of Washington (2000)

⁶Plotnick, Robert D., *et al*, "Better Child Support Enforcement: Can It Reduce Teenage Premarital Childbearing?", University of Washington (1998)

Revocation or Suspension of Federal licenses is needed; for example the FFA issues pilot licenses. States programs to suspend or revoke drivers, recreational and professional licenses have collected million of dollars for children. Do the same for Federal license will help even more children.

Social Security (SSI) benefits. Many ACES members report that non-custodial parents who receive SSI benefits are unable to provide any child support because benefits are only about \$379 a month. Children of those who receive SSI needs remain the same. SSI laws should be revised to include a dependent benefit similar but of lessor amount that children receive if a parent received Social Security Disability

Expanding current program of attaching lottery winnings and judgements to include additional gaming winnings from casinos, horse and dog racing, jai lai, and keno could result in an additional \$750 million in collections. An easy implementation: would have the attachment process piggyback current lottery and judgement attachments and the Federal Parent Locator System. Cost of program could be recouped by government in welfare saving and through a small processing fees to casinos, tribes, etc.

Medical Support/ Health Insurance for children lapses when a noncustodial parent loses or changes jobs. Federal law requires the noncustodial parent provide health insurance if available at reasonable cost form their employer. Broadening medical support laws to allow coverage by either parent if available at reasonable cost from their employer and for part or all of the of any additional costs to be paid via income withholding by noncustodial parent if applicable is needed.

5. Improving Customer Service

Expedited process and federal timeframes are not being followed by State IV-D agencies. ACES members report a 1-3 year wait to establish paternity, 2 years to establish an order, 6-9 months for an income-withholding, 6-9 months for a court hearing, and 1-3 years for modification, 5 years for medical support establishment and/or enforcement, 1 year for a Federal Parent Locator results, and 1-2 years for action on interstate cases.⁷

Performance Audits of State Agencies are needed to ensure that services are provided in a timely and effective manner. Self-assessment based on computer data are not sufficient to determine if services are delivered in a timely manner

The average ACES member is a single-parent, and she has two children. About 50% of ACES members are divorced, and the other half were never married. Member's average income is \$15,000 per year, and 85% have, in the past, received some form of public assistance. At present, about 33% of the ACES membership receives public assistance. ACES members report that collection of child support, when joined with available earned income, allows 88% to get off public assistance. Collection of child support enables our low-income, working-poor members to stay in the job force long enough to gain promotions and better pay so that they can move their family out of poverty, and on to self-sufficiency. The collection

⁷ ACES annual membership survey (2000).

of child support, when joined with available earned income, means our members can pay their rent and utilities, buy food, pay for healthcare, and provide for their children's educational opportunities. Lack of child support most often means poverty and welfare dependency. At the very least, it means having to work two or three jobs to survive. This leaves our children with literally no parent who spends time providing their children adequate nurturing, supervision, and the attention they need and deserve.

Families cannot afford fees. Victims should not be charged a fee to receive law enforcement services. The \$50 million allocated to review fees, undistributed funds, interstate collections, modifications, automation; customer service is desperately needed:

- All States should be required to have a state fair hearing process for both custodial and non-custodial parents to resolve problems at IV-D agencies. Most States only implemented a formal complaint process as required in PRWORA for disputes about missing payments and welfare balances. Ohio and Illinois have a complaint process for all issues including lack or untimely services
- Services required to be provided by IV-D agencies should be posted in the Agency lobby and at other government agencies
- Notice of availability of modification services should be included in all late payment notices to noncustodial parents
- Both parents should receive a year end statement of showing payments made and outstanding balances

About 50% of all children in the U.S. will spend part of their life growing up in a single-parent household. An effective and efficient child support enforcement system is needed. The only government system, which affects more children, is the public school system. Your action to assist America's children receive the support of both parents is needed. Please act today to ensure the nation's children the opportunity to grow and thrive.

Declaration

ACES, The Association For Children For Enforcement of Support, Inc. receives no federal funding

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ACES, Association for Children for Enforcement of Support, Inc.
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Net Undistributed Collections	
STATES	2001
ALABAMA	\$4,734,749
ALASKA	2,508,112
ARIZONA	14,361,211
ARKANSAS	4,577,835
CALIFORNIA	190,161,896
COLORADO	332,430
CONNECTICUT	2,323,585
DELAWARE	2,415,152
DIST. OF COL.	1,916,077
FLORIDA	41,423,618
GEORGIA	9,230,025
GUAM	4,894,464
HAWAII	7,059,169
IDAHO	416,704
ILLINOIS	3,084,576
INDIANA	31,903,750
IOWA	3,915,089
KANSAS	4,293,978
KENTUCKY	12,730,602
LOUISIANA	1,850,960
MAINE	1,631,087
MARYLAND	7,233,707
MASSACHUSETTS	19,557,667
MICHIGAN	44,162,708
MINNESOTA	4,863,769
MISSISSIPPI	5,780,887
MISSOURI	16,064,945
MONTANA	1,044,189
NEBRASKA	3,823,910
NEVADA	3,170,975
NEW HAMPSHIRE	1,767,944
NEW JERSEY	9,238,774
NEW MEXICO	3,484,493
NEW YORK	62,128,934
NORTH CAROLINA	9,178,966
NORTH DAKOTA	1,640,699
OHIO	38,362,652
OKLAHOMA	1,333,543
OREGON	1,655,788
PENNSYLVANIA	14,847,756
PUERTO RICO	3,686,511
RHODE ISLAND	4,669,220
SOUTH CAROLINA	5,822,387
SOUTH DAKOTA	801,876
TENNESSEE	75,921,040
TEXAS	19,054,722
UTAH	1,206,276
VERMONT	2,616,364
VIRGIN ISLANDS	184,144
VIRGINIA	5,381,036
WASHINGTON	2,875,707
WEST VIRGINIA	9,061,558
WYOMING	1,933,157
TOTALS	\$738,222,416

ACES, Association for Children for Enforcement of Support, Inc.
2260 Upton Ave., Toledo, OH 43606 419-472-0047

Source: Form OCSE-
34A line 9bE 4th quarter

Some states escheat (send money to) the state general fund where they are either used for the State general fund or other projects. ACES did a Freedom of Information request to States to determine number of cases and amount of child support which was escheated in 2001 and in 2002 through October**. The following states responded.

State	2001- # of cases	2001 Amount	2002 -# cases	2002 amount
AL	0	0	0	0
CT	0	0	0	0
KY	0	0	0	0
MI	unknown	\$463,123	Unknown	\$839,599
MO	11	1,188.71	141	10,243.31
ND	0	0	0	0
NE	0	0	0	
NJ	1,200	\$168,744	*	*
OH	0	0	0	0
SC		\$100,940.08		\$10,721.05
SD	0	0	0	0
TX		\$28,878.49	246	\$3,456.16
UT	19,885	96	14,098	65
VA				
VT	0	0	0	0
WV	2,513.29	8	2,907.23	17

* NJ- \$5.3 million escheated since 1996, \$3.4 million for prior to court unification in 1995

** some states reported through November



**Statement of the American Association of University Women
to the
U.S. Senate Finance Committee
Hearing on TANF reauthorization
Wednesday, March 12, 2003
215 Dirksen Senate Office Building, 10:00 a.m.**

Introduction

Enacted in 1996, the Personal Responsibility and Work Opportunity Reconciliation Act dramatically altered the way the federal government provides financial assistance to needy families. This act created Temporary Assistance for Needy Families (TANF), which limited assistance to 60 months and required recipients to work. TANF, however, failed to contain sufficient provisions for education and job training. As Congress reauthorizes the 1996 act, AAUW believes that welfare programs should end the cycle of poverty and promote self-sufficiency through the proven methods of education and job training to help ensure that women are not locked into low-wage, low-benefit jobs.

The success of current law must be based on the number of people no longer living in poverty—not on the number of people no longer receiving assistance. Current law seeks only to reduce the number of people on welfare by promoting job search and early employment rather than increasing earnings for welfare recipients through education and job training. By failing to provide roads to permanent self-sufficiency, the law has failed to significantly lift women and families out of poverty.

- While welfare rolls dropped 22 percent between 1995 and 1997, poverty among families headed by single mothers dropped by only 5 percent.¹
- In 1999, 28 percent of TANF recipients worked for substandard pay while still qualifying for aid, compared to just 8 percent in 1994.²
- People leaving welfare earn about \$6.61 an hour³ or \$8,000 to \$12,000 annually.⁴

As a result of the drastic increase in families working without a significant increase in earnings, working poverty has replaced welfare. Further, while poverty has

¹ Carnevale, A.P. and Reich, K. (2000). *A Piece of the Puzzle: How States Can Use Education to Make Work Pay for Welfare Recipients*. p. 14. Princeton: Education Testing Service.

² Patel, N. (2001). *Workforce Development: Employment Retention and Advancement Under TANF*. Nov. 28, 2001. <http://www.clasp.org/pubs/jobseducation/technical%20paper.pdf>.

³ Carnevale 13.

⁴ Patel.

declined overall, statistics show that poor people are poorer and more working families are living in poverty.⁵ Of the 2.1 million adults who left welfare between 1995 and 1997, 29 percent had returned by 1997.⁶

During the 107th Congress, both the House and Senate drafted welfare reauthorization bills. While the House completed action, the full Senate failed to consider its bill. AAUW opposed the House bill because it lacked the necessary access to education and training; increased work requirements without providing adequate childcare provisions; included \$300 per year for experimental marriage programs; and reauthorized \$50 million in funding for abstinence-only education programs. AAUW was deeply disappointed in (and also opposed) HR 4, the House welfare reauthorization bill passed February 13, 2003, which had similar provisions.

However, the Senate bill crafted in the 107th Congress built upon current welfare law by taking important steps to improve provisions related to education and training, vocational education, and post-secondary education for the general TANF population. AAUW believes that any welfare reauthorization bill in the 108th Congress must contain the necessary education and training provisions found in the original Senate Finance Committee bill, and urges the Senate to stay the course they charted last year.

Education and Training: The Proven Path Out of Poverty

The focus on work first and the federally imposed limitations on how states can use their TANF funds have shaped the way states implemented current law. The law does not allow welfare recipients adequate time to attain a degree or worthwhile job training and arbitrarily tells states how many welfare recipients can be in such programs at any given time. TANF gives states limited options in helping welfare recipients find and retain jobs that pay a livable wage and get families out of poverty and off welfare permanently. These limitations on states have resulted in significant declines in welfare recipients engaged in education and training—2.7 percent in 1999, down from 5.8 percent in 1996.⁷ In fact, in 1999, 44 percent of adults receiving TANF benefits reported having less than a high school diploma.⁸ AAUW believes that education and training must complement work to best serve the needs of the local job market and individuals with varying levels of work experience.

Because statistics prove that educational access is inextricably linked to economic security (see below), AAUW believes that women and girls must have access to education and job training to achieve economic security. Only by improving their employability through

⁵ Boushey, H. and Gundersen, B. (2001). *When Work Just Isn't Enough: Measuring Hardships Faced by Families After Moving From Welfare to Work*. Nov. 28, 2001. <http://www.epinet.org>.

⁶ Carnevale 14.

⁷ Strawn, J., Greenberg, M., and Savner, S. (2001). *Improving Employment Outcomes Under TANF*. Retrieved Nov. 28, 2001. <http://www.clasp.org/pubs/jobseducation/BlankHaskinsFebruaryFinal.htm>.

⁸ Zedlewski, S. (2001). *Do Families on Welfare in the Post TANF Era Differ From Their Pre TANF Counterparts?* October 9, 2001. <http://newfederalism.urban.org/pdf/discussion01-03.pdf>

education and job training can women attain jobs that pay a livable wage and stay off public assistance permanently. States must also have the flexibility to target recipients with job search, education, and job and skills training to respond to the needs of the local labor markets. Education and training programs must not be viewed as separate from work but as part of a continuum of activities that result in work.

Education and training make a critical difference in employability, earnings, and job retention. Single female heads of households with a high school diploma are 60 percent more likely to have jobs than those without a high school diploma or GED, and those with an associate's degree are 95 percent more likely to be employed.⁹ In 1999 average earnings for someone with a high school diploma was 50 percent higher than those with no diploma.¹⁰ Further, the U.S. Bureau of Labor Statistics found that people in jobs requiring the least education will experience the lowest professional growth over the next 10 years, while the jobs requiring at least an associate's degree will experience a job growth rate of 31 percent.

To increase earning potential, women should also be trained in nontraditional jobs—defined as employment in which women comprise 25 percent or less of total workers. Women make up the majority of low-wage workers, 57.5 percent of employees earning \$5.15 to \$6.14 an hour, and part-time workers. In contrast, women working in nontraditional jobs can earn between \$8 and \$9 an hour. For example, the average yearly income for auto mechanics and repair persons, a nontraditional field, is \$26,718, whereas the median annual salary for full-time workers in service occupations, traditionally female jobs, is just over \$15,000.

The Inescapable Link Between Violence and Women's Poverty

Survivors of violence must overcome many hurdles to escape abuse and access needed services. Unfortunately, poverty is among the most formidable barrier of all. There is an undeniable link between poverty and violence against women. In fact, as many as 60 percent of women receiving welfare have been victims of domestic violence as adults (compared to 22 percent of women in the general population), and as many as 30% reported abuse within the last year.¹¹

The Family Violence Option (FVO) is an important provision that gives states the option to flex program requirements for victims of domestic violence when those requirements could put them and/or their families in danger. The FVO is a crucial tool for helping poor women achieve economic self-sufficiency by proactively addressing violence in their lives. However, not all states have adopted this critical option, and implementation is uneven.

⁹ Buck, E. (2001). *The Impact of Postsecondary Education on Poverty, Employment and Labor Force Participation Among Single Female Heads of Household With Children*. San Diego, CA: San Diego State University.

¹⁰ *Trends in College Pricing*. (2001). Washington, DC: The College Board.

¹¹ NOW Legal Defense and Education Fund. "Welfare and Poverty: Domestic and Sexual Violence," <http://www.nowdef.org/html/issues/wel/violence.shtml>.

TANF reauthorization should require states to uniformly implement the FVO and provide incentives designed to ensure successful implementation.

TANF Reauthorization Proposals

AAUW believes the following changes must be made during reauthorization of the Personal Responsibility and Work Opportunity Reconciliation Act:

- Eliminate the 12-month limit on vocational education or job training.
- Eliminate the 30 percent cap on the number of families participating in vocational education or on teen parents pursuing a high school diploma in a state's caseload that can be counted toward federal work participation rates.
- Allow education leading to a diploma, GED, certificate, associate's degree, bachelor's degree, or postsecondary degree to count toward federal work participation rates.
- Extend the Family Violence Option (FVO) to all 50 states.

Conclusion

The nation's unemployment rate increased to 5.8 percent in February 2003, and companies across the country slashed 308,000 jobs. These job losses represent the steepest one-month slide since labor markets hit a slump in the wake of the 2001 terrorist attacks, when 750,000 Americans lost their jobs between September and November 2001. With the nation in a recession, people must be given the option of improving their employability through gaining new skills and advancing their education without the threat of losing federal assistance. In this way women and families can achieve self-sufficiency and get off welfare permanently.

Contact: Lisa Maatz, Director of Public Policy and Government Relations, 202/785-7793
Jamie Fasteau, Senior Lobbyist/Government Relations Manager, 202/785-7730
AAUW Public Policy and Government Relations Department
January 2003

AAUW, representing over 100,000 college graduates and more than 1,300 branches, is the nation's leading advocate for education and equity for women and girls. Please visit our web site at www.aauw.org for more information.

March 18, 2003

Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510

Dear Mr. Chairman:

On behalf of The Alan Guttmacher Institute (AGI), a not-for-profit corporation specializing in research, policy analysis, and public education on issues related to sexual and reproductive health, I appreciate the opportunity to submit written testimony for the official record of the hearing held on March 12, 2003, before the Senate Finance Committee, entitled "Welfare Reform: Building on Success." Specifically, I would like to comment on the section 510 state abstinence-only education program created under PRWORA.

In recent years, AGI has conducted extensive research on matters that have a direct bearing on current policy discussions around abstinence promotion and sexuality education. This research includes nationally representative surveys of local public school district superintendents as well as public school teachers in grades 5-6 and 7-12; an analysis of the factors responsible for recent declines in teenage pregnancy; and a cross-country comparison of teenage sexual and reproductive behavior. Much of this research appeared in the peer reviewed journal, *Family Planning Perspectives*, between 1999 and 2001.

More recently, AGI summarized many of the Institute's research findings along with key research findings of other experts in the field in three articles published in *The Guttmacher Report on Public Policy*. These articles, which are attached for inclusion in the record, include: "Sex Education: Politicians, Parents, Teachers and Teens" (February 2001); "Teen Pregnancy: Trends and Lessons Learned," (February 2002); and "Abstinence Promotion and Teen Family Planning: The Misguided Drive for Equal Funding" (February 2002). Several of the research findings summarized in these articles include:

- *Abstinence education is already widely taught in schools across the nation:* Fully half (51%) of school districts with a policy to teach sexuality education require that abstinence be promoted to students *as the preferred option* but also permit discussion of contraception; another third (35%)

require that abstinence be taught *as the only option* for unmarried people, while either prohibiting the discussion of contraception altogether or limiting discussion to contraceptive failure rates. Only 14% teach about both abstinence and contraception as part of a broader program designed to prepare adolescents to become sexually healthy adults.

- *Teachers are increasingly providing abstinence-only education in the classroom, but many believe they are not meeting their students' need for information.* The proportion of public school teachers who report that they teach abstinence as the *only* way of preventing pregnancies and sexually transmitted diseases rose dramatically between 1988 and 1999—from 2% to 23%. Despite the fact that more than nine in 10 teachers believe that students should be taught about contraception, one in four say they are instructed not to teach the subject. One in four teachers also say that they believe they are not meeting their students' need for information.
- *The vast majority of American parents favor broader sex education programs over those that teach abstinence exclusively.* Surveys consistently show that the vast majority of parents of high school and middle school students believe that sex education should encourage young people to delay sexual activity and also prepare them to use birth control when they do become sexually active. Moreover, among the one-third who say that adolescents should be told “only to have sex when they are married,” an overwhelming majority also say that schools should teach adolescents how to use condoms and where to get and how to use other birth control methods.
- *Research shows that more comprehensive sexuality education can be effective in reducing teenage pregnancy and promoting healthy behaviors.* Meta-evaluations of teenage pregnancy prevention programs, including those that teach sexuality education, indicate that programs that discuss both abstinence and contraception can help young people to postpone sexual intercourse, and to reduce the frequency of sex and increase contraceptive use among sexually active teens. In contrast, these meta-evaluations conclude that there is no reliable evidence to date supporting the effectiveness of abstinence-only education.
- *New research is also beginning to show that abstinence-only education and strategies may have harmful health consequences for teens by deterring contraceptive use among those who are sexually active.* The one national study available shows that programs that encourage students to take a virginity pledge promising to abstain from sex until marriage helped delay the initiation of intercourse in some teens, but teens who broke their pledge were one-third less likely than non-pledgers to use contraceptives once they became sexually active. Similarly, sexually active teens who received abstinence-only messages were found to be less likely to use condoms than those who received safer-sex information designed to reduce the risk for HIV infection.
- *Recent declines in teen pregnancy can be attributed to both abstinence and contraception—but in different proportions.* Approximately one-quarter of the decline in teenage pregnancy in this country between 1988 and 1995 was due to increased abstinence, while approximately three-quarters of the drop resulted from improved contraceptive use among sexually active teens. (AGI's methodology follows the consensus of a group that was convened by the

National Institute of Child Health and Human Development to examine measurement issues regarding teen sexual activity and contraceptive use, which included researchers from AGI, the National Center for Health Statistics, The Urban Institute, Child Trends and the National Campaign to Prevent Teenage Pregnancy.)

- *Clearer messages about the importance of contraceptive use in other Western industrialized nations contribute to their lower rates of teenage pregnancy.* Teenagers in the United States continue to experience substantially higher pregnancy rates and birthrates than do teens in other Western industrialized countries. This is not because they have higher rates of sexual activity but because they are less likely to use any contraceptive method and especially less likely to use high effective hormonal methods. Moreover, sexuality education and other communication efforts in these other countries clearly and unambiguously stress the importance of contraceptive use for sexually active people who are not actively seeking pregnancy and that childbearing belongs in adulthood.

Based on this information, AGI strongly believes that the restrictive definition of abstinence education contained in PRWORA and up for reauthorization—which requires the exclusive promotion of abstinence and which prohibits any discussion of the value of contraception—ignores what is largely responsible for recent declines in teenage pregnancy, is out of step with the desires of teachers and parents, prevents states from using federal dollars to implement sexuality education programs that have been proven to be effective, and may in fact place young people at risk by denying them the information they need to protect themselves against unintended pregnancy and sexually transmitted diseases. We therefore urge you instead to consider funding proven programs that encourage young people to delay sexual activity while teaching them about the importance and value of contraceptive use for people who are sexually active.

We hope that this research and analysis will prove useful as the Senate considers the reauthorization of the section 510 program. Thank you for the opportunity to present this information and to express our views.

Sincerely,

Cory L. Richards
Senior Vice President
Vice President for Public Policy

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TESTIMONY OF

RANDY ALBELDA
PROFESSOR OF ECONOMICS AND ACTING DIRECTOR OF PUBLIC
POLICY PH.D. PROGRAM
UNIVERSITY OF MASSACHUSETTS BOSTON
ON "WELFARE REFORM REAUTHORIZATION"

SUBMITTED TO THE UNITED STATES SENATE FINANCE COMMITTEE

Hearing on "Welfare Reform Reauthorization"
held on March 12, 2003

I appreciate the opportunity to be able to testify on Welfare Reform Reauthorization. My research has focused on the economic status of low-income families for decades. I have published many books, articles, and policy reports on the economic status of poor women with children in Massachusetts and the nation. I have attached an abbreviated list of these publications at the end of my testimony.

My own research and that of many other researchers are very clear: Being the primary breadwinner and primary caretaker are a very difficult proposition in the United States, especially when the primary source of income is a low-wage job. Welfare reform has demanded that poor women both raise their children (without any or much other adults helping in the household) and become "self-sufficient" from government cash assistance, by getting paid employment, often without substantial education or training. As has been the case for over a century in the United States, women without high educational levels and high caregiving demands mostly find jobs in the retail and service sector. These jobs are among the lowest paying and least "family-friendly", having the fewest employer benefits like vacation time, sick days, or health insurance. Supplemental supports are helpful, but children get sick, cars break, the school bus doesn't come, and informal child care providers sometimes fall through. Any of these events – which are minor to you and me – can be a crisis if it means missing work. Too many of these not-so-uncommon events can mean losing a job and any of them mean lost income. In addition, even under the best of economic times work supports like child care and transportation were insufficient and time limited. For example, the waiting list for subsidized child care in Massachusetts last year was over 12,000. Now as states face the most severe fiscal crisis since the 1930s, child care, transportation, health insurance, and education and training services are being cut. This as the welfare case loads increase.

While there are many aspects of 1996 welfare changes that deserve reconsideration in light of the realities poor women face in the labor market, in this testimony I would like to specifically speak to the increased work requirements currently being considered and proposed by the President and the House of Representatives. It is set at a level that is unnecessary high and is likely to create even more difficulties for families with children than they already face. The rationale provided for increased work requirements is that "work" is good for women and they need it in order to become self-sufficient. Research convincingly demonstrates that most low-income women who received AFDC (and now TANF) have had paid employment in the past and often either package cash assistance with earnings or cycle off and on welfare (e.g. Spalter-Roth et al. 1995; Edin and Lein 1997). Then as now, the main issue most low-income mothers face leaving welfare is *not* finding jobs nor their unwillingness to be employed. The main issues are that when they low-income mothers do have employment it typically does not pay enough to support their family and the job – even when all the proper supports are in place – is hard to keep if children's needs are a priority.

Consider what we already know about those on welfare leaving. There have been many "leaver" studies, the Urban Institute has developed a rich data set on low-income families (National Survey of American Families), the longitudinal data from the Survey of Income Participation Program (SIPP) are now available to compare those before and after welfare

reform, states have administrative data that provide a look at quarterly earnings over time, and there is the Current Population Survey data. Despite the diversity among the states in their welfare programs, the findings are remarkably similar.

While there is an almost overwhelming amount of data that support my claims, I want to concentrate on a few studies that provide good examples of what most of the studies tell us. First, I highlight findings from a summary of the "leaver" studies sponsored and paid for by the federal government through the Office of the Assistant Secretary for Planning and Evaluation (ASPE) of Health and Human Services compiled by Gregory Acs and Pamela Loprest (2001). While welfare "leavers" are certainly not the only group affected by welfare reform, they are the ones that changes were intended to impact.

Acs and Loprest summarize information from 14 leaver studies (some are for states, other for cities or counties) and state administrative data (UI), they found that while most people leaving welfare were employed at some point one year after leaving welfare (a median of 71 percent), the vast majority were not employed all four quarters (the median was 37 percent). Looking at the mean earnings, they ranged from a low average of \$1,900 to a high of \$3,400 in the first quarter of employment, with the median being \$2,700. These figures rise slightly in the fourth quarter of employment, but not enough to pull a family out of poverty (the lowest average among the states was \$2,300, the highest \$3,900 with a median of \$2,700). So that while the push toward employment has been moderately successful, the assurance that employment secures "self-sufficiency" has not been met.

The data strongly indicate that full-time continuous employment is difficult for poor mothers to maintain. As a result, their ability to provide enough income for their families to lift them out of poverty is tenuous as well. One argument about promoting increased employment is that it will lead to better jobs and wages down the road. Importantly, the data reveal that more continuous work does not really improve wages much. Acs and Loprest find, "One might expect that continuous leavers would have higher hourly wage rates either because they have stronger attachments to the labor force, allowing for wage advancement, or because higher wages enable them to continue working. Whatever the reason, mean hourly wages are, in fact, 7 to 23 cents higher for continuous leavers; median hourly wages are up to 25 cents higher. For a full-time worker, a 25 cent an hour difference in pay translates into about \$43 a month."

In looking at the barriers to work, the studies that asked about these found that child care, education and training, and own health were significant problems. The percentage of study responses finding child care as a barrier ranged from 13 percent to 52 percent (with a median of 22 percent); for education and training the responses ranged from 3 percent to 42 percent with a median of 15 percent; and for own health the percentage ranged from 15 to 54 percent with a median of 23 percent. There is no indication that working more hours would help women on welfare achieve self-sufficiency at all or quicker than they might otherwise.

My own research in Massachusetts indicates that despite dramatic decreases in the welfare rolls and unprecedented low unemployment rates, child poverty rates in Massachusetts increased from 13.2 percent in the period just preceding welfare reform to 14.4 percent in the period just after (Friedman et al. 2002). Further, looking at the bottom quintile of families with children, real financial resources (including EITC, Food Stamps, TANF, housing assistance, and earnings) fell slightly over the same period – compared to a hefty increase for most families with children. Further the composition of income changed dramatically, with decreases in AFDC/TANF and Food Stamps just barely offset by increases in earnings and EITC. And while most states have seen improvements in poverty rates, the ways in which “work first” policies have worked in Massachusetts during an extraordinary boom may be a precautionary tale. Unfortunately, the results on the lack of improvement of income levels of the bottom 20 percent of families with children during the “rising tide” of the 1990s are all too common among the states. With a recession lingering, the fate of poor families with little safety net is not promising. Again, given the limited resources states will have to deal with rising caseloads and reduced services to all families, spending it on increasing work hours with absolutely no research suggesting this is a proven route off the rolls and out of poverty seems to be a particularly poor choice.

Finally I call your attention to a recent article that examines households receiving welfare before and after welfare reform using the SIPP data. Tracking poverty rates of women who received welfare for two years, Richard Bavier (2002) finds these rates barely differ from those of women leaving welfare after welfare reform. This is surprising since the period before welfare reform was not as economically robust as the period immediately following it. Unless the main goal of welfare reform was to remove people from the rolls regardless of their well-being once they left, this information certainly questions whether “new” welfare is an improvement over the “old” one.

The low wages, high turnover rates, lack of improved income, and lack of sufficient child care, transportation services, and education and training signal that an entirely new direction is needed. These weak results from 1996 welfare reform suggest that increasing work requirements, especially without increasing funding for child care, for adults receiving cash assistance will not improve their short-term or long-term economic viability. I urge the committee to look carefully at the evidence we have and make a decision to address the real issues facing poor single mothers – the need to take care of their families and be breadwinner at the same time. Improving the conditions of low-wage work and providing much more extensive caregiving assistance to a large range of families will do much more to improve the lives of poor families than increased work requirements.

Sources cited:

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Edin, Kathryn and Laura Lein. 1997. *Making Ends Meet: How Single Mothers Survive Welfare and Low-Wage Work*. Russell Sage Foundation.

Friedman, donna, Randy Albelda, Michaela kahan and Elaine Werby. 2001. *After Welfare Reform: Trends in Poverty and Emergency Services in Massachusetts*. Center for Social Policy, McCormack Institute: University of Massachusetts Boston.

Spalter-Roth, Roberta, Beverly Burr, Heidi Hartmann, and Lois Shaw. 1995. *Welfare That Works: The Working Lives of AFDC Recipients*. Washington D.C.: Institute for Women's Policy Research.

Selected publication by Randy Albelda

Lost Ground: Poverty, Welfare Reform and Beyond, edited with Ann Withorn, South End Press, 2002.

"Reforming Welfare, Redefining Poverty", guest editor with Ann Withorn, *The Annals of the American Academy of Political and Social Sciences*, Vol. 577, September 2001.

"Moving beyond 'Get A Job': What Real Welfare Reform Might Look Like," with Chris Tilly in *Squaring Up: Policy Strategies to Raise Women's Income in the United States* edited by Mary King, University of Michigan Press, 2001, pp. 15-45.

Filling the Work and Family Gap: Paid Parental Leave in Massachusetts, with Tiffany Manuel, Labor Resource Center, University of Massachusetts Boston, June 2000.

Choices and Tradeoffs: The Parent Survey on Child Care in Massachusetts, with Carol Cosenza, Parents United for Child Care, Boston, MA March 2000.

Glass Ceiling and Bottomless Pits: Women's Work, Women's Poverty, with Chris Tilly. South End Press, 1997.

Uneven Playing Fields: Understanding Wage Inequality and Discrimination, with Robert Drago and Steve Shulman. McGraw-Hill, 1997. Reprinted by Economic Affairs Bureau, 2001.

"Improving Women's Employment Status in the United States," *Industrial Relations Journal*, December 1997.

The War on the Poor: A Defense Manual, with Nancy Folbre and the Center for Popular Economics. The New Press, 1996.

"Family Structure and Family Earnings: The Determinants of Earnings Differences Among Family Types," with Chris Tilly, *Industrial Relations*, Vol 33, No. 2 pp. 151-167, April 1994.

"All in the Family: Family Types, Access to Income, and Implications for Family Income Policies," with Chris Tilly, *Policy Studies Journal*, Vol 20, No. 3, pp. 388-404, 1992.

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March 20, 2003

Honorable Charles Grassley
Chairman
Finance Committee
U.S. Senate
Washington, DC 20510

Per electronic mail: Editorial@finance-rep.senate.gov.

Dear Chairman Grassley,

Please consider this cover letter and the attached documents as our submission for the printed record of the March 12, 2003 hearing held by your Committee on "Welfare Reform: Building on Success." As you consider S. 5, we believe it is imperative that you take into consideration the circumstances, successes and setbacks of the individuals who have had first-hand experiences with the TANF program within the last six years.

As your Committee prepares to review and reauthorize the work requirements and time limit provisions of TANF, we ask that you consider the recommendations of the Alliance for Children and Families, a national association of nonprofit, human service organizations that serve almost four million families in over 6,500 communities. Our research on the experiences of individuals affected by the welfare legislation has been compiled in *Faces of Change: Personal Experiences of Welfare Reform in America*. The stories represent families from a broad diversity of cultural, regional and economic backgrounds who have relied on the public welfare system for support in their times of crisis.

Please feel free to contact the Alliance for Children and Families and our member agencies all across the nation. Our website lists our members in every state (www.alliance1.org) and both our Milwaukee headquarters and our Washington, D.C. policy office can answer your questions about our research and recommendations.

Respectfully,

Carmen Delgado Votaw
Senior Vice President, Public Policy
202-393-3570

Encl. "Alliance for Children and Families' Recommendations for the Reauthorization of Temporary Assistance for Needy Families"

The Alliance for Children and Families' Recommendations for the Reauthorization of Temporary Assistance for Needy Families

The Alliance Responds to Secretary Thompson's testimony on March 12, 2003 before the Senate Finance Committee

We are pleased to know that the administration plans to maintain the current funding level for TANF at \$16.5 billion per year with an additional \$319 million for annual supplemental grants to states as well as the restoration of the policy permitting the transfer of up to 10% of TANF funds to the Social Services Block Grant from the current 4.25%. However, we vehemently oppose the proposal to increase the work requirement to 40 hours per week. We ask that you carefully consider the multiple barriers faced by the recipients of public welfare as they juggle their responsibilities of parenting, working, keeping their families healthy and safe, and providing food, clothing, shelter and a decent livelihood for their children. Like many of us, welfare recipients have their own personal challenges which limit their success, including substance abuse, domestic violence, learning disabilities, short-circuited education training and homes that are many miles from day care and employment sites without having adequate transportation facilities. Transitional support services that address these challenges merit your support.

The Need for Increased Child Care Funding

We urge you to significantly increase funding for the Child Care Development Fund, recognizing that child care is an essential work support. Increased funding would enable children in need to receive the quality care they deserve. The Alliance for Children and Families' Faces of Change narratives reveal a significant need for subsidized, accessible, child care services. Without sufficient child care, participant's employment efforts are undermined. Study participants report facing long waiting lists for child care, ranging from months to a year in length, during which time they are forced to find alternative arrangements that can be costly or unreliable. Some are fortunate to have family members supervise their children when needed.

Every day, 13 million preschoolers—including 6 million infants and toddlers—are in child care. A 2002 study by the Children's Defense Fund found that child care for a 4 year old in a child care center averages \$4,000 to \$6,000 per year in cities and states around the country. Some centers charge more than \$10,000 per year. Families with more or younger children face additional costs. Further, families with special needs children may experience difficulty in locating adequate facilities.

The high cost of child care presents a challenge to all families, but is particularly burdensome for low income families. These families must have reliable child care so parents can get and keep the jobs they need to lift them out of poverty. Since the new welfare system no longer assures them a safety net should they lose their jobs, safe and reliable child care has become increasingly important to these families well-being.

The Alliance for Children and Families further recommends that Congress:

Give states more flexibility to determine what counts as meeting the work requirement, especially allowing full-time college attendance and permitting recipients to participate in vocational education for up to 24 months, instead of the current 12 (or three, as proposed by the Administration)

- Reinstate benefits for legal immigrants; and
- Ask the states to keep track of their former recipients and provide follow-up job assistance and assessments to ensure that the workers and their families are on the path to leaving poverty, not just off the welfare rolls;
- Establish new *temporary* waivers that "stop the clock" for recipients who cannot meet work or looking-for-work mandates:
 - When chronic physical and mental health conditions of the recipients and their children temporarily prevent them from working;
 - When childcare, domestic violence, housing or transportation emergencies temporarily prevent them from working;
 - When unemployment is high or when available jobs require advanced skills that the welfare recipient has neither the talents nor training to qualify for these positions.

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Statement
Of the
American Federation of State, County and Municipal Employees
For the Hearing Record of the
United States Senate
Finance Committee
On Welfare Reform Reauthorization

March 12, 2003

The American Federation of State, County and Municipal Employees (AFSCME) represents 1.4 million employees who work for federal, state and local governments, health care institutions, and nonprofit agencies. We submit the following statement for the record of the Senate Finance Committee hearing on "Welfare Reform Reauthorization."

AFSCME approaches welfare reform both as a representative of the thousands of caseworkers who administer Temporary Assistance for Needy Families (TANF) programs across the country, and as the union representing tens of thousands of other public and private employees who are also impacted by federal welfare reform policies. We have a number of serious concerns about the President's proposal and H.R. 4, which passed on a largely party-line vote in the House of Representatives last month. We strongly urge the Senate Finance Committee to engage, as it did last year, in a bipartisan process and pass a bill that helps welfare recipients enter and succeed in the workplace and does not harm those currently in the low-wage labor force.

Work requirements proposed by the Administration are unrealistic, unnecessary, and burdensome on states.

As several Senators noted during the Welfare Reform Reauthorization hearing, the Administration's proposed 40 hour per week work requirement would make unrealistic and unnecessary demands on single mothers receiving TANF assistance. As Senator Breaux pointed out, the Administration's proposal would force this requirement on states that are now free to adopt a 40 hour per week rule if they so choose, though very few have.

For parents with children under six years old, a 40-hour work requirement would double the current federal requirement. Many "full time" workers work less than 40 hours per week, and vacation and sick time count towards their full time schedule. Welfare recipients would have to make up for any time missed due to their own or a child's illness, and would need to travel to and from childcare and to the non-core work activities that are required for 16 hours per week. This would leave these mothers with virtually no time to spend time with their children.

Moreover, welfare offices would have the unwieldy task of generating and documenting both the 24 hours of “direct work” and the 16 additional hours of disparate activities. To ensure that their clients reached the 40 hours per week minimum requirement, prudent caseworkers would likely schedule additional contingent hours above 40.

We urge the Senate Finance Committee to retain the 30 hours per week work requirement and 20 hours for single parents with children under six.

The Administration’s proposed requirement of 24 hours per week in “direct work” would hamper state flexibility and promote failed workfare programs.

The Administration’s proposal would restrict “direct work” to include employment, on-the-job training, supervised work experience, and community service. Given recent Bureau of Labor Statistics data showing that almost every state in the nation has experienced significant job losses in the past two years, a large portion of adult welfare recipients will not find unsubsidized employment, forcing states to establish large unpaid work experience programs. Several Senators at the March 12 hearing rightly voiced their opposition to this one-size-fits-all approach to welfare to work.

Moreover, many states do not want to redirect their TANF resources into creating and supervising hundreds of thousands of work slots for people on welfare:

- Vermont: “We would need to expand these opportunities significantly to meet the proposed work requirements. Providing supervision at a group work site costs approximately \$40,000 to \$45,000.” (NGA and APHSA Survey of States, April 2002)
- Indiana: “Indiana is a low benefit state . . . [so] community work experience activities cannot be used to fully replace unsubsidized employment for many adult recipients without violating the Fair Labor Standards Act.” (Survey of States)

Indeed, large-scale workfare is a failed welfare-to-work policy that most states have rejected. A national workfare study found “there is little evidence that unpaid work experience leads to consistent employment or earnings effects.” (Manpower Demonstration Research Corporation) New York City, which operated the largest workfare program in the country, has reduced its program by 50%. In 2001, only 62 of the 17,718 NYC workfare participants transitioned into regular city jobs.

And, the 24-hour “direct work” requirement would severely curtail the flexibility states currently have to blend work, education, training and job search to tailor programs to meet the individual needs of welfare recipients. As Senator Snowe noted at the March 12 hearing, while post-secondary education is “beyond astonishing” in its effectiveness in breaking the cycle of poverty, it is unrealistic to expect single mothers to work at least 24 hours a week, attend college, study and care for their children simultaneously. We also

agree with Senators Jeffords and Rockefeller's support for state flexibility to invest in education and training, and allowing more than three months for vocational education. At least 35 states also support federal policy that broadens, rather than restricts, the range of countable work activities. (Survey of States)

Large-scale workfare programs promoted by the Administration would displace jobs for other workers.

The Administration's welfare reform proposal would place enormous pressure on public agencies and other employers to replace their current workers with unpaid workfare workers. When New York City's workfare program was growing from 1994-1998, the number of civilian City employees declined by about 15,000, in mostly entry-level positions. We estimate that the City's workfare program directly caused the loss of 800 jobs in the Parks and 1,600 in the Human Resources Departments alone. A NYC community-based organization that surveyed over 600 workfare workers found that 86% were doing the same work as City employees at their worksites. Five separate lawsuits have documented job displacement and have caused the City to devote scarce resources to costly litigation.

A reauthorized TANF bill must strengthen the nondisplacement protections in current law, even without the added pressures from larger workfare programs. The Administration's proposal does nothing to address this critical problem. Without stronger anti-displacement protections, employees could lose wages and/or hours due to workfare placements, unfilled job vacancies could be converted into revolving workfare slots, and enforcement procedures would remain inadequate. In fact, the current TANF law explicitly states that public agencies may fill vacancies with workfare workers.

Large-scale workfare programs would leave participants unprotected by many of the laws covering other American workers.

The Administration's proposal fails to ensure that all workplace laws will apply to welfare recipients in workfare assignments, thus establishing a vulnerable sub-class of workers. Although some Administration officials have asserted otherwise, it is at least an open question as to whether welfare recipients would have to work at sub-minimum wages in low benefit states because the legislation fails to explicitly reconcile its 24 hours per week work requirement with minimum wage protections. In addition, the legislation does not address the fundamental issue of whether workfare participants would have the same health and safety, civil rights, and other workplace protections that regular employees have. Indeed, in March 2002, a federal court judge in New York City dismissed a lawsuit filed by a workfare worker who alleged sexual and racial harassment, ruling she is not an employee and therefore not entitled to the same workplace protections.

Federal childcare spending must be increased to address unmet and growing demand.

At the March 12 hearing, several Senators spoke out against TANF reauthorization legislation that mandates more than it pays for, especially childcare. In particular, we agree with Senator Baucus that any additional work requirements will necessitate significantly more federal financial support to ensure that childcare subsidies for working low-income families continue.

Nationally, only one in seven eligible children currently receive childcare subsidies. At the March 12 hearing, Senators Baucus and Bingaman noted that states have long waiting lists and/or have changed eligibility rules to reduce the number of eligible children. Even without increased work requirements, an additional \$20 billion would be needed to make a dent in the current unmet need and double the number of low-income children served. States, in the midst of their worst fiscal crises since World War II, do not have extra childcare funds to redirect to families struggling to meet additional work requirements without cutting back on funding to help low-income working families outside the welfare system.

Research on brain development shows that young children need quality environments in and out of the home to prepare them to learn, succeed in life, and break the cycle of poverty. Yet, low-income welfare recipients and working parents often are forced to leave their children home alone or in other unsafe situations. Working parents struggling to achieve independence should not have to choose between being good workers and good parents.

Inadequate childcare, coupled with increased work requirements, would be a formula for either disaster (for poor kids) or huge increases in state funding for childcare, or both. The five-year costs of implementing the Administration's proposed work requirements are estimated to be as much as \$11 billion above what states would otherwise spend under current law. About half of the projected increased costs would be needed to pay for subsidized childcare. (Congressional Budget Office/Center for Law and Social Policy)

A reauthorized TANF program should address the already extreme pressure on TANF caseworkers due to insufficient training, overwhelming workloads, and escalating tensions.

TANF staff have not been provided the training needed to be effective caseworkers. No longer primarily gatekeepers determining eligibility, they now are also coaches, enforcers and trainers responsible for conducting client assessments, assisting in job search, identifying barriers to employment, tracking participants' progress, and making referrals to related programs and services.

Even though TANF caseloads have declined across the country (although many states have seen their caseloads increasing in recent months), welfare reform dramatically

expanded and transformed the work required for each case. A survey found that more than 90 percent of caseworkers have seen their workloads increase; 53 percent have increased workloads of more than 40 percent. ("Overworked and Underserved: A Report on the Status of the Illinois TANF Program for Caseworkers and Clients," AFSCME Council 31, 1999) In addition, TANF workers have continued to administer related programs including Food Stamps, Medicaid, subsidized childcare and child support enforcement.

Moreover, insufficient training and overwhelming workloads combine to produce a volatile situation in TANF offices. Caseworkers are pressured to enforce harsh rules. Anxious clients who have trouble reaching their over-worked caseworkers often perceive them as mean-spirited and uncaring. Verbal abuse and physical violence have resulted. In New York City alone, AFSCME members have reported at least 150 violent incidents in welfare offices between mid-1998 and the present. In January 2002, a Job Opportunity Specialist was beaten after he told a client that he had to reopen her case before he could assist her.

States should be allowed to continue their carefully tailored existing waivers.

The current TANF law has allowed states to continue to administer their welfare programs under waivers granted under the Aid to Families with Dependent Children (AFDC) program. As was noted by several Senate Finance Committee members, this policy has been successful and should be continued.

The Senate Finance Committee should reject the Administration's ill-conceived "superwaiver" proposal.

The Administration's superwaiver proposal would allow an unprecedented shift in program laws and rule-making from the Congress to governors and the Executive Branch. Specifically, upon a governor's request, it would allow federal agencies to waive nearly all federal laws and rules associated with many low-income programs, including Food Stamps, the Child Care Development Block Grant, the Workforce Investment Act, Employment Service, TANF, the Social Services Block Grant, and housing programs. In practice, Executive Branch agencies could ignore compromises reached with Congress, instead soliciting superwaiver applications to get through back-door channels what they could not achieve through the legislative process. States already have broad flexibility through existing waivers and block grants to shape their programs for low-income people. Congress should not relinquish its power to legislate.

The federal government should retain its pivotal role in the Food Stamp program.

Congress adopted several changes to the Food Stamp program in last year's farm bill. They included restoration of benefits to legal immigrants, quality control system

reforms, and program simplifications and improvements. Congress also chose to retain the federally financed entitlement to Food Stamps for all eligible persons. Now, the Administration supports a provision in the House TANF reauthorization legislation, which would allow up to five states to convert their Food Stamp programs into a block grant. States could cut benefits to any group, or impose time limits or sanctions. And, the block grant would cap funds, which would end the program's responsiveness to economic conditions. We urge the Senate Finance Committee to reject this incursion into guaranteed Food Stamp benefits for all who qualify.

Legal immigrants should qualify for TANF assistance.

The Administration supports retention of the five-year ban on access to TANF assistance and services for legal immigrants. Fairness requires that immigrant families – who work and pay taxes – should have access to financial assistance and services when they fall upon hard times.

Conclusion

At its best, welfare reform has allowed states to test innovative approaches to helping poor families achieve economic self-sufficiency. As the Senate Finance Committee addresses TANF reauthorization, AFSCME urges Committee members to support policies that fix noted problems in the current law, but reject imposing unnecessary and unreasonable requirements on state TANF programs and the families they serve.

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To: Chairman Grassley & the Senate Finance Committee
Re: Concerns about HR4

From: Sister Therese Bangert
Welfare Reform Lobbyist
Kansas Catholic Conference
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I appreciate the ability to address the concerns that the Kansas Catholic Conference has regarding HR4. Both Catholic Charities and the United States Conference of Catholic Bishops have expressed their grave concerns with this bill and its implications for parents struggling to move from welfare to work. **We ask to join their comments.**

We have been in ongoing contact with our Kansas Congressional Delegation. Five specific areas about which we have visited are:

- making poverty reduction a goal of welfare reform
- maintaining the current 30 hour work requirement
- increasing substantially the resources for child care
- allowing at least 2 years of education and job training to count as work requirements
- restoring benefits to immigrants
- removing the super-waiver from the bill in order to safeguard protective provisions in federal regulations from being overruled

We are also in dialogue with the leadership of SRS - Social & Rehabilitation Services - in the state of Kansas. They have expressed support for the Welfare Reauthorization Bill passed out of the Senate Finance Committee last session. We need the leadership of this committee again. **YOU** can make a difference in the daily lives of many parents and their children. **PLEASE RESPOND.**

PEACE be with YOU!

Statement of Sonja Fitz
Building Opportunities for Self-Sufficiency (BOSS)
Kittredge St., Ste. E, Berkeley, CA

SUBJECT: TANF Reauthorization

Building Opportunities for Self-Sufficiency (BOSS) is a community-based nonprofit organization that operates 30 programs in Berkeley, Oakland, and Hayward, California. These programs aid and change the lives of over 3,000 families and individuals each year. Our mission is to help homeless, poor, and disabled people achieve health and self-sufficiency, and to fight against the root causes of poverty and homelessness. (A list of awards recognizing BOSS's track record of excellence in service delivery, innovation, and achievement is at the end of our statement.)

Established in 1971, BOSS has over three decades of experience developing and operating successful programs to help our constituency achieve health and self-sufficiency. In particular, BOSS has focused its work on those families and individuals with the most severe barriers to self-sufficiency--e.g. mental illness, HIV/AIDS, substance abuse, illiteracy, domestic violence, lack of job skills or recent work experience, and lack of supportive social networks--who often go unserved by traditional or mainstream programs.

Following is our assessment of the gaps in the current and proposed TANF legislation, and the realities of what is needed to move poor people off of welfare and into stable jobs and self-sufficiency.

Point 1: Clarify the Goal of TANF.

Currently, TANF legislation lists four program purposes: (1) Provide assistance to needy families, (2) End the dependence of needy families on welfare, (3) Prevent and reduce out-of-wedlock pregnancies, and (4) Encourage the formation and maintenance of two-parent families. While the intention of the latter two purposes may ostensibly be to support achievement of the first two, there is a lack of consensus about the prioritization of family composition vs. a more focused prioritization of economic security, such as poverty reduction. However, unanimity is present on the first two goals--provide assistance and end welfare dependency.

For some time now, both public agencies and private service providers who work with welfare recipients have advocated strongly for the addition of "poverty reduction" as a core goal of TANF. So the question before you at this time is whether the current stated TANF intention to 'Provide assistance and end dependence on welfare for needy families' is sufficient, or whether it is necessary to add 'poverty reduction'. BOSS strongly believes the latter.

BOSS supports poverty reduction as a goal for several reasons. First, BOSS believes it is morally right to provide services that lift people out of poverty, creating hopeful and healthy communities, rather than merely shift people sideways from one source of poverty-sustaining income to another. Secondly, it is in America's best interests to develop a skilled and educated workforce

that is competitive on the world stage, rather than allowing large numbers of people to remain in low-skilled, poverty-level jobs that reduce America's stature in terms of sustaining an educated and skilled citizenry.

Thirdly, poverty reduction is critical because it is practical and cost-efficient. Families who remain in poverty following employment continue to use public resources such as food stamps, public health care systems, and publicly-funded social services. Thus moving people off of welfare but neglecting to lift them out of poverty only shifts expenditures from one line item to another in the federal budget; it does not solve the problem of dependency or make any significant cost reduction impact.

Point 2: Design the Program to Achieve the Goal.

Once the goal is clarified and agreed upon, program objectives and activities can be more realistically identified and planned.

Elements of Effective TANF Program Design. BOSS believes that there are 4 core groupings of activities TANF should fund in order to achieve the desired goal of "poverty reduction (i.e. reduced dependency on public resources)":

1. Cash assistance: Poor families need cash assistance so parents can care for their children and meet basic needs while engaged in job search and job preparation. To achieve the desired goal of TANF, cash should be available until parents achieve living wage work that supports self-sufficiency and reduced reliance on public aid. Upon entry to the TANF system, skilled professional assessments should be conducted to identify individuals who may be unable to maintain full-time living wage work because of physical or mental health issues. Also at this stage, all participants should be helped to develop Individualized Service Plans (ISPs) that identify their unique level of need, service requirements, and initial job goals. Because every family is different, ISPs are a critically important standard tool used by service providers to help families move from crisis to self-sufficiency. We work with human beings. A one-size-fits-all approach will not work.
2. Job preparedness: To help those who are able to work to find jobs, a spectrum of services must be provided, since all individuals are not at the same stage of job readiness. Thus, depending on the individual, all activities have equal value and should count towards work requirements: Education (literacy, vocational, higher [college-educated workers have consistently higher average earnings than other workers]), job training, soft skills training, job market navigation skills, and instruction on job search and skills upgrading, so that people are able not only to retain employment but to successfully seek new jobs on their own if they become unemployed.
3. Child care: Most families-and without exception one-parent families-must have child care if they are able to work. Child care must be high quality, to ensure the children's health, welfare, and development.

4. Transitional supports: Finally, need families face several urgent needs in addition to income-needs that can interfere with successful job preparation, search, and retention if they are not met-such as food, transportation, health care, and material aid such as work uniforms and tools.

Problems & Gaps in the Current Legislation. BOSS has concerns and suggestions regarding the Administration's proposed TANF plan in each of these four activity groupings:

Cash assistance: The block grant amount must be increased. TANF funding has been a fixed sum since first implemented in 1997. Because funding has not been adjusted for inflation, the real value of the block grant has declined 13.5%. The Administration's plan adds still no additional dollars to the reauthorized TANF block grant which will in effect reduce the block grant level by 29% after five years-despite the fact that demand may grow. Many states have seen slight caseload increases in recent months, a trend that is likely to continue if the poor economy continues or reoccurs following a recovery.

This de facto reduction in TANF funding gives states two choices: (1) reduce the number of people who receive benefits, or (2) reduce the benefit level itself. Neither option is acceptable. If the level of cash assistance provided is so low that families are unable to meet basic needs with it, it works against the goal of TANF in that families are compelled-per their very survival-to devote time and energy to finding food, shelter, health care, and basic amenities rather than engage in work readiness activities and/or work.

Furthermore, states should be required to remove TANF rules that make it more difficult for two-parent families to qualify for benefits even though they have similarly low income or earnings compared with comparably-sized single-parent families.

Finally, BOSS supports restoring benefits to legal immigrants. In 1999, 37% of children of immigrants lived in families with difficulties affording food, compared with 27% in citizen families. Legal immigrants work every bit as hard as citizens and do so in low-paid service sectors that are among the hardest hit by the current economic downturn.

Job preparedness: Work requirements must be highly flexible, to accommodate people's differing and unpredictable job readiness levels. Currently, there is a 30-hour per week requirement for recipient families to be engaged in defined work activities (20 hours for single parents with young children). The Administration's plan increases this number to 40 hours per week, 24 of which must be in a narrow range of 'on-the-job' activities: unsubsidized employment, work experience, community service, or on-the-job training. Job search, vocational education, or job skills training directly related to finding living wage employment in order to care for one's family and remain off welfare for the lone-term are capped at 16 hours per week regardless of the person's job readiness, literacy level, education, or skill level in the proposed plan. Arbitrary number targets are meaningless when dealing with unique individuals with unpredictable patterns of need.

Essentially, this is the "Work First" approach employed to great fanfare at the initiation of welfare reform. It behooves us then to examine this approach more closely, which has been far less successful than originally anticipated. A research team at UCLA studied Greater Avenues for Independence Program, or GAIN, a program which ultimately provided TANF a model for the Work-First system. The research team found that TANF has created a population of families living on earnings from the lowest paying jobs that offer no prospect of advancement.

Problems with 'Work First' approach: Of all the early welfare-to-work programs, Riverside's GAIN was remarkable for its focus on job attachment-moving recipients into the job market as quickly as possible and encouraging recipients to view any job offer as a positive first step. Families enrolled in the program, which began in 1986, were considered an unprecedented success in a 1994 study. However, today those participants trail behind families enrolled in other welfare-to-work programs in every important way, including incomes, employment rates, and self-sufficiency. The 1994 study evaluated GAIN programs in six counties. Riverside, with its work-first approach, was the only program that produced significant employment numbers, placing a high percentage of participants into jobs, increasing earnings, and decreasing welfare expenditures. The other programs emphasized workforce development and had produced few positive results by 1994 and had cost more than the current welfare system.

However, in 1998, the UCLA team conducted a study and concluded that over time, early investments in human capital surpass Riverside's work-first model. In the last 10 years, Riverside enrollees have remained in the same position they were in in 1988: their incomes have stagnated at \$5-7 per hour and they continue to struggle moving from job to job without a prospect of advancement. GAIN programs emphasizing education and long-term career development caught up to, and often surpassed, the Riverside program, recording high employment levels, significant percentages of advancement, and strong job retention levels. It is now apparent that the work-first model produces higher rates of employment over a short period of time, leveling off quickly, while programs emphasizing workforce development tend to prepare a larger number for long-term self-sufficiency.

Additionally, the Administration's plan requires states to put 70% of their caseload in work (over 200% higher than current levels) or suffer financial consequences. As with any arbitrary percentile requirement, this restricts the flexibility of states to address the needs of heads-of-family who are not ready or able to work because of severe barriers. A Utah study of families that left welfare because they did not follow the rules found that one-third of the parents had health problems that inhibited their ability to participate in work activities.

States must employ caseworkers who have adequate training to perform assessments that identify TANF recipients with severe barriers to employment, including low basic education, substance abuse problems, homelessness, domestic violence, or disability. States should also have the flexibility to exempt families with severe barriers from TANF time limits, even if the total exempted exceeds 20% of the caseload. Again, arbitrary percentile targets are meaningless. We are dealing with human beings whose unique needs may vary by region, year, environmental issues, and other factors.

Child care: Additional child care funds must be provided and child care quality must be protected. The Administration's plan provides not new child care funds for the next five years, despite increased work requirements, in effect allowing 114,000 fewer children to receive child care assistance during that period (Children's Defense Fund). Currently, only one in seven children who are federally eligible for child care assistance receives it.

To help meet the urgent need for child care-which is essential to moving parents into jobs-legislation should allow prior-year TANF funds to be transferred to the Child Care and Development Block Grant (CCDBG). This is not currently allowable.

In addition, states should ensure that TANF-provided child care assistance is subject to CCDBG health and safety standards. States should also be required to pay the full market rate for child care. Nearly half the states set their provider reimbursement rates at levels below the 75th percentile of base reimbursement rates on outdated market rate surveys (Children's Defense Fund).

Transitional supports: All necessary support must be provided to help people find and retain jobs in order to get off welfare and escape poverty-food, transportation, health care, material aid. Assistance should be provided until workers achieve a wage that facilitates self-sufficiency, or they will be forced to seek ancillary support elsewhere and cost-reduction is a falsehood.

BOSS intakes approximately 100 new welfare recipients in our employment and training initiatives each year, all of whom are not job ready upon entry. (We also serve welfare recipients in our housing and health programs who are not counted in this figure.) On average, they spend between 10-20 hours per week on job readiness and job search activities in addition to spending many hours on urgent life needs to care for themselves and their families-health and mental health care, substance abuse recovery, life skills workshops, housing search, child care, addressing legal issues, accessing food/meals, and travel/transportation time (participants must seek jobs and services within a large region). Our overall job placement and retention rate is roughly 55%. Many participants drop out because they simply become overwhelmed with these ancillary survival needs, and thus the importance of comprehensive support services to address the complex and interwoven needs faced by poor people with multiple challenges cannot be underestimated.

Organizational Awards

Award for Management Excellence, Chevron and The Management Center Community Service Excellence Award, Interagency Council on Homelessness Award for Excellence, National Association of Counties John R. May Award, San Francisco Foundation Berkeley Community Fund Award, Berkeley Community Fund

Statement Regarding Welfare (TANF) Reauthorization
Submitted to the United States Senate Finance Committee by:
Yonce Shelton, Director of Public Policy, Call to Renewal
March 25, 2003

Mr. Chairman and Members of the Committee,

Call to Renewal is a national network of churches and faith-based organizations that have come together on the biblical imperative to overcome poverty. Our "Campaign to Overcome Poverty" is one of the broadest ecumenical tables in the country for churches involved in anti-poverty efforts. We work to network churches and faith-based organizations into a movement and provide a national public policy voice.

We acknowledge that the causes of poverty are complex. They include economic inequality, lack of opportunity, and institutional racism; as well as irresponsible personal choices and the breakdown of families and communities. The solutions to overcome poverty are equally complex. They include employment at a living family income, quality education, safe neighborhoods, affordable health care and housing, strengthening families, and renewing an ethic of personal and community responsibility.

After six years, the 1996 Personal Responsibility and Work Opportunity Reconciliation Act has had an important impact in reducing the number of people on welfare through requiring employment. A significant number of former welfare recipients are now working. Yet far too many, especially children, remain in poverty. As the debate regarding reauthorization of TANF continues, there are several areas where we urge Congress to focus.

Most importantly, we urge a conceptual shift to view TANF and related programs through the eyes of poverty reduction rather than simply welfare reduction. Too many of those who have moved to work remain below the poverty line. We believe that people who are responsibly trying to work should be able to support themselves and their families. The objective for the next period should focus not only on caseload reduction, but also on reducing the number of families living in poverty and increasing the number of self-sufficient families.

We strongly urge that an explicit goal of reducing poverty be made part of the legislative purposes of TANF reauthorization. While there is serious debate and difference about how best to reduce poverty, a genuine bi-partisan commitment to that goal would significantly help to reduce the partisanship and offer the hope of finding common ground that puts the interests of those who are poor foremost in the legislation. The reauthorization priorities should be framed with this in mind.

Our specific recommendations toward that objective include:

1. Fund TANF at adequate levels with increases for inflation. The 1996 Act funded annual block grants to the states at a fixed \$16.5 billion per year. It should be obvious that \$16.5 billion in 2003 is not what it was in 1996, and certainly not what it will be by 2008. Although continuing flat funding is actually a significant cut in funding, we recognize the current fiscal constraints of the federal government. Therefore, we ask simply that funding for the TANF block grant not be reduced.
2. Increased work supports and outreach efforts. Many of those who have moved from welfare to work have ended in the lowest paying jobs, often at or near the minimum wage. Their ability to remain employed and move out of poverty requires several important work supports.
 - a. Child Care. Access to safe and affordable child care is one of the major problems facing low-income workers. To increase the work requirements and hours at work per week without increasing the availability and affordability of child care simply will not work. An array of services and resources should be funded, ranging from improved facilities to better training for child care workers to an increased capacity for specialized needs. The ability for states to spend TANF funds directly on child care should be maintained along with adequately funding the Child Care and Development Block Grant. Child care funding should, *at a minimum*, be increased to \$5.5 billion over the next five years. However, to truly address the needs of working mothers, funding well above this amount should be provided. To correct the fact that only 1 in 7 children eligible for child care currently receive the assistance they deserve requires greater commitment and investment. Minimum national standards for facilities and staff should also be established to ensure the health and safety of children. This is in the best interests of those women who are moving from welfare to work, but perhaps even more importantly, in the best interests of their children.
 - b. Health insurance. While improvements have been made in the past six years, efforts to increase the number of low-income families with access to health insurance should be strengthened. Increased outreach to enroll children in the Children's Health Insurance Program is essential. Eligibility standards for Medicaid coverage should be eased, and states should be encouraged to simplify enrollment procedures.
 - c. Transportation. Access to adequate transportation between home, childcare, and work is often a major barrier to employment. States should be encouraged to use flexibility in developing such programs as discounted bus fares, loans for car ownership, automobile restoration programs, and providing special bus service to places of employment.
3. Work Hours. The current 30 hours per week work requirement should be maintained. Proposals to increase the requirement to 40 hours per week are not realistic. The states

have stated that an increase in work hours is a requirement they do not want *and cannot handle*. Increasing such a requirement would probably force workers into “workfare” type jobs, which often require workers to take dead-end jobs instead of pursuing education and training. This approach will not help build the skills necessary to develop productive members of the labor force and foster stable work patterns.

4. Time limits. While the five-year lifetime assistance limit may have aided in moving people from welfare to work, the reauthorization process should re-examine it and allow for greater flexibility by the states.
 - a. Low-income workers. People who are working in compliance with program rules while continuing to receive some amount of assistance to supplement low earnings should not be subject to the time limit.
 - b. Allow post-secondary education and training and care giving. Efforts to improve an individual’s employment skills through obtaining education or vocational training should be permitted to count toward meeting the work requirement. The “work first” requirement often meant that persons had to choose between receiving assistance or improving their skills and employability. Such initiative toward employment should be rewarded rather than penalized. For people trying to escape poverty, serious efforts to prepare for work or enhance training and knowledge that can lead to greater self-sufficiency should be recognized and supported rather than penalized. We encourage the Committee to consider proposals such as Maine’s “Parents as Scholars” program supported by Senator Snowe. This type of effort improves access to formative education, thereby helping people escape poverty.
 - c. Waivers in areas of high unemployment. With the economy in recession, states in fiscal crisis, high rates of unemployment, and uncertainty regarding how the current war will affect the economy, states should be required to suspend the practice of limiting benefits when unemployment reaches a certain threshold. People who have been successfully employed and are laid off due to economic conditions should not be denied assistance because of an artificial time limit.
 - d. Limit sanctions. Sanctions for non-compliance with program rules should be more carefully monitored by the Department to ensure their fairness. Sanctioning an entire family, for example, due to the failure of one member to meet a requirement should not occur.
5. Restore TANF and other benefits to legal immigrants. Immigrants legally in the United States following the 1996 law are ineligible for most forms of assistance. New legislation should reinstate eligibility for legal immigrants to major assistance programs, particularly TANF benefits, food stamps and Medicaid. Many legal immigrants in the country today work hard and pay taxes, and should be entitled to assistance when in need.

6. Address barriers to unemployment for those remaining on welfare. Many of those still on welfare rolls face barriers to employment, including domestic violence, substance abuse, or mental illness and disability. States should be required to develop and fund programs that assist people in overcoming these barriers.
7. Programs to strengthen marriage. Our personal experience and multiple studies indicate that children raised in single parent households are more likely to be in poverty. The evidence increasingly shows that one of the most effective ways out of poverty is a stable marriage. We therefore encourage initiatives to develop programs designed to reduce single parenthood, promote responsible fatherhood, and strengthen marriage. The pilot programs being initiated in various states should be carefully examined to assess their success and the ability to replicate them. We also support the elimination of provisions that discriminate against married parents through stricter work requirements, exclusion from some programs, or other means. It is true that healthy marriages are good for economic stability, and it is also true that economic stability is good for healthy marriages. We urge the Committee to find ways to do both.
8. Continue and strengthen the charitable choice provision. Call to Renewal has supported partnerships between faith-based organizations and government in overcoming poverty. We believe that government at all levels - local, state, and federal - has an important role in developing, promoting and implementing public policies to reduce poverty. As part of that role, government and faith-based organizations should develop partnerships that empower or fund the successful programs of both religious and secular nonprofit organizations in ways that do not violate the First Amendment. We believe the "charitable choice" provision in the 1996 law should be maintained, with several changes.
 - a. Religious organizations seeking government funding should be required to establish a separate tax-exempt non-profit organization. In the five years since the passage of the original charitable choice legislation, Call to Renewal has advised religious organizations considering applying for government funding that it would be prudent for them to form a separate organization. We urge this provision be added in the final version of the reauthorization legislation.
 - b. Protect the integrity of religious organizations and the religious freedom of individuals receiving assistance. Debate in Congress on the President's faith-based initiative led to suggested changes in the 1996 provision that should be adopted here. Individuals seeking assistance must have clear access to alternative religious or non-religious programs. Programs freely chosen by individuals using vouchers can include religious activities, while any religious activities in directly funded programs must be separately funded and voluntary. Social services and religious activities must be kept separate, so that public funding is for public purposes.

In closing, in addition to TANF, we also urge Congress to support working families by:

1. Expanding the Earned Income Tax Credit. The EITC has been one of the most effective poverty-reduction programs in history by reducing taxes for low-income workers. Expanding the EITC to provide tax relief for additional low-income families and increasing the maximum credit a family can receive would assist additional families to continue moving from poverty to self-sufficiency.
2. Strengthening unemployment insurance. In a time of recession and economic uncertainty, unemployment assistance should be strengthened to provide benefits to unemployed workers who are looking for part-time work but who meet all other current eligibility standards. Eligibility should be based on the most recent work experience of the unemployed person.

Reducing poverty and promoting individual responsibility for all our people are biblically rooted and morally compelling goals. We urge the Committee to approach the issue of TANF reauthorization with that clarity of purpose. We look forward to a continuing dialogue with you, and stand ready to assist in whatever ways we can. I can be reached at 202-328-8745, or at yshelton@calltorenewal.com

United States Senate Committee on Finance
March 12, 2003, Welfare Reform: Building on Success
Center for Impact Research Written Statement

The Center for Impact Research is pleased to submit this written statement for inclusion in the record of the March 12, 2003 Senate Finance Committee hearing on the subject of welfare reform.

In 2000-2001, the Center for Impact Research (CIR), in collaboration with local and national organizations interested in the issues facing teen parents, surveyed over 1,500 low-income teen mothers in Chicago, Boston, and Atlanta to determine why they were or were not receiving assistance (see CIR's report, "Knocking on the Door: Barriers to Welfare and Other Assistance for Teen Parents," April 2002, available at www.impactresearch.org). The project employed teen parents to conduct the surveys and found:

1. Teen parents have trouble accessing and keeping TANF benefits.
2. Many teen parents are not staying "on-track" with school.
3. Teen parents are not accessing other assistance programs.

This first point was perhaps the most alarming to us, as exemplified by the following statistics:

- Between 16 and 46% of those not receiving TANF who had tried to apply were "turned away at the door"—that is, they were told they were ineligible and did not complete applications.
- Another 12 to 19% completed applications but were never contacted by the TANF agency.

Overall, results indicated that some needy teen parents were not receiving assistance due to a combination of two main factors: (1) caseworkers not fully familiar with teen parent-specific TANF policy and (2) teen parents not being allowed time to come into compliance with TANF requirements.

As a result of the findings from this survey of over 1,500 teen parents, the Center for Impact Research is advocating for the establishment of a transitional compliance period for teens. This transitional compliance period will help teen parents obtain assistance in complying with program rules. CIR recommends that the federal TANF reauthorization efforts include provisions to:

- Help teen parents meet TANF requirements by providing a transitional compliance period and by training local TANF office caseworkers as teen specialists;
- Extend the focus on education to older teen parents by not starting the time-limit clock for teen parents participating in education or training;
- Increase access to TANF and other assistance programs, particularly for needy teen parents, by requiring state plans to include outreach efforts; and
- Conduct a federally funded study of a representative sample of teen parents (both those who are receiving TANF benefits and those who are not) to examine a variety of questions about access and participation in TANF and related assistance programs.



Center for Public Policy Priorities

TESTIMONY

March 26, 2003

Senate Finance Committee

United States Senate

Subject: TANF Reauthorization
Hearing Date: March 12, 2003

Chairman Grassley and members of the Finance Committee, my name is Patrick Bresette. I am the Associate Director of the Center for Public Policy Priorities (CPPP) – a non-partisan, non-profit policy research organization seeking sound solutions to the challenges faced by low- and moderate-income Texans. Thank you for the opportunity to offer our comments on the reauthorization of the Temporary Assistance to Needy Families (TANF) program.

Reauthorization of TANF and Child Care carries serious implications for Texas and the hundreds of thousands of low-income families who rely on these programs. The economic downturn and enormous state budget shortfall make the outcome of the Congressional debate even more important to both families and state budget writers. Unemployment rates are climbing; TANF caseloads are creeping upward; and, the state funding crisis threatens basic support programs and child care assistance. Any significant increase to work requirements will both exacerbate the state budget problem and force many more TANF mothers into a very difficult labor market with only limited child care assistance and few other work supports.

Complying with the new work requirements proposed by the President and the House would be difficult both for clients and for program administrators. The 40-hour work week proposed in the House bill is six hours more than the national average work week for women with young children. It is unlikely that the state could implement the new requirement without creating a massive new "workfare" program – a significant and costly departure from the current short-term job readiness and job search approach.

In addition to the programmatic impact of any reauthorization proposal, the fiscal impact is significant. Texas currently receives \$539 million each year in federal TANF funds and \$351 million in federal child care funds. Uncertainties about future federal funding levels for TANF and Child Care create another challenge for state budget writers.

If TANF reauthorization comes with no inflation adjustment to the block grant, with supplemental grants frozen and no additional child care dollars, the effects on an already critical state budget crisis would be substantial. If reauthorization also adds new work requirements without additional funding to meet them, the results could be devastating to all state programs relying on TANF funding, as the state would have to shift funds to meet the new mandates.

The Congressional Budget Office estimated that the work provisions of HR 4737, which the President is promoting, would cost states \$11 billion in spending by 2007 (\$6 billion in employment services, \$5 billion in child care). Estimates by CPPP suggest that the President's plan would cost the state somewhere between \$65 million and \$166 million annually above current allocations for work and child care programs (depending on the design of caseload reduction or reemployment credits). A recent report by the Texas Legislative Budget Board (LBB) estimates the fiscal impact of last year's House-passed bill to be \$492.1 million over five years (\$25.6 million for Choices employment services and \$466.5 million for child care). This cost impact is reduced to \$316.1 million when possible savings in cash assistance (reduced caseload) are factored in.¹

¹Texas Legislative Budget Board Staff Performance Report. January 2003. pp. 89-100. Available at www.lbb.state.tx.us/Performance/Reporting/Staff_Performance_Report_78th_0103.pdf.

fathers who regularly pay child support are more likely to make an emotional commitment to their children – in other words, the heart follows the money. Effective child support enforcement is therefore one way to promote responsible father involvement. In addition, child support agencies can serve as a gateway to responsible fatherhood programs.

Child support agencies across the country have teamed up with community-based responsible fatherhood programs and corrections officials to work with low-income fathers – including inmates and ex-offenders – to identify and address barriers to providing financial and emotional support for their children. In Massachusetts, we find that these fathers need work supports similar to those that low-income mothers currently receive from TANF programs – such as job readiness, job search assistance, housing, parent education, and dealing with substance abuse. Currently, we can order fathers to seek work, but there is no mandate for workforce development programs to provide services to these noncustodial parents. When provided, these supports produce results – payment compliance for child support obligations went from 31% to 46% for all graduates of one Boston responsible fatherhood program funded by a federal grant. The program was most successful for young fathers under twenty-five, where payment compliance rose from 11% to 57%.

Just as important, many of these fathers developed loving relationships with their children. Some have married their child's mother, and others have assumed custody as both parents recognized that the father was currently in a better position to care for the child. Vigilant to detect and address domestic violence, program case managers receive batterer intervention training, both to identify and effectively respond to symptoms of family abuse, and to work with fathers who are subject to abuse prevention restraining orders, helping them recognize that treating their child's mother with respect is at the core of responsible fatherhood. Supported by a federal grant, we also work to enforce support safely for custodial parents with domestic violence issues and to make appropriate referrals to community based services.

Funded by another federal grant, our caseworkers regularly go to jails and prisons throughout Massachusetts, where they meet with inmates desiring downward modifications, to establish paternity, or to manage their arrearages. Federal access and visitation funds support parent education programs behind the walls, where fathers plan for how to stay connected with their children while incarcerated and how to reconnect when they are released. For many of these men, it is first time in years that they have been clean and sober in a structured environment, giving them the opportunity to reflect on what they can do to prevent their children from following in their footsteps. Many of them comment with deep emotion on what father absence has meant in their own lives, and how connection to their child grounds their commitment not to become repeat offenders.

With 600,000 ex-offenders returning to America's communities every year – most of whom are or will be fathers – child support, criminal justice, and workforce development agencies must pool resources to expand collaborations to reduce recidivism and promote parental responsibility – both financial and emotional. Because the federal government provides funding to these programs, Congress should look for ways to continue to support

Statement of the Center for Women Policy Studies

The Center for Women Policy Studies (CWPS) is pleased to offer the following comments to the Senate Finance Committee in preparation for reauthorization of the Temporary Assistance for Needy Families (TANF) program, established by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. **The Center for Women Policy Studies urges the Senate to pass a reauthorized TANF that focuses on poverty reduction as its long term goal. The Center particularly urges the Senate to follow the lead of 49 states and the District of Columbia and ensure that the reauthorized TANF statute explicitly allows states to provide access to postsecondary education for TANF recipients.**

The Center for Women Policy Studies is a multiethnic and multicultural feminist policy research, analysis and advocacy organization which brings women's diverse voices to important public policy debates – on women and AIDS, violence against women and girls, welfare reform, access to health care, educational equity, employers' work/family and workplace diversity policies, reproductive rights and health, and many other critical issues.

The Center for Women Policy Studies has been promoting postsecondary education as essential to true welfare reform since 1988 – utilizing policy analysis, convenings, research, and testimony before Congress and the Administration. Since passage of the *Temporary Assistance for Needy Families (TANF)* statute in 1996, we have worked closely with women state legislators who participate in the Center's **Contract with Women of the USA State Legislators Initiative** on TANF implementation in their states. We also have made presentations to state legislators at National Conference of State Legislatures (NCSL) and National Black Caucus of State Legislators (NBCSL) annual meetings and have prepared materials for state legislators – including a series of *State Legislators' Action Alerts* and a detailed analysis of the final TANF regulations (1999b).

During 2002, in partnership with the National Education Association (NEA), the Center conducted a **Congressional Briefing on Postsecondary Education as an Effective Welfare Reform Strategy**, co-hosted by Congresswomen Lynn Woolsey (D-CA) and Barbara Lee (D-CA), the late Congresswoman Patsy Mink (D-HI), and the late Senator Paul Wellstone (D-MN). At the briefing, state legislators – Representative Dora Olivo of **Texas**, Senator Katherine Wells Wheeler of **New Hampshire**, and Senator Jeanne Kohl-Welles of **Washington** – discussed their efforts to ensure that TANF recipients have access to postsecondary education in their states.

At the July 2002 annual meeting of the National Conference of State Legislatures (NCSL), the Center and the National Education Association (NEA) convened a **Legislative Exchange on TANF Implementation** at which state legislators discussed the status of TANF reauthorization in Congress and strategies for ensuring recipients' access to postsecondary education in their states. In November of 2002, we convened a legislative exchange on **Low Income Women and Postsecondary Education in Minnesota** with legislators and advocates.

We look forward to working with the Senate Finance Committee on TANF reauthorization and will be pleased to share with the Committee the research and policy analyses that the Center, our colleagues in other research institutions, and the state legislators with whom we work nationwide have conducted.

The Importance of a College Education

Education has always been a hallmark of the American dream. Since the founding of this nation and its system of public education – which includes public land grant colleges and universities – a college education has been a traditional route to lasting economic self-sufficiency and social mobility in the United States. Every president for the last 20 years has stressed the importance of education for everyone in America.

Yet, our nation has not extended this commitment to educational opportunity to women recipients of *Temporary Assistance for Needy Families* (TANF). Indeed, recent federal policy has placed welfare recipients in a class by themselves -- denied the opportunities to pursue this traditional avenue of upward mobility. Nonetheless, to succeed in the workplace of the 21st century, virtually every American will need some postsecondary education -- which 80 percent of the jobs of the future will require (National Governors Association, 2001a; US Department of Labor, 1999; see Weisbrot, 1997).

The TANF reauthorization bill passed by the House of Representatives in February, 2003 – the *Personal Responsibility, Work and Family Promotion Act* – would increase the work requirement for TANF recipients to 40 hours per week and also would require states to ensure that 70 percent of their TANF recipients are engaged in work activities – up from 50 percent in the 1996 law. This bill explicitly excludes postsecondary education as an allowable work activity, thus eliminating the flexibility afforded states under the 1996 law and its implementing regulations (Center for Women Policy Studies, 1999b).

The House of Representatives has ignored the pleas of governors and state legislators, whose reauthorization proposals have urged Congress to retain the state flexibility they require to meet the needs both of their low income residents and their economy (National Conference of State Legislatures, 2002; National Governors Association, 2001b). In fact, the majority of current state TANF programs that allow postsecondary education would become impossible to implement if the provisions of the House bill become law (Strawn, 2002).

TANF's much-touted success – defined solely as reductions in the welfare rolls – hides a tragic reality. Even though states report decreased numbers of TANF recipients, many of those who left TANF for work are not employed in jobs that will lead to economic stability for themselves and their families and instead remain in poverty. In fact, a national study of recipients who left TANF in 1997 and 1999 found that half (52 percent) of women who left welfare in 1999 remained in poverty. Further, 22 percent of women who left TANF later returned to cash assistance and the former TANF recipients who were employed earned a median hourly wage of \$7.15 (Loprest, 2001).

Indeed, the National Conference of State Legislatures found that former TANF recipients in 18 states earned an average of \$7.41 per hour (Jarchow, 2002). Further, studies on the impact of TANF in the Midwestern states of **Illinois, Indiana, Iowa, Michigan, Minnesota, Ohio** and **Wisconsin** found that former TANF recipients earned poverty level wages; the income of a woman with one child was slightly above the poverty line, while the wages of a woman with two children was well below the poverty line (Joyce Foundation, 2002). Similarly, former TANF recipients in **West Virginia** earn a median wage of \$5.35 per hour (Dilger, Blakely, Latimer, Locke, Mencken, Plein, Pottter, and Williams, 2001).

Finally, the emphasis on the decrease in the number of TANF recipients masks the persistence of former recipients' unemployment. Indeed, "a little over one third" of women who left TANF nationwide were employed in all four quarters of their first post-TANF year (Moffitt, 2001, page 2). Between 25 percent and 40 percent of these former recipients in some parts of the country were not working at all – and up to 18 percent had not had any work for a year after leaving TANF (Moffitt, 2001), suggesting that economic downturns are most devastating for those who are least able to survive in the absence of a social safety net.

In contrast, former TANF recipients with a college education are more likely to stay employed and are less likely to return to TANF for any length of time (see Smith, Deprez and Butler, 2002; Martinson and Strawn, 2002; Richardson, 2001). In **Oregon**, for instance, former TANF and food stamp recipients who left those programs from 1998 to 2000 with higher levels of education, also had higher rates of employment and lower rates of poverty (Acker, Morgren, Heath, Barry, Gonzales and Weigt, 2001). Only 52 percent of former TANF recipients with less than a high school diploma were employed at the end of the two year study, compared to 71 percent of those with a high school diploma and 74 percent of those with at least some college; nearly all (90 percent) of former TANF recipients with a bachelor's degree were employed (Acker, Morgren, Heath, Barry, Gonzales and Weigt, 2001). Similarly, participants in a pilot program that allowed TANF recipients to attend Baltimore City Community College in **Maryland** and count their attendance as an allowable work activity under TANF were "three times less likely to return" to the welfare rolls after graduating than were former recipients who had not participated in the program (Family Welfare Research and Training Group, 2002, page 26).

Social and Economic Benefits of Postsecondary Education

The success of such massive federal programs as the GI bill and federal student financial aid demonstrates how well a college education opens the door to economic self-sufficiency and social mobility. Postsecondary education provides the academic and vocational skills required for better paying jobs that offer health insurance, paid sick and annual leave and other benefits, while also leading to careers that will truly lift women out of poverty and into economic self-sufficiency – as taxpayers, not beneficiaries.

The importance of postsecondary education in **poverty reduction** cannot be overestimated. Among people living below the federal poverty level, only one third (33 percent) have a high school diploma. The great majority have not completed college – only 9.3 percent of people living in poverty have a college degree (US Department of Commerce, the Census Bureau, 2001).

Our nation's **community colleges**, which traditionally have taken the lead in providing postsecondary education for low income and “non-traditional” students, have a special role to play. Completing a two year degree is an especially powerful antidote to poverty, raising women's income substantially over their earnings with a high school diploma (Center for Women Policy Studies, 1998).

Indeed, even **one year of postsecondary education** makes a difference for women of all racial and ethnic backgrounds. The poverty rate for **African American women** with one year of postsecondary education is 21 percent – less than half of the poverty rate (51 percent) for those who have completed 12 years of school. Among **Latinas**, the change is equally dramatic, as poverty rates drop from 41 to 18.6 percent with one year of postsecondary education. And the poverty rates for **white women** with one year of postsecondary education drop from 22 to 13 percent (Census Bureau Population Survey, as cited in Sherman, 1990).

But women who earn **four year college degrees** increase their annual incomes most significantly – a trend that should benefit women moving from poverty and welfare to upward mobility in the workplace. In 2001, **Latinas** with bachelor's degrees earned a median weekly income of \$676, compared to \$467 with an associate's degree and \$406 with a high school diploma. **African American women** with bachelor's degrees earned a median weekly income of \$692, compared to \$502 with an associate's degree and \$395 with a high school diploma. **White women** with bachelor's degrees earned \$744 weekly, compared to \$579 with an associate's degree and \$453 with a high school diploma (U.S. Department of Labor, Bureau of Labor Statistics, 2002).

While most available research regarding the beneficial impact of a postsecondary education does not specifically provide data on welfare recipients (Mayfield, 2001), the findings of several recent studies are persuasive. For example, former TANF recipients who had obtained college degrees through the **Maine Parents as Scholars (PaS)** program reported earning average hourly wages of \$11.71 and many were employed in salaried positions rather than as hourly workers. Further, 92 percent of the working *Parents as Scholars* graduates reported that their employers offered such benefits as health insurance, paid sick and vacation leave, life insurance, disability insurance, and compensatory time (Smith, Deprez and Butler, 2002).

TANF recipients enrolled in **California** community colleges under the state's *CalWORKS* program “increased their annual earnings by 42 percent after being out of college for one year” (Mathur, Reichle, Wiseley, and Strawn, 2002, page 3). In **Maryland**, former TANF recipients who attended Baltimore City Community College under a pilot project authorized by the state's Department of Human Resources and

conducted by the college in cooperation with the Baltimore County Department of Social Services earned significantly more in the year following the program than did former recipients who did not attend school (\$12,307 compared to \$8,438) (Family Welfare Research and Training Group 2002). A study of 235 TANF recipients who graduated from East Washington University in **Washington** in 1994-95 and 1995-96 found that the “median wage for the graduates was \$11.00 per hour” (Karier, 1998, page 3).

Empowering women through postsecondary education has far reaching benefits – and not all of them are financial. Several studies during the past decade have found that postsecondary education not only increases women’s income and job security, it also improves their self-esteem, gives them greater self-confidence and feelings of well being, increases their children’s educational ambitions, enriches their personal and family lives, and improves their parenting (Gittell, Gross, and Holdaway, 1993; Kates, 1999, 1991a; Kahn and Polakow, 2000; Center for Women Policy Studies, 2001; Lewis, Schacher, and Simon, 2002; Smith, Deprez and Butler, 2002).

It is especially significant that a woman’s college success has an enormous and positive impact on her children – who are more likely to take education seriously and aspire to go to college themselves (Gittell, Gross, and Holdaway, 1993). In fact, 62 percent of women on welfare and in college in **Illinois** said that their children were proud of them for going to college and 40 percent reported that their children worked harder in school as a result (Gittell, Gross, and Holdaway, 1993). Participants in the **Maine Parents as Scholars** program reported that their children’s aspirations for themselves rose as a result of their mothers’ college attendance (Smith, Deprez and Butler, 2002). And **Washington, DC** area women saw themselves as role models for their children: “I actually make it a habit to bring my report card home and to show my kids what I’m doing. And I said, ‘Now I can do it, and you don’t have all the responsibilities that I have, I know that you can do it’ ” (Center for Women Policy Studies, 2001, page 6). Indeed, the benefits of attending college extend to other family members as well, as a Women in Community Development program participant in Boston reported: “Since I started school, my mother and sisters have gone back to school. We keep encouraging each other to continue. [W]e are raising a generation of children that expect to get a good education and see the value in that” (Marx, 2002, page 22).

These significant research findings are regularly ignored in the policy arena, despite their importance in crafting strategies to alleviate “child poverty.” However, it is clear that reducing children’s poverty on a large scale is virtually impossible without some effort to lift their parents out of poverty and into secure careers (Savner, Strawn and Greenberg, 2002). It is equally clear that completing a two or four year college degree program is essential. Indeed, the poverty rates for children whose parents did not attend college, or attended but did not graduate, increased by more than 75 percent from 1975 to 1997 (Bennett, Li, Song, and Yang, 1999).

State Leadership in TANF Implementation

In 2002 the Center analyzed TANF implementation statutes and programs in all 50 states and the District of Columbia to determine the full extent of state leadership in allowing TANF recipients to pursue some form of postsecondary education. The study's most significant finding is that 49 states and the **District of Columbia**, with the sole exception of **Oklahoma**, allow postsecondary education to count as a work activity under TANF.

The states have adopted a variety of legislative and administrative strategies to allow access to postsecondary education for TANF recipients – ranging from permitting TANF recipients to enroll only in short term vocational education programs to supporting students who want to complete a four year degree program. In addition to rules regarding the types of postsecondary programs that states will support, states vary in the amount of time they will allow TANF recipients to participate these programs and many states require recipients to combine education with other work activities, such as unsubsidized employment, subsidized private or public sector employment, on-the-job training, job search and job readiness assistance and community service.

Forty seven states and the **District of Columbia** count postsecondary education as a work activity for at least 12 months. **Alaska, Florida, Idaho, Indiana, Louisiana, Michigan, Nevada, North Dakota, Texas, Washington, and West Virginia** allow postsecondary education for up to 12 months. **Connecticut** only allows postsecondary education to count as work for six months and **Kansas** allows postsecondary education for “less than 12 months.”

Fifteen states count postsecondary education as a work activity for 24 months, including **Arizona, Kentucky, Maryland, Minnesota, Mississippi, Nebraska, New Hampshire, New Mexico, New York, Ohio, Pennsylvania, Rhode Island, South Dakota, Utah, and Virginia**. Two states allow TANF recipients to participate in postsecondary education for fewer than 24 months; **Tennessee** counts postsecondary education as a work activity for 16 months while **Oregon** allows 18 months of postsecondary education and training to count as work.

It is significant, given TANF restrictions proposed by the House of Representatives, that 19 states and the **District of Columbia** allow postsecondary education to count as a TANF allowable work activity for longer than 24 months (**Alabama, Arkansas, California, Colorado, Delaware, Georgia, Hawaii, Illinois, Iowa, Maine, Massachusetts, Missouri, Montana, New Jersey, North Carolina, South Carolina, Vermont, Wisconsin, and Wyoming**).

The majority of states require that TANF recipients' education be directly linked to employment and self sufficiency by upgrading their skills for the current job market or preparing for occupations that are expected to be in demand, for example.

Several states use state Maintenance of Effort (MOE) funds to provide relatively supportive environments for TANF recipients who are enrolled in postsecondary education programs (**Maine, Iowa, New Mexico, Vermont, Wyoming, and the District of Columbia**). States' reliance on their MOE funds allows them to be more flexible, permitting recipients to attend college without the limitations of federal TANF work and time limit requirements. Under TANF, states must spend an amount equal to at least 80 percent (75 percent if the state meets its work participation rate requirement) of the amount that they spent in fiscal year 1994 on AFDC-related programs (Center for Women Policy Studies, 1999). The **Maine Parents As Scholars** (PAS) program has served as one model for other states to emulate. The drawback, however, is that fewer recipients can be accommodated with limited MOE funds. As state budgets shrink, the number of TANF recipients who can go to college will diminish, as states struggle to support other needs of low-income women.

Several states' programs include features that can also serve as models for other states. For example, **Georgia**'s program will allow TANF recipients to attend graduate school in rare cases, while **Illinois** "stops the clock" so that TANF recipients who are enrolled in college are not constrained by time limits. **Kentucky**'s law requires its Cabinet for Families and Children to notify and encourage TANF recipients to participate in postsecondary education.

Colorado, Montana, New York, North Carolina and **Ohio** have passed along responsibility for certification of work activities to the county. Similarly, in **Florida**, although the state allows TANF recipients to use postsecondary education alone to fulfill work requirements for up to 12 months, regional workforce boards make the final determination regarding who will participate in educational activities and the extent to which the state will provide financial assistance to TANF recipients who are students.

Regardless of the strategies used, most states maintain certain requirements for TANF students. For example, they must be enrolled in a degree program that leads to employment, must maintain a certain grade point average, must make "satisfactory progress" in their degree programs, and complete the program in a specified amount of time. Also, with the exception of **Georgia**, states do not allow recipients to enroll in graduate degree programs.

Now more than ever, policy makers must keep the door open to a college education for TANF recipients. If our welfare reform goal truly is to reduce women's and children's poverty – then we have a proven solution.

The Center for Women Policy Studies strongly urges the Senate to respond to the leadership shown by the states. The reauthorized TANF program should include postsecondary education in the list of allowable work activities. In addition, for TANF recipients enrolled in a postsecondary education program, both their participation in a campus work study program and a reasonable amount of study time should be classified as work activities. Finally, federal law should allow states to extend TANF recipients' time limits if they are participating in a postsecondary education program; states should

be able to “stop the clock” for TANF recipients to ensure that they do not have their assistance withdrawn before they can achieve the long-term economic security that postsecondary education can provide and that welfare reform should encourage.

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**Testimony of the
Chicago Jobs Council
on
Welfare Reform Reauthorization**

**Submitted to the United States Senate Finance Committee
For the hearing record
“Welfare Reform: Building on Success”
held on March 12, 2003**

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**Testimony of the Chicago Jobs Council on the Next Stage of Welfare Reform:
Poverty Reduction and Workforce Development**

The Chicago Jobs Council (CJC) and its 100+ members; community-based organizations, advocates, and concerned individuals, work to ensure employment and career advancement opportunities for people in poverty. We submit this testimony on TANF reauthorization and the importance of education and skills training to employment and family success.

CJC has a twenty-one year history of advocacy and collaboration with the Mayor's Office in Chicago, with Illinois Departments of Human Services and Employment Security, with legislators at the state and federal level, and most recently, with partners of the national Workforce Alliance, to shape policies and programs that promote local labor market employment for low-income individuals. CJC believes that living wage employment is the quintessential anti-poverty strategy. The pathway to family-sustaining jobs must be paved with education and training opportunities throughout one's lifetime which prepare workers for real employment opportunities in a changing labor market. When the traditional educational system fails to engage or prepare young people for careers, particularly in poor communities, or cannot accommodate the needs of special populations, other avenues to skills development are essential and must be available.

In 1996 and again in 2002, federal decision-makers purported to be interested in family well-being and family independence when they passed welfare legislation which tied government assistance for needy families to work mandates and marriage goals. The success of the new Temporary Assistance for Needy Families (TANF) program has largely been measured by caseload reduction and earnings growth among single heads of household. Largely ignored, however, is the fact that the real wage level of welfare-to-work leavers averages \$7.15 per hour¹ and rarely includes a full range of benefits. Nonetheless, these earnings often render them eligible for reduced, or no work supports and add them to the ballooning ranks of the working poor in this country. Of equal concern is the growing population across states that is neither working nor on TANF. In Illinois we have seen this population rise from 17% to 27% in this last year alone.²

Indeed, there is an urgency to take welfare reform to a next stage. The Bush Administration- and House Republican-supported legislation, H.R. 4, however, undermines the most effective state strategies to transition individuals from welfare to work and to keep them working. Moreover, the legislation ignores the reams of research which identifies the characteristics and needs of the remaining TANF and low-income population, and the realities of state and local economies. The Senate must do better and prevail in passage of welfare legislation that ensures basic family well-being and promotes real employment success. The remainder of our testimony will provide

¹ Loprest, Pamela. 2002. "Making the Transition from Welfare to Work: Successes but Continuing Concerns", in *Welfare Reform: The Next Act*, Alan Weil and Kenneth Finegold, editors. Washington, D.C.: The Urban Institute.

² Lewis, Dan A., Amy Bush Stevens, Kristen Shook Slack, Bong Joo Lee, Paul Kleppner, James Lewis, Stephanie Riger, and Robert Goerge. 2002. *Welfare Reform in Illinois: Is the Moderate Approach Working?* Illinois Families Study, Second Annual Report. University Consortium on Welfare Reform. May.

details on the TANF population's workforce potential, the importance and benefit of education and skills training, and the misguided mandate for a 40 hour work requirement.

Disadvantaged Workers and the Labor Market

The Aspen Institute reports that the projected growth of the native-born workforce over the next 20 years will be zero percent. Additionally, the projected gains of workers with post-high school education over the next 20 years will be 4% compared to the previous growth level of 19% for the last 20 years.³ Understanding these trends is essential to recognizing how we can have a skilled worker shortage at the same time as severe unemployment rates of 6.5% in the United States and 7.1 % in Illinois.⁴ Despite the strong economy of the previous decade and Illinois' commitment to a "work first" TANF program and work incentives like child care and an earnings disregard program, Illinois's welfare reform study, the Illinois Families Study, reveals that the number of individuals working peaked at 53% in the fourth quarter of 2000.⁵ In our state, nearly 1.3 million individuals and 244,000 families live below the poverty level.⁶ At the same time, nearly 75% of surveyed employers from across the country reported severe conditions when trying to hire qualified job applicants.⁷ Eighty percent of manufacturers reported a moderate-to-serious shortage of qualified applicants.⁸

Researchers Julie Strawn and Karin Martinson contend that those who remain on TANF, those who leave TANF without finding employment, and those who leave TANF and return to the rolls have low education and skill levels.⁹ In fact, research conducted by the Center for the Study of Adult Learning and Literacy revealed that 76% of TANF recipients tested in the lowest two levels of literacy and 35% scored in the lowest level.¹⁰ The authors of the United States Department of Health and Human Services 2001 report *Indicators of Welfare Dependence* write,

³ The Aspen Institute Domestic Strategy Group. 2002. *Grow Faster Together. Or Grow Slowly Apart: How Will America Work in the 21st Century?*

⁴ Illinois Department of Employment Security statistic, January 2003.

⁵ Lewis et al. 2002.

⁶ United States Bureau of the Census. *Census 2000*.

⁷ Center for Workforce Preparation of the U.S. Chamber of Commerce. 2002. "Keeping Competitive: Hiring, Training and Retaining Qualified Workers in 2002." March.

⁸ Center for Workforce Success of the National Association of Manufacturers' Manufacturing Institute and Anderson Consulting. 2001. *The Skills Gap 2001*. May.

⁹ Martinson, Karin, and Julie Strawn. 2002. "Built to Last: Why Skills Matter for Long-Run Success in Welfare Reform." Washington, D.C.: Center for Law and Social Policy and the National Council of State Directors of Adult Education. May.

¹⁰ Levenson, Alec R., Elaine Reardon, and Stefanie R. Schmidt. 1999. "Welfare, Jobs and Basic Skills: The Employment Prospects of Welfare Recipients in the Most Populous U.S. Counties." *NCSALL Reports #10B*. Boston: National Center for the Study of Adult Learning and Literacy. April.

“individuals with less than a high school education have the lowest amount of human capital and are at the greatest risk of becoming poor, despite their work effort.”¹¹

Welfare research attests to welfare recipients’ desire to work. It’s skills that are needed. In the midst of a stalled economy and in the face of increasing competency levels demanded by vital employers in local and national economies, it falls to policy-makers to craft legislation that prepares TANF recipients to join the skilled workforce and ensures work supports like child care, transportation, medical insurance, and affordable housing to guarantee family and job stability. House Resolution 4 ignores the research and the recommendations of groups like the Welfare to Work Partnership, the National Governors’ Association, the Workforce Alliance, and the Chicago Jobs Council when it promotes higher participation rates, narrower definitions of work activity, arbitrary restrictions on education and training, and the continuing exclusion of immigrants from TANF services.

The Senate TANF bill must;

- ✓ **encourage a “mixed strategy” approach to family independence that combines education and work,**
- ✓ **include a broad definition of allowable work activities to satisfy work requirements and prepare all job-seekers to meet local labor demands, and**
- ✓ **invest substantially in work supports to realize lasting family and program success.**

Skills Training Does Work

The Workforce Alliance recently published *Skills Training Works: Examining the Evidence*. This document challenges interpretations of the research frequently used to defend a work first (and only) policy and discusses research policy-makers may also find informative. Authors of this report contend that a more comprehensive look at existing research, including the three government-sponsored studies often cited, show that: 1) training programs serving low-income adults document earnings impacts of 10 to 156% beyond what similar job seekers gained without training or with job search services only, 2) low-income participants in skills training programs are more likely to access jobs with greater employer-provided benefits than non-participants, and 3) those who graduate from training programs work more regularly than they did prior to training, and more consistently than those who do not receive training.¹² In fact, 60 % of the *California Greater Avenues to Independence (GAIN)* evaluation participants from its most successful site, Riverside County, received education and training prior to entering the labor market.¹³ And the most successful site in the *National Evaluation of Welfare-to-Work Strategies (NEWWS)* study, Portland JOBS, engaged almost half of their participants in education and

¹¹ U. S. Department of Health and Human Services. 2001. *Indicators of Welfare Dependence: Annual Report to Congress*. CJC underline.

¹² Smith, Whitney, Jenny Wittner, Robin Spence, and Andy Van Kleunen. 2002. *Skills Training Works: Examining the Evidence*. The Workforce Alliance. September.

¹³ Ibid.

training activities achieving significant acquisition rates of trade licenses or certificates, and post-secondary education credentials in addition to GED attainment.¹⁴

Communities with a vision for their workforce and commitment to the most disadvantaged job seekers have developed other successful education and training programs. Research on transitional jobs programs, which combine support, work, and vocational training and target hard-to-place populations, show strong results. Eighty-one to 94 percent of program completers have been placed in unsubsidized jobs.¹⁵ And “bridge” programs, like those at Chicago’s Westside Technological Institute and the Instituto del Progreso Latino, create education and training pathways linking individuals with low literacy or English proficiency to basic skills, vocational training and advanced certification programs.¹⁶

Education and skills training is a proven anti-poverty strategy. Recently, the U. S. Census Bureau reported that every level of educational attainment produces earnings gains of \$2000 to \$45,000 dollars.¹⁷ Additionally, research demonstrates that “the higher a family’s income, the better children will do on ability measures and achievement scores and the more likely they are to finish high school.”¹⁸ Even if our only interest is reducing family dependence on government assistance, we are frugal to make education and skills training available to TANF recipients. But if we keenly understand that job skills are essential to family well-being and community economies then a commitment to policies that provide opportunities and resources for education and skills training is wise, far-sighted, and financially responsible. With increases in participation rates and work hours, even narrower restrictions on allowable work activities, and unrealistic limits on education and skills training H. R. 4 forces states to dismantle welfare-to-work strategies of greatest impact.

The Senate TANF bill must:

- ✓ **eliminate arbitrary time limits on education and training activities,**
- ✓ **eliminate the 30% cap on the number of recipients engaged in education and skills training,**

¹⁴ Hamilton, Gayle, Stephen Freedman, Lisa Gennetian, Charles Michalopoulos, Johanna Walter, Diana Adams-Ciardullo, Anna Gassman-Pines. 2001. *National Evaluation of Welfare-to-Work Strategies*. Washington, D.C. Manpower Demonstration Resource Corporation for the U. S. Department of Health and Human Services and the U. S. Department of Education.

¹⁵ Hill, Heather, Gretchen Kirby, and LaDonna Pavetti. 2001. “Transitional Jobs Programs: Stepping Stones to Unsubsidized Employment.” Mathematica Policy Research, Inc.

¹⁶ Braza, Mark. 2001. “Employment Outcomes of Chicago Manufacturing Technology Bridge Graduates.” Submitted to the Great Cities Institute, University of Illinois, Chicago. January.

¹⁷ Day, Jennifer Cheeseman and Eric C. Newburger. 2002. “The Big Payoff: Educational Attainment and Synthetic Estimates of Work-Life Earnings.” *Current Population Reports*. U. S. Census Bureau. July.

¹⁸ Lyter, Deanna. 2002. citing Mary C. Corcoran, 1995. “Rags to Riches: Poverty and Mobility in the United States.” *Annual Review of Sociology* 21:237-267 and Greg J. Duncan, W. Jean Yeung, Jeanne Brooks-Gunn, and Judith R. Smith. 1998. “How Much Does Childhood Poverty Affect the Life Chances of Children?” *American Sociological Review* 63 (June): 406-423. “Education and Job Training Build Strong Families.” *IWPR Publication #B238*. Institute for Women’s Policy Research. April.

- ✓ allow a broad range of education and skills training to count as work activities, and
- ✓ offer incentives and rewards to states which develop transitional jobs programs and skills training for low-income job seekers targeted to labor market needs and higher wage placements.

Misguided Mandates

The Center for Law and Social Policy has determined that 40 states currently allow postsecondary training or education services that would not be countable under the Administration-driven House bill.¹⁹ Additionally, it is expected that states will have to cut these most innovative and effective services and redirect resources to create and monitor ten additional hours of activity for the 52% of TANF recipients who were engaged in work-related activities that would not meet the new federal threshold.²⁰ The increased work requirement, in addition to higher participation rates, place families with significant barriers to work far down the priority list for state services and render them targets of diversion, sanction, termination, and destitution. A study of TANF applicants in Illinois revealed that 35% of those who could not comply with work requirements were not working, not living with an employed adult, and not receiving TANF benefits.²¹ These are families that need our services and our commitment most.

The Bush Administration has tried to project flexibility and an awareness of the need for barrier remediation with allowances of 16 hours per week for other activities and a 3month time frame for job-related education and training. The Chicago Jobs Council completed a simple analysis of Workforce Investment Act (WIA) certified training programs in three Illinois cities: Dixon, Aurora, and Chicago, to shed some light on the misconceptions upon which these mandates are built. Welfare recipients and other low-income job seekers in these Illinois cities cannot readily get the education and training they need in hours outside the proposed 24 hours of priority work activity or within a 3 month time frame recommended by the House bill. Our findings show:

1) Few 3-month (or less) training programs are available.

In Dixon only 14% of the training programs available can be completed in three months or less. In Aurora, a mere 5.7% can be completed in 3 months or less. In Chicago less than half (49.3%) can be completed within that time frame. It is important to note that those that require less than three months to complete are often one-week courses that will not provide adequate training leading toward family-sustaining employment.

2) Even fewer training programs are accessible to low-skilled TANF recipients.

Of 120 WIA-certified training programs in Aurora and Dixon, none will accept a welfare recipient with a 6th grade proficiency level in reading. In Chicago, only 9% of training programs

¹⁹ Center for Law and Social Policy. 2002. "Forty States Likely to Cut Access to Postsecondary Training or Education Under House-Passed Bill." Washington, D.C. June.

²⁰ The National Governors Association and the American Public Human Services Association. 2002. *Welfare Reform Reauthorization: State Impact of Proposed Changes in Work Requirements, April 2002 Survey Results*. Washington, D.C. April.

²¹ Maximus, Inc. 2002. *Illinois TANF Applicant Study*. Reston, VA. Prepared for the State of Illinois Department of Human Services. May.

will accept someone with a 6th grade proficiency level in reading, and only 33% will accept someone with 9th grade reading ability. As previously stated, three, or even six months, of remedial education will not be all that is needed for low-skilled TANF recipients to secure and advance in employment.

3) Low-wage jobs don't accommodate education/training schedules.

Most training programs in Dixon and Aurora offer part-time study options. In Chicago, however, nearly half (40%) of training programs do not offer part-time hours. It is important to note that working welfare recipients are most often employed in low-wage service industry jobs that do not offer consistent hours or the flexibility required to engage in a defined part-time training program. Service industry employees are increasingly dependent on a schedule that may change weekly, both in days worked and the number and sequence of hours employers demand for round-the-clock, peak season, profit-making operations.²² While many low-income workers would be interested in combining work and training in order to make a better life for their families, it is not always possible to do so.

U. S. Department of Health and Human Services Secretary Tommy Thompson testified before this committee that the next phase of welfare reform must "help more welfare recipients achieve independence through work, promote strong families, empower States to seek new and imaginative solutions to help welfare recipients achieve independence, and show compassion to those in need."²³ H. R. 4's mandates for more work hours, arbitrary restrictions on education and skills training, and unrealistic and uninformed work/advancement/parenting expectations for low-skilled job seekers jeopardize the successes of states and welfare reform, and deny poor families access to living-wage work and greater family well-being.

The Senate TANF bill must:

- ✓ maintain current work hour requirements,
- ✓ include a broad definition of allowable work activities to satisfy work requirements and prepare all job-seekers to meet local labor demands,
- ✓ encourage a "mixed strategy" approach to family independence that combines education and work,
- ✓ eliminate arbitrary time limits and the cap on education and training activities,
- ✓ offer incentives and rewards to states which develop transitional jobs programs, "bridge" programs, and skills training for low-income job seekers targeted to labor market needs and higher wage placements, and
- ✓ invest substantially in work supports (child care, transportation, medical insurance, food stamps, affordable housing) to realize lasting family and program success.

²² Lambert, Susan, Waxman, E, Haley-Lock, A. 2002. "Against the Odds: A Study of Instability in Lower-Skilled Jobs." Working Paper of the Project on the Public Economy of Work. University of Chicago. January.

²³ Thompson, Tommy. 2003. Statement before the Committee on Finance, United States Senate, by Tommy Thompson, Secretary, Department of Health and Human Services, on "Welfare Reform: Building on Success." March.



Statement for the Record
of the
Children's Defense Fund
for the
Senate Finance Committee
Chairman Charles Grassley
United States Senate

**Welfare Reform: Building on Success
Reauthorization of
Temporary Assistance for Needy Families
and
Child Care and Development Block Grant**

March 26, 2003

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Thank you for the opportunity to submit testimony on behalf of the Children's Defense Fund concerning the reauthorization of Temporary Assistance for Needy Families and the Child Care and Development Block Grant. The mission of the Children's Defense Fund is to Leave No Child Behind® and to ensure every child a *Healthy Start*, a *Head Start*, a *Fair Start*, a *Safe Start*, and a *Moral Start* in life and successful passage to adulthood with the help of caring families and communities.

Many poor families with children have made progress in the years since Temporary Assistance for Needy Families began. A vibrant economy, increased incentives to work including expansions of the Earned Income Tax Credit and more low-cost child care, and TANF's emphasis on job placement all played a role in encouraging work among parents. Single mothers made substantial gains: from 1995 to 2001, the number of jobless single mothers declined by nearly a million (971,000), or an annual rate of 162,000 a year.

Now, a worsening economy has interrupted this hard-won progress. From FY 2001 to FY 2002, instead of a further reduction in joblessness, the number of single mothers without work climbed by 181,000.

The aspirations of low-income parents to give their children a better life are now on a collision course with a number of factors beyond their control. While some parents get pink slips, others are prevented from working because of the erosion in federal and state funding for child care assistance and other work supports. The Bush administration's own budget documents acknowledge that 200,000 fewer children will receive child care assistance over 5 years because of the shrinking value of the Child Care and Development Block Grant (CCDBG).

Moreover, when low-income families lose jobs, increasingly they are not able to get cash assistance. For example, more families are exhausting their time-limited TANF benefits even as the economy is providing fewer jobs. Further, restrictive unemployment insurance policies mean that many former TANF recipients who have worked and lost jobs will not be able to claim unemployment compensation. TANF is often truly their last hope against eviction, homelessness, and hunger.

Reduced TANF caseloads are only good news for children when parents can work and escape poverty. The large increase in families with neither welfare nor work and the rising number of extremely poor children (described below) warn us that we must make TANF more responsive to bad times.

It should be a top priority for this nation to help struggling parents to work and lift their children out of poverty. Instead, irresponsible tax and budget cut proposals before Congress leave millions of children but no millionaire behind. The \$726 billion tax cut plan included in the House Budget Resolution would hand an average of \$90,000 each to millionaires in this year alone, paid for in part by billions of dollars in cuts to TANF, Medicaid, child care, nutrition programs, and other services essential to low-income children. Even though the Senate's tax cut is lower, any inequitable cuts are reckless. We urge members of the Senate Finance Committee to make clear that they will vote against any Budget Resolution conference report that contains tax and budget cuts, and to continue to reject such cuts during your deliberations throughout the year.

Reauthorization of TANF should help families and states find their way through this perilous landscape. The House of Representatives approach to TANF and child care instead makes things worse, and should be rejected in the Senate.

The House has passed a Budget Resolution that calls for across-the-board cuts in mandatory programs vital to poor families with children, including TANF, child care, Medicaid/CHIP, food stamps and other child nutrition programs, and the Earned Income and Child Tax Credits. Over 10 years, these cuts add up to nearly \$160 billion. The projected TANF cuts are \$8.1 billion; the Child Care and Development Block Grant is reduced by \$1.3 billion.

These cuts are outrageous. They break the promise made to states, as well as to families with children, that although the federal government would no longer make an open-ended commitment to fund cash assistance, it would not renege on the limited funding provided through TANF and the Child Care and Development Block Grant.

These cuts are made despite increased work requirements in the House TANF reauthorization bill (H.R. 4) that the Congressional Budget Office says would cost between \$8 - \$11 billion. They are made despite the increasing rounds of state budget cuts. They would undermine the federal government's most basic protections for children's health, safety, and development. They are made in order to stem the deficits caused by \$1.4 trillion in tax cuts that overwhelmingly favor the rich.

The Senate must reject these reductions in child care, TANF, and other essential services, and must reject the tax cuts that will now or in the future force cutbacks in these services.

The need for child care and TANF services is growing. Parents cannot go to work each day without safe, reliable care for their children. Studies have repeatedly shown that child care problems can cause parents to miss work or lose their jobs. Child care assistance is integral to any effort to move families from welfare to work and to help low-income parents stay employed. Single mothers of young children are 40 percent more likely to still be employed after two years if they receive help paying for child care, according to an analysis of data from the late 1990s. Former welfare recipients with young children are 82 percent more likely to still be employed after two years if they receive help. In addition, mothers with a high school degree or less are just as likely as mothers with some college education to experience an increase in length of employment if they receive child care assistance.

The need for child care help is growing as more families go to work. Since the passage of the 1996 welfare law, employment among low-income single mothers with young children grew from 44 percent in 1996 to 55 percent in 1999. The proportion of welfare recipients who are combining work and welfare has increased markedly as well—from 11 percent in 1996 to 33 percent in 2000. In addition, states now engage a far larger proportion of non-working recipients in welfare-to-work activities. Single parents and families in which both parents' incomes are necessary to make ends meet have no choice but to work so they can support themselves and their children. These families need quality child care in order to go to work and help their children enter school ready to succeed.

Yet many families cannot get the help they need. Approximately 16 million children under 13 living in low-income working families may need child care assistance, but the families of only 2.2 million children now have help paying for child care through the Child Care and Development Block Grant. This represents only one of seven children eligible for child care assistance under federal law. In many states, access to help continues to be extremely restricted. More than one-third of the states place eligible families on waiting lists for help or do not allow eligible families to even apply for assistance. In more than a quarter of the states, a family of three earning just \$25,000 a year does not qualify for *any* assistance. This includes four states, Alabama, Missouri, Nebraska, and New Mexico, where a family of three earning \$20,000 a year would not be qualify for assistance. Families with such low earnings cannot afford the high cost of care on their own. Full-day care in a center can easily cost \$4,000 to \$10,000 per year—at least as much as college tuition at a public university.

In the most recent year of reported federal TANF spending, states spent \$2 billion more than they received from the annual federal block grant. They did so because they were drawing upon unspent federal dollars from prior years – a pool of funds that will not last much longer, especially if Congress allows it to be spent on services as well as assistance. The Children's Defense Fund supports this expansion, but recognizes that it will hasten the shortage of funds. As states have moved to transform their welfare programs from primarily cash assistance to an emphasis on work supports, spending on basic cash assistance declined from 78 percent of federal TANF spending in FY 1997 to 32 percent in FY 2001. Child care and work-related activities in FY 2001 were about a quarter of federal TANF expenditures, up from 4 percent in FY 1997. One of the most important advances under TANF is that states now use these funds to support families in their efforts to stay at work without receiving cash assistance. Although the cash assistance caseload has been cut in half, TANF funds are being used for child care, transportation, diversion payments, and other services that help stabilize work for low-income families that have left TANF for employment.

If states have already been spending at a rate greater than the fixed annual block grant, the combination of even modest caseload increases, state fiscal hardships and inflation mean that TANF funding must begin to rise if it is to accomplish its mission of helping families to work and improving the well-being of their children. The \$8.1 billion 10-year reduction in TANF called for by the House Budget Resolution is unconscionable. We calculate that in the year it would take maximum effect, the cutback would cost 40 states the equivalent of one-third or more of their most recently reported federal TANF expenditures on work-related activities. Poor children and their families are depending on the Senate to insist that there are no cuts to TANF, child care, nutrition programs, Medicaid, and other vital services for low-income Americans in the final Budget Resolution.

As states struggle to close budget gaps, funding for child care, early education, and school-age programs is being cut. In 2002, at least 13 states, including Alabama, Arizona, Maine, Massachusetts, Michigan, Mississippi, Missouri, Nebraska, North Carolina, North Dakota, Oklahoma, Oregon, and Utah, reported decreased state investments in their child care assistance programs. A number of these cuts were quite large:

- Alabama reduced its investments by \$4 million;
- Michigan cut programs by \$36.2 million; and

- North Carolina cut programs by \$27.3 million.
- At least seven states—Alabama, Indiana, Kansas, Mississippi, Oklahoma, Utah, and Wyoming—reported that they were not able to provide the state matching funds required to draw down all federal CCDBG funds, leaving thousands of families without access to help. Alabama left \$17 million in federal child care dollars; Mississippi left \$11.2 million.

Even states that did not make cuts in 2002 in child care and early education programs face a bleak outlook in budgets proposed or implemented for 2003 and 2004:

- Recent cuts in Ohio will mean that 18,500 children will lose their child care assistance by September 2003 to help the state save \$268 million during the 2004 to 2005 biennium.
- In Connecticut, the proposed budget for the next three years would cut \$40 million from child care assistance programs; 30,000 children will lose the help they currently receive.
- In Maryland, the fiscal year 2004 budget proposes a 23 percent reduction in child care services funding. Funding for child care assistance to low-income families would be reduced from \$134 million to \$109 million. As of January 15, 2003, only families who are or have been on welfare within the past year will be able to receive assistance.
- Massachusetts recently made cuts to the current year budget for social service and education programs, including a \$3.1 million reduction in contracts for child care for low-income families and a \$10 million cut to the School Readiness program. The state is also reducing the amount available for Early Literacy grants by \$11.8 million.

Some states are reducing the amount of Temporary Assistance for Needy Families (TANF) funds used for child care. These funds had enabled states to significantly increase their investments in child care, early education, and school-age care over the last five years as states transferred TANF dollars to the CCDBG or used unspent TANF funds from prior years to support child care programs. When state use of TANF funds for child care began to slow in 2001, the trend ended. These “reserves” have been exhausted or nearly exhausted in most states and, thus, are no longer available to augment child care funding. In fiscal years 2001 and 2002, states collectively spent about \$2 billion more in federal TANF funds than they received. Twenty-three states have insufficient reserves to maintain the fiscal year 2001 program level through fiscal year 2003. Without additional funds, nearly half the states would likely need to scale back TANF-funded child care programs by fiscal year 2003. Some states reduced these expenditures in 2002.

- Twelve states, including Alabama, Arizona, Georgia, Illinois, Indiana, Iowa, Louisiana, Michigan, Minnesota, Oklahoma, Tennessee, and Texas, reported that they decreased the amount of funds they transferred from TANF to the CCDBG.
- Eight states, including Arizona, Arkansas, California, Indiana, Louisiana, Maryland, Nevada, and North Dakota, reported decreases in the amount of TANF direct funds used for child care.

Low-income working families bear the burden of state budget cuts as states limit eligibility for child care assistance, cut reimbursement rates to child care providers, raise parent copayments, and reduce investments in health and safety.

Texas clearly illustrates the impact of the budget crises on low-income working families. The state’s two-year budget, passed in 2001, failed to provide a sufficient funding increase to maintain even the current level of child care support for low-income working families—nearly

30,000 eligible children are on the waiting list for help. In order to meet its strict welfare work requirements in fiscal year 2003, Texas will devote a larger proportion of its funds to serving families trying to move from welfare to work, which will mean less help is available for low-income families working to stay off welfare. At least 6,000 *fewer* children in low-income, non-welfare families are expected to receive child care assistance in fiscal year 2003, as compared to fiscal year 2001.

In fact, most state child care programs could not serve all the families who needed help before the current budget crises. More than one-third of the states have waiting lists for child care assistance; many lists have tens of thousands of children. Over 200,000 eligible children are on the waiting list in California, more than 48,000 children in Florida, more than 22,000 families in Georgia, 12,000 children in Indiana, and 17,000 children in Massachusetts. Connecticut has not been able to help any new eligible low-income working families since July 2002 and in August created a waiting list for these families that has grown to over 5,000 families. The District of Columbia and Tennessee—each with existing waiting lists—stopped taking new applications for assistance from some eligible families.

A number of states have reduced their child care income cutoffs, so fewer families are eligible for help. In 2001, no state set its income eligibility at or below 100 percent of the federal poverty level; in 2002, New Mexico limited help to families at or below poverty. In 2001, seven states limited assistance to families at or below 150 percent of poverty. In 2002, there were 11 states with income eligibility at this low level.

Families who are unable to get help end up making enormous financial sacrifices, choosing between paying the rent and paying for child care, and worrying all day at work about their children's care. Some may have no choice but to turn to welfare. However, time limits on welfare assistance will mean that some families will have nowhere to turn.

- In Maryland, as of January 15, 2003, only families who are or have been on welfare within the past year are able to receive assistance. All other eligible families will be placed on the waiting list, which had 966 families as of early March, 2003.
- Kansas lowered its eligibility for assistance from 185 percent of the federal poverty level (\$27,787 for a family of three) to 150 percent (\$22,530 for a family of three) effective February 1, 2003. More than 2,000 children are expected to lose child care assistance.
- Cuts in Ohio will mean that 18,500 children will lose their child care assistance by September. On April 1, the state will decrease income eligibility from 185 percent of the federal poverty level to 150 percent. Families who are currently receiving help but have income above 150 percent of poverty will lose their assistance the next time their eligibility is redetermined. An additional proposal will eliminate 4,000 slots in Head Start.
- Effective July 1, 2002, Nebraska reduced its income cutoff for child care help to low-income working families from 185 percent of the federal poverty level (\$27,787 for a family of three) to 120 percent (\$18,024 for a family of three), unless they have received cash welfare assistance in the past 24 months. Families transitioning from welfare will continue to be eligible until they earn up to 185 percent of poverty. However, low-income working families with incomes above 120 percent of poverty who are not transitioning from welfare who are currently receiving help will lose their subsidies. More than 2,000 families have lost child care assistance as a result of this change.

- Thousands of low-income Colorado families may lose child care help due to state budget shortfalls and increasing demand for TANF assistance. Rules vary by county, but some counties in crisis already have lowered income eligibility requirements or frozen enrollment. Jefferson County (one of the state's largest counties) went from helping families up to 185 percent of the federal poverty level to only helping those earning up to 150 percent of poverty, to finally setting the cutoff at 130 percent of poverty (\$19,526 for a family of three).

Why increased work hours set back the goal of helping families to secure real jobs.

In FY 2000, 10 states were awarded TANF high performance bonuses for the best ratings in helping families to achieve "Success in the Workforce" (a combined score based on the numbers who retained jobs over three quarters and the earnings gains over a similar period). None of these states were engaging TANF work participants in as many as 40 hours of activities per week in FY 2001. In 7 out of the 10 states, average weekly participation was 30 or fewer hours per week. The work hours were not substantially different for the worst performing states on this combined measure. This evidence of states' experience with job retention and earnings gains does not provide any support for adding work hours. Similarly, the welfare-to-work programs with the best track records for placing parents in jobs with earnings and income gains did not require 40 hours of participation.

If despite this evidence Congress requires 40 hours, states will be placed in an untenable situation, in turn forcing families into an even worse one. According to the National Governors' Association, only 9 percent of state caseloads are currently engaged in 40 hours of activities that count towards the federal work requirement. In order to avoid penalties, states will inevitably turn to the adults now participating (43 percent of the caseload in FY 2001 were meeting the federal work participation rules, with an average of 29.7 hours of weekly activities) and add on more hours.

What will parents do for these additional hours? That isn't known, but more hours of wage-paying employment are not likely.

- First, jobs are more scarce now.
- Second, all mothers with young children (not just those who are or have been receiving TANF benefits) tend to work between 30 and 34 hours per week. It is not realistic to think that parents receiving TANF will be likely to achieve longer work hours.
- Third, if they were to become employed for 40 hours, very few would continue to qualify for TANF benefits. H.R. 4 offers no credit for any period of time to states that succeed in moving families from welfare to full-time work.

To get to 40 hours, states will most likely require families already working to fill in the remaining time with unpaid activities. States will have no additional funds to pay for these activities, and will have to struggle to fund the additional child care needed. This does not make it likely that the extra hours will be filled with useful preparation for job advancement.

Making families jump through these new hoops will cause added unnecessary stress on parent and child. Forty hours of activities means more hours of travel, to and from each separate activity and usually to and from the child care site. Again, there is no funding to pay for the increased hours or the transportation costs, and an inadequate increase in child care funds in H.R.

4. In fact, as we have noted, the House cuts TANF and would most likely reduce the small child care increase through across-the-board cuts.

But if the goal is to increase the number of families that move into employment, the 40-hour requirement is actually counter-productive. States will put all their efforts into bumping up the hours of those already working, and will have no resources or incentive to work with parents who are participating little if at all. These are the families with extra problems such as a child's or adult's disability, substance abuse, crises of domestic violence or homelessness, or very low skills or literacy. For many of these families, 40 hours of activities may be simply impossible. Mothers who must regularly take their children from school to medical appointments or emergency rooms and who cannot find child care facilities able to perform the skilled nursing role that the parent of a chronically ill child must adopt cannot be engaged in work or other activities for 40 hours. Similarly, families recovering from crises of violence or homelessness can move into the workforce, but will often be unable to clock such a high number of hours. The 40-hour requirement will cause states to require their participation with little consideration of their limits and needs. Families will be unable to comply, and will lose assistance even though they are not likely to succeed at work without supports. If states can meet the work requirement at all, it will be because troubled families drop off the caseload while others who were already making progress are laden down with more hours.

Pushing troubled families off assistance: dangerous consequences for children.

Even under the current program rules, families with the barriers to employment described above have too often been unable to comply and have lost assistance. There is evidence that families who leave TANF involuntarily have less education and more disability than other recipients. States like Tennessee, operating under a waiver that ought to be extended, protect such families by identifying their problems before terminating benefits and developing a compliance plan so they can continue receiving help while working to overcome their obstacles to employment. But the help that Tennessee offers is far too infrequently available across the nation. When troubled families are pushed off TANF, they are often added to the growing number of families with no welfare and no work. In the last decade, this number has doubled, from 886,000 in 1990 to 1.76 million in 2001. The pace of this trend has greatly accelerated. According to calculations by the Children's Defense Fund, in just the one year from 2000 to 2001, the number of families with neither welfare nor work increased by 28 percent (from 1.38 million to 1.76 million). These are the families with children left behind.

What this means is that this nation is permitting a growing proportion of poor children to fall into much deeper poverty than before. Looking at children in poor families (and accounting for the value of food and housing benefits and taxes), CDF calculates that the proportion living below *half* the poverty line (less than about \$7,000 for a family of three) reached 30 percent in 2001. In the half dozen years before the welfare law this proportion hovered between 20 and 24 percent.

A large body of research has documented that poor children are more likely to suffer from health and developmental problems and to fall behind in school than non-poor children, and the deeper into poverty children fall, the worse their chances for a successful future. There is also a growing research consensus that, *for children*, the most successful approaches to welfare reform are those that take specific aim at reducing the extent and severity of poverty. According to researchers J. Lawrence Aber of Columbia University and Sara S. McLanahan of

Princeton, these approaches “not only reduce welfare dependency, but also increase employment, improve family incomes and enhance children’s development.” Recently, Aber and McLanahan distributed an open letter signed by 50 leading experts on children’s issues and welfare reform.

However, the experts’ letter warns, not every approach to welfare reform is good for children. Simply increasing work requirements without taking significantly stronger steps to help working families is unlikely to help, and could hurt. “The bad news is that one approach – embodied in the recently passed House plan – proposes new work participation requirements but provides no significant increases in the work or child care supports needed,” Aber and McLanahan summarize. “Based on past research, these scholars judge that such an approach is more likely to harm children than to help them.”¹

Instead, the Senate Finance Committee should in its TANF reauthorization encourage the welfare-to-work approaches supported by the research evidence. A comprehensive set of proposals to improve TANF and child care policies are included in Senator Dodd’s Act to Leave No Child Behind (S. 448). The following selected recommendations both build upon what works and redirect TANF so that it can respond better to the worsening economy:

Avoid proposals that squander limited resources and do not provide effective preparation or support for employment by

- **Rejecting increases in the hours of weekly work required beyond the current 30:** The proposal to require 40 hours of work activities per week will force states to create make-work assignments that are costly and ineffective as preparation for real jobs. This approach is especially wrong-headed when states are beginning to run out of federal TANF funds and have large deficits in their state budgets.
- **Allowing states to get credit for placing parents in real jobs:** A primary purpose of TANF is to help families move from welfare to work. While the caseload reduction credit is flawed in rewarding states when families leave TANF whether they find work or not, an employment credit would provide the right kind of incentive for states. Increased participation rates that do not count families that leave TANF for work, job search, or activities that prepare parents for employment are particularly unsuited to a time of economic downturn.

Help low-income parents get – and keep – stable, permanent jobs, by

- **Increasing child care assistance:** The Child Care and Development Block Grant should be increased by \$11.25 billion over 5 years so that both families leaving TANF and low-income working families can receive the help they need to be independent and to ensure their children safe and supportive child care settings.
- **Increasing skills:** When jobs are not plentiful, it is especially appropriate to invest in education and training so parents can compete for better jobs less subject to lay-off during economic downturns. Vocational and post-secondary education should count towards fulfilling the core TANF work requirement.

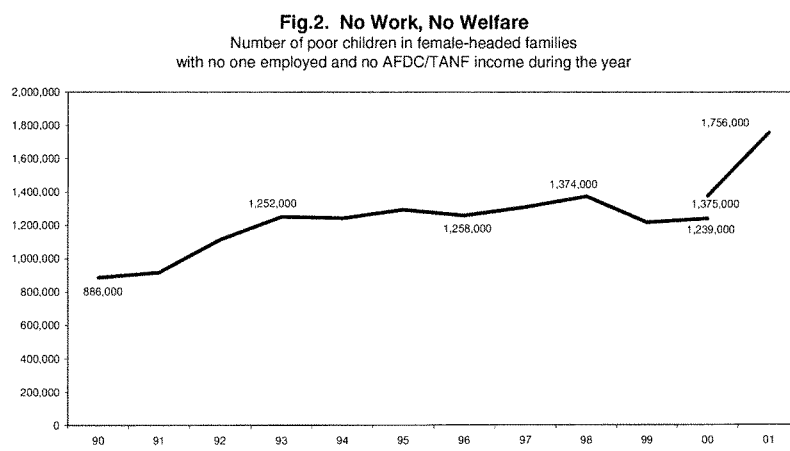
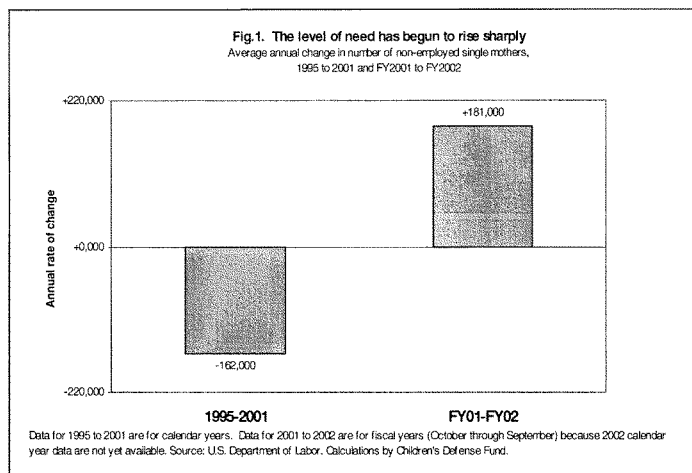
¹ J. Lawrence Aber, Director, National Center for Children in Poverty, Columbia University and Sara S. McLanahan, Director, Center on Research on Child Well-Being, Princeton University, in a letter to members of the Senate Finance Committee forwarding an “Open Letter from Researchers on Welfare Reform and Child Well-Being” from 50 leading scholars, March 11, 2003.

- **Overcoming severe barriers to employment:** TANF can be improved by requiring an individualized plan to address barriers to employment such as disability, very low skills, or domestic violence, and by giving credit to families when they carry out activities in the plan.
- **Providing transitional jobs and wage supplements:** Especially when jobs are scarce, Congress should add funds for states that wish to create short-term transitional jobs. States that have tried this approach have found they are much more effective than unpaid work assignments in leading to permanent employment. Congress should allow states to offer supplements to low wages without the months in which this aid is provided counting towards the time limit.

Help children to rise out of poverty by

- **Offering incentives to states to allow families to keep the child support that is paid on their behalf:** The poverty rate for custodial families who receive all the child support they are owed is 15.2 percent; compared with the 37.5 percent poverty rate for families that do not receive any of the support they are due. The Senate should adopt the child support distribution improvements included in last year's Senate Finance Committee TANF legislation and also in Senator Snowe's Child Support Distribution Act of 2003 (S. 669).
- **Restoring TANF to legal immigrants:** More than one-fifth of all poor children in America live in immigrant families. Poor children of immigrants are more likely to live in families having trouble affording food or housing compared to children of non-immigrants. TANF restoration would prevent destitution among families struggling to work but hit by rising unemployment.
- **Providing funding for states to develop anti-poverty strategies:** A reauthorized TANF should include funding in addition to the block grant to allow states to test various income-raising approaches, such as wage supplements, programs for non-custodial parents, etc.
- **Helping families to receive the benefits for which they are eligible:** Modest grant funds, as included in last year's Senate Finance Committee bill and Senator Rockefeller's S. 367 could enable states to streamline eligibility procedures to make it easier for eligible families to receive food stamps, Medicaid/CHIP, or other benefits. Congress should reject proposals by the Bush Administration to require more documentation for families applying for free or reduced price school lunches or filing for the Earned Income Tax Credit.

Temporary Assistance for Needy Families and the Child Care and Development Block Grant should be reauthorized with the funds and flexibility needed to help families and states cope with today's economic realities. We must prevent children from being harmed when their parents are unable to find work, but we should do more – with quality child care, supplements to low wages, and preparation so parents can get jobs with above-poverty pay, we can provide the supports that improve children's lives. Investing in these supports is the right priority for America. Freezing or cutting assistance for low-income families with children while slashing taxes by hundreds of billions of dollars for the rich is a dangerous misuse of our resources.



Source: Children's Defense Fund tabulations of the March Current Population Survey. Note: break in the line for the year 2000 indicates that data for 2000 to 2001 are not strictly comparable with earlier years due to the expansion of the March CPS sample.



Testimony Submitted by the Consortium for Citizens with Disabilities TANF Task Force
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United States Committee on Finance

Hearing on Welfare Reform: Building on Success

March 25, 2003

The Consortium for Citizens with Disabilities (CCD) is a coalition of approximately 100 national consumer, advocacy, provider and professional organizations headquartered in Washington, DC. We work together to advocate for national public policy that ensures the self determination, independence, empowerment, integration and inclusion of children and adults with disabilities in all aspects of society. The CCD advocates on behalf of people of all ages with physical and mental disabilities and their families through organized Task Forces on such issues as housing, health care, education, and welfare reform. The CCD TANF Task Force seeks to ensure that families that include persons with disabilities are afforded equal opportunities and appropriate accommodations under the Temporary Assistance for Needy Families block grant.

We believe that many individuals with disabilities receiving TANF, or those parents caring for a child with a disability, can successfully move from welfare to work if the appropriate supports and policies are in place. In a report issued earlier this month, the National Council on Disability stated:

"Every American should have the opportunity to participate fully in society and engage in productive work. Unfortunately, millions of Americans with disabilities are locked out of the workplace because they are denied the tools and access necessary for success.' President George W. Bush, New Freedom Initiative at p. 18, (Feb. 2001), www.whitehouse.gov/news/freedominitiative/freedominitiative.html. For many people with disabilities, TANF, if appropriately designed, could provide the tools and access needed to unlock doors to opportunity, productivity, and economic self-sufficiency."¹

We agree with their findings and start from the premise that all people with disabilities must have the opportunity to maximize their potential — including to be able to work — and that it is the legal obligation of the government — federal, state and local — to ensure that people with disabilities have equal and meaningful access to all programs

receiving federal funds. This is the promise of the Americans with Disabilities Act and Section 504 of the Rehabilitation Act of 1973, both of which Congress specifically incorporated into the TANF statute in 1996 at Section 408(c), 42 U.S.C. §608(c).

It is still common for policymakers not to realize that many people with disabilities are in the families being served by TANF programs. Early in the process of welfare reform, the thinking among many state level policymakers was, if the person was really disabled then she would be receiving Supplemental Security Income (SSI). And, for some parents and children on TANF, it is true that they should be receiving SSI and may need their state's help in securing these benefits. But, there are many individuals with major physical or mental impairments that do not meet the legal definition of disability as set forth in the Social Security Act, but whose impairments impede their ability to work. The studies now show that many parents on TANF have disabilities and other health conditions that inhibit their ability to work, but who with appropriate supports and services, could be working. The General Accounting Office found that 44 percent of parents receiving TANF had at least one physical or mental health impairment, three times higher than the rate of such impairments among adults not receiving TANF benefits.² This confirmed earlier findings from the Urban Institute and others.³

The studies show that parents on TANF have mental impairments such as severe depression, general anxiety disorder, post-traumatic stress disorder, brain injury, learning disabilities, and mental retardation, as well as physical impairments. These impairments can make it difficult for a parent to work or to understand and comply with state rules. Many families have multiple barriers to work, one or more of which is a disability or health condition.⁴ In many instances, parents would like to work but will need intensive supports and services if they are to succeed. Some examples of these supports include training and education designed to take into account the person's disability, counseling, substance abuse treatment, on-the-job supports, child care and transportation. For some, full-time work may be the long-term goal, but there will need to be numerous smaller steps taken over time before such a goal can be reached. For others, part-time work in a supportive setting may be the ultimate goal.

There also are children with disabilities in TANF families. The General Accounting Office reports that fifteen percent of families on TANF include a child with a disability; and eight percent of families on TANF include both a child and an adult with a disability. In contrast, only 3% of children in the general population have a disability and 1% of the families include both a child and an adult with a disability.⁵ The Manpower Demonstration Research Corporation (MDRC), studying TANF recipient families in four urban counties — Los Angeles, CA, Philadelphia, PA, Miami-Dade, FL, and Cuyahoga County, OH (Cleveland) — found that one-fourth of non-employed mothers receiving TANF had a child with an illness or disability that limited the mothers' ability to work or attend school.⁶

The success of welfare reform over the past five years as it applies to people with disabilities is mixed. Some parents with disabilities are now working, but many others have been inappropriately sanctioned and lost TANF or have not received the services

and supports they will need — often on a long-term basis — in order to take the steps that will ultimately allow them to work or achieve a greater degree of independence. Even among those who are working, we are concerned that some may be struggling to hang on to jobs and need additional supports and services to succeed. We were very pleased when the Office for Civil Rights at HHS issued guidance to states and counties explaining how the ADA and Section 504 apply in the TANF program.⁷ This important step has helped to alert states and counties to their obligations to assist people with disabilities and to focus their attention on the types of policy changes that will be needed to ensure that people with disabilities are fully protected and served in their programs.

There is evidence that some states are taking positive steps to assist people with disabilities in their TANF programs — and some of this evidence pre-dates the OCR guidance. A number of states, including Iowa, Utah, Tennessee, Vermont, and some counties in Colorado, have developed partnerships to address the needs of individuals with disabilities and help move them from welfare to work. Such partnerships often include TANF agencies, vocational rehabilitation, workforce investment, and local business and community groups. These efforts, however, require a great amount of flexibility in developing the programs that help individuals with disabilities achieve self-sufficiency. However, the research reflects that most of these efforts are still very much in their infancy and unfortunately, parents with disabilities and parents caring for children with disabilities continue to be at a disadvantage in most state TANF programs. We know, for example, that significant numbers of parents with disabilities are among those who have been sanctioned off of state TANF programs — often because their disability prevented them from complying. MDRC found that, “[w]elfare recipients with multiple health problems and with certain health problems (notably, physical abuse, risk of depression, having a chronically ill or disabled child) were more likely than other recipients to have been sanctioned in the prior year.” And, among those who had left welfare, “[w]elfare leavers with multiple health problems were more likely than other women who had left welfare to say that they had been terminated by the welfare agency rather than that they left on their own accord.”⁸

We also know of numerous disturbing examples of families with a member with disabilities where the system has failed them — as well as some for whom the system has worked. Consider, for example, these two parents’ stories, included by the Colorado Governor’s Task Force on Welfare Reform in their report, *Moving Forward with Welfare Reform*.⁹

Client A:

“A client was tested and had an IQ of 67. She was sent to Vocational Rehab and then instructed to seek work. She received child care for two occasions and then was sanctioned in Colorado Works. Her family became homeless in November 1998 and the children were placed in foster care in December 1998.”

Client B:

“A client has an IQ of 67 and is a victim of domestic violence. There is suspicion of brain damage as a result of abuse. She cannot communicate well, she is conscientious but has few skills. She has an anxiety disorder which cannot be treated because of her heart problem. She sees a physician weekly to manage blood thinning medications. She had surgery for a valve replacement one year ago. She was assigned to a community college program which reported that she would be doing fine but then the next day she couldn’t remember what she had learned. It takes the parent approximately one month to learn a bus route. The county required that she find a job in six months. Later that expectation was lowered to ten hours of time within her supported living program.”

The description of the steps the state took to help Client B provides a sense of the types of steps that states will need to take in order to help some parents with disabilities to maximize their potential. Unfortunately, no steps — not even ongoing child care for her children — were taken to assist Client A, with the tragic consequence that she was sanctioned, lost her home, and then lost custody of her children. It should not be acceptable to the Congress that even one parent with disabilities or one parent caring for a child with disabilities faces these types of consequences in TANF. Unfortunately, the research suggests that problems like this are all too frequently occurring across the country, at great personal expense to parents and children.

The CCD TANF Task Force recommends that Congress take the following steps to ensure that parents with disabilities and parents caring for children with disabilities are able not only to fully benefit from the TANF program but also not harmed by policies that do not take into account the impact of their disabilities on their ability to comply with program rules:

(1) Retain state ability to design welfare to work strategies that will help families that include a person with a disability achieve greater self-sufficiency and ensure reasonable accommodation for individuals with disabilities.

Some states — including Iowa, Utah, Maine, Tennessee, and Vermont — have designed their TANF policies and procedures so that they identify a family’s barriers, including whether there are family members with disabilities, and then design the family’s work and related activities to help the family move to greater independence. It is essential that the 2003 legislation not undercut — or even make impossible — the fine work of these states. Three provisions would help to secure this flexibility and signal to other states that similar policy choices could lead to good results for families with disabilities in their states as well.

- a. Permit states to determine how long a family will need rehabilitative services and allow participation in rehabilitative services to meet the full weekly work requirement.*

The 2002 Senate Finance bill provided that a state may treat up to three months of rehabilitative services as a countable work activity; this could be followed by another three months of rehabilitative services provided that rehabilitative services are combined with other work activities. While this represents an improvement over the provision adopted by the House (H.R. 4) this year which provides for only three months, it still would have left many parents with disabilities without sufficient time to build the skills and systems of support needed to fully support themselves and their families and successfully move from welfare to work or greater independence.

We recommend that in 2003, the Senate Finance Committee adopt a provision similar to the Committee's 2002 provision allowing for at least six months of rehabilitative services to count as work and permitting this period to be extended where the state determines that additional time spent in activities that are rehabilitative services will help the parent or family move closer to greater independence in circumstances where it has been determined that the parent or family is facing barriers to work such as a disability, domestic violence, or substance abuse. This would allow states to develop plans that help individuals with disabilities, and their families, achieve self sufficiency. In addition, if the parent or a child in the family has a disability, the provision should specifically provide that the state can provide rehabilitative services appropriate to the individual's needs for the period of time needed to meet the needs of the individual in accordance with the Americans with Disabilities Act or Section 504 of the Rehabilitation Act of 1973. States should receive credit in their work rates for the weeks that parents are engaged in such activities. In addition, if a family is meeting the terms of its individual responsibility plan and is engaged in rehabilitative services, then the state should receive full credit for the parent's activities even if the number of hours per week is less than the number of hours regularly required of parents, so long as the state has determined that to be the activity best designed to help the parent continue to move to success.

b. Clarify that compliance with the Americans with Disabilities Act and Section 504 of the Rehabilitation Act of 1973 constitutes "reasonable cause" if that is the reason a state fails to meet a requirement of the federal TANF law.

A significant percentage of parents still receiving TANF have disabilities that may affect their ability to work. These individuals are protected from discriminatory practices by the Americans with Disabilities Act and Section 504. The 1996 welfare reform law specifically incorporates these and other key civil rights laws to guard against limitations that would deny equal access to TANF programs. As states focus their attention on how best to help families facing barriers to employment to move from welfare to work, it will be important that they are able to individualize the help the family's needs, at whatever pace and in whatever manner the state and professionals determine have the best chance for helping the family to succeed. (This is the approach currently taken in Iowa, Utah, Maine, Tennessee, and Vermont.) Sometimes, this may mean that the state will need to engage parents in activities or services that do not meet the federal work definitions or engage them in rehabilitative services beyond the time permitted by the TANF statute, if it includes a fixed number of months. To the extent

that a state does not meet the federal participation rate because it has engaged individuals with disabilities in activities appropriate to their conditions, thereby ensuring that they receive equal and meaningful access to the state's TANF program, the state should not be subject to a federal penalty. The current law says that a state is not subject to penalties where it has "reasonable cause." While compliance with the civil rights laws is inherent in the definition of "reasonable cause," it would be helpful to make this explicit. This would provide adequate assurance to states that they can provide individuals with the services and supports the state believes to best address the person's and family's needs without being concerned that a federal penalty might be imposed, no matter how inappropriate.

c. Permit states to exempt parents caring for a child or adult relative with a disability from the work requirement and time limit.

The 2002 Senate Finance bill included an amendment offered by Senator Conrad which permitted states to exempt from the work requirements parents caring for a child with a disability or an adult relative with disabilities if caring for the person with disabilities prevented the parent from meeting the state's work requirement. This important provision should be included in the Committee's bill in 2003 with one improvement: the time that a parent is caring for a child with a disability that prevents complying with the state's work requirements also should not be counted in determining whether the family has reached the federal time limit for receipt of cash assistance. This will allow the parent time to prepare to leave welfare permanently once she is no longer needed to care for the child or adult relative with disabilities.

(2) Include provisions that protect families with barriers from unnecessary and inappropriate sanctioning.

The 1996 law requires states to impose sanctions where a parent "refuses" to comply with a state work requirement. Unfortunately, many of those who are being sanctioned cannot comply — they are not refusing to comply, they simply cannot because of a disability or other barrier, or may not even understand what is being required of them. Efforts to increase the number of hours of required work activity and states' overall work participation rates are likely to harm these same families. Without strong protections against inappropriate sanctioning, it is likely that the number of inappropriate sanctions will increase. Sanctions in TANF are associated with negative health consequences for very young children. Toddlers and infants (36 months and younger) have greater odds of experiencing food insecurity and hospitalizations if their family's welfare benefits have been terminated or reduced due to sanctions compared to those in welfare families whose benefits have not been reduced. Children in sanctioned families have a nearly 30% higher risk of hospitalization and a 50% higher risk of food insecurity than similar children in families who benefits had not been reduced.¹⁰ States should be required to have procedures that review a family's circumstances prior to the imposition of a sanction; determine whether additional assessments are needed (and secure them); determine whether there are services and supports the family needs before work can be required and whether modifications are needed to the requirements so that the family is

better able to comply. States such as Maine, Tennessee, Iowa and Vermont already do this. Fairness dictates that all states have such basic policies.

(3) To effectively help families move from welfare to work and avoid inappropriate sanctioning, states must have screening and assessment policies and procedures that identify a family's barriers and the steps needed to assist the family to move to greater independence.

Current law requires that states provide an assessment of employability, which has been interpreted to cover assessment of barriers to work. To ensure that effective plans are developed for families with barriers, it is important to include specific language requiring that assessments be done by qualified personnel.

Finally, in closing, we are very concerned that proposals to increase the number of work activities per week required of parents and to increase states' work participation rates will increase the negative outcomes for people with disabilities in TANF-funded programs. Even under current law, many people with disabilities cannot meet the work rules. Any increase in the work requirement will only create a new, even more insurmountable barrier. The TANF law should be designed to allow states to encourage parents to work for as many hours as they can, recognizing that the goal should always be independence and that, for some families, that goal will be reached by degree and, for a smaller number, will never mean they are meeting the full state work requirement. Independence—not failure—should be the basis for all federal public policy including TANF reauthorization.

The members of the Consortium for Citizens with Disabilities TANF Task Force concur with the findings of the National Council on Disability that “[f]or many people with disabilities, TANF, if appropriately designed, could provide the tools and access needed to unlock doors to opportunity, productivity, and economic self-sufficiency.”¹ We appreciate your attention to our concerns. We look forward to the opportunity to work with the Committee to address these essential questions in TANF reauthorization.

¹ National Council on Disability, TANF and Disability, Importance of Supports for Families with Disabilities in Welfare Reform, March 14, 2003, available at: <http://www.ncd.gov/newsroom/publications/familysupports.html>.

² U.S. General Accounting Office, Welfare Reform: Former TANF Recipients with Impairments Less Likely to be Employed and More Likely to Receive Federal Supports, (GAO-03-210), December 2002, available at <http://www.gao.gov>.

³ Sheila R. Zedlewski, Work Activity and Obstacles to Work Among TANF Recipients, Urban Institute, Series B, No. B-2, September 1999, http://www.urban.org/UploadedPDF/anf_b2.pdf. For a discussion of numerous studies that have reported on the status of parents with disabilities in state TANF programs, see Eileen P. Sweeney, Recent Studies Indicate that Many Parents Who are Current or Former Welfare Recipients Have Disabilities or Other Medical Conditions, Center on Budget and Policy Priorities, February 2000, <http://www.cbpp.org/2-29-00.htm>. See also, Heidi Goldberg, Improving TANF Program Outcomes for Families with Barriers to Employment, Center on Budget and Policy Priorities, January 2002, <http://www.cbpp.org/1-22-02tanf3.htm>.

⁴ Sandra Danziger, Mary Corcoran, Sheldon Danziger, et al., Barriers to Employment of Welfare Recipients, University of Michigan Poverty Research and Training Center, February 2000, <http://www.ssw.umich.edu/poverty/pubs.html>.

⁵ U.S. General Accounting Office, Welfare Reform: Outcomes for TANF Recipients with Impairments, (GAO-02-884), July 2002, available at: <http://www.gao.gov>.

⁶ Denise Polit, Andrew London, and John Martinez, The Health of Poor Urban Women: Findings from the Project on Devolution and Urban Change, Manpower Demonstration Research Corporation, May 2001, <http://www.mdrc.org/Reports2001/UC-HealthrReport-FullRpt2001.pdf>. See also, Barbara W. LeRoy, Donna M. Johnson, Sharonlyn Harrison, Open Road or Blind Alley? Welfare Reform, Mothers and Children with Disabilities, Skillman Center for Children, Wayne State University, Occasional Paper Series 2000, No. 4, November 2000, <http://www.skillmancenter.culma.wayne.edu/OP%202000-4.pdf>.

⁷ Office for Civil Rights, U.S. Department of Health and Human Services, Prohibition Against Discrimination on the Basis of Disability in the Administration of TANF (Temporary Assistance for Needy Families), 2001, <http://www.hhs.gov/ocr/prohibition.html>. In his comments on the HHS Inspector General's report on how states are using TANF to assist those who are "hard-to-employ," HHS Assistant Secretary for Children and Families Wade Horn indicated that there has been "broad dissemination of the Department's Office for Civil Rights guidance on TANF." State Strategies for Working with Hard-to-Employ TANF Recipients, HHS Office of the Inspector General, OEI-02-00-00630, July 2002 at page 23, <http://oig.hhs.gov/oei/reports/oei-02-00-00630.pdf>

⁸ Polit, London, and Martinez, May 2001.

⁹ Governor's Task Force on Welfare Reform Report, Colorado, September 2000.

¹⁰ These findings are part of the Children's Sentinel Nutrition Assessment Program (C-SNAP), a joint effort of a number of medical institutions. The research on sanctions was conducted in six cities: Baltimore, Boston, Little Rock, Los Angeles, Minneapolis, and Washington, D.C. For more information, see <http://dcc2.bumc.bu.edu/csnappublic/Fact%20Sheet%2071402.htm>.

¹¹ National Council on Disability, March 14, 2003

United States Senate Finance Committee
Hearing on TANF Reauthorization, March 12, 2003

Testimony by Diane B. Patton, Ecumenical Ministries of Iowa
Submitted to Editorial@finance-rep.senate.gov

To: Chairman Grassley and members of the Committee

Ecumenical Ministries of Iowa (EMI) is the state council of churches in Iowa representing ten denominations and over 640,000 members. In 1998, we began educating members of congregations as they built partnerships with families who have received TANF. These partnerships broaden the community and informal networks for low-income families and enrich personal relationships for the congregational partners.

EMI participated with local community entities to develop peer support and advocacy groups for TANF families. Within these groups members learn leadership skills, advise policy makers, provide emotional support for one another and advocate on their own behalf.

It is from these and other contacts we share our concerns about TANF reauthorization. EMI urges that no new mandates be made on work requirements for families. As in many states, the economy has faltered in Iowa. As a result, the current job market has softened making it more difficult for families to find sufficient work. Child care is underfunded to meet current demands for low-income families and the demand for additional work hours would exacerbate the problem. Low-income families are often offered only part-time work in order for the employer to keep costs down. Balancing two or more part-time jobs, and inadequate or unavailable child care becomes a desperate juggling act. There must be more than \$1 billion over the next five years for child care.

Poverty reduction and not just reduced enrollment should be a goal of TANF legislation. In order to help families leave poverty, there should be an education and training component that allows flexibility in the education choice, including studies toward a bachelor's degree that may be considered as a work activity.

EMI urges that children not be denied TANF and food stamps because an adult fails to comply fully with TANF work requirements.

Some of the very programs that have been touted as most successful - wrap-around services that include personal coaching, education, job-training, child care and transportation assistance - are the very ones that are cut due to state budget shortfalls and decreasing federal dollars.

Ecumenical Ministries of Iowa prays the Senate committee will shape a bill that helps families move from poverty to a more stable life rather than simply move off the welfare rolls to more desperate circumstances.

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**Statement of Stockton Williams
Vice President for Public Policy
The Enterprise Foundation
On “Welfare Reform: Building on Success”**

**For the Senate Committee on Finance
March 24, 2003**

Introduction and Overview

The Enterprise Foundation appreciates this opportunity to comment for the printed record of the March 12, 2003 hearing, "Welfare Reform: Building on Success."

Enterprise is a national nonprofit organization that supports community- and faith-based organizations and their neighborhood revitalization initiatives. In our 20 years we have invested more than \$4 billion, which has helped finance more than 144,000 homes for low-income families and strengthen hundreds of community-based organizations nationwide. In addition, our network of local job training partners has helped place nearly 40,000 low-income people in employment. Enterprise is currently investing half-a-billion dollars annually into grassroots groups and distressed communities all across the country.

The heart of Enterprise's work is affordable housing and community development. We believe that decent, affordable housing is essential for families and communities and a solid foundation for moving up and out of poverty. As discussed later in our comment, research increasingly indicates that affordable housing helps people move from dependence to self-sufficiency. At the same time, we have long recognized that housing alone cannot solve all the problems facing many low-income people and their neighborhoods. Low-income people and places need employment opportunity and the supports to take fullest advantage of it, especially accessible, affordable child care, to have a fair chance to join the social and economic mainstream. The Temporary Assistance for Needy Families (TANF) program and related programs are vital federal initiatives for helping achieve this goal.

TANF reauthorization comes at a critical time for low-income people in this country. The booming economy that contributed to TANF's initial success is a distant memory. Almost three million more people are out of work now than at the end of 2000. More than 1.8 million workers—one in five—have been out of work for longer than six months, a 10-year high.¹ The number of families in poverty rose by 1.3 million, to 32.9 million in 2001, according to the Census.

In addition welfare roles rose an average of two percent in 38 states in the second half of 2002.² A substantial number of welfare leavers have not found work or are having difficulty maintaining employment, as are many still on welfare. Many who are working are earning too little to fully support their families. Finally, the lowest income Americans face acute housing needs. The shortfall in apartments affordable to them approaches two million.³ In no county in the United States can a worker earning minimum wage reasonably afford the average priced two-bedroom apartment.⁴

¹ National Employment Law Project website, 2003.

² Center on Law and Social Policy website, 2003.

³ Millennial Housing Commission, *Meeting Our Nation's Housing Challenges*, 2002.

⁴ The National Low Income Housing Coalition, *Out of Reach: Rental Housing for America's Poor Families: Farther Out of Reach Than Ever*, 2002.

TANF Funding and Work Requirements

In our initial public comment on TANF reauthorization, to the Department of Health and Human Services on November 21, 2001, we called on Congress to seize the opportunity TANF's reauthorization provided to build upon the program's initial successes and address its shortcomings, especially as they were magnified by a slowing economy. For example, we urged Congress to ensure that TANF's purchasing power kept up with inflation, so states could continue to at least maintain their current levels of support and services for low-income families.

We recognize that Congress is unlikely to increase the TANF block grant (which will result in a substantial cut to the program over time). We urge the Finance Committee at the very least to ensure that states have adequate resources to meet the increased child care needs that would result from any increase in TANF work requirements the Committee includes in its TANF reauthorization bill this year.

Fortunately, the Committee should be better able to ensure that TANF's hallmark feature of flexibility is not restricted at a time when states most need it. The bipartisan bill the Committee passed last summer provided states reasonable flexibility to place some TANF recipients in education and training activities to ensure their success at work, while helping meet the higher work participation rates the Committee bill imposed on the states.

We urge the Committee to use the work requirements in last year's bill as a "floor" in its bill this year. We believe the Committee can and must do more. Given the demonstrable efficacy of solid skills training programs in increasing earnings and steady employment and improving access to employer-paid benefits for low-income people,⁵ we urge the Committee to give states more flexibility to count participation in such programs towards the TANF work requirements.

TANF Housing Assistance

A growing body of research increasingly suggests what many may have assumed as a matter of common sense: housing has huge impacts for low-income families that go beyond providing shelter. A stable, affordable place to live helps adults move off welfare, or avoid it altogether, and do better at work. Children are healthier and more likely to succeed at school when they live in a decent, safe home. At the same time, research has shown that families on and coming off welfare face severe housing problems and that those problems may be undermining otherwise successful welfare-to-work initiatives.

The Committee recognized housing's importance to people on and coming off welfare in the bipartisan bill it passed last summer. That bill contained several relatively minor, but important, amendments to TANF that would substantially enhance states'

⁵ Smith, Wittner, Spence, Van Kleunen, *Skills Training Works: Examining the Evidence*, Workforce Alliance, September 2002.

ability to incorporate housing help into their delivery of services and supports for low-income families. While we support all those proposed changes and encourage the Committee to include them again this year, two are critical, in our view. Both are revenue neutral. These provisions are described briefly below.

In addition, we recommend two related changes to the Low Income Housing Tax Credit (LIHTC) that would ensure the TANF modifications we recommend would have their maximum intended effect.

In last year's bill: Treat supplemental housing benefits as "non assistance." Current law severely restricts states' ability to provide TANF funds as rental assistance to low-income working families. Specifically, TANF regulations require that housing help provided for more than four months counts against a family's five-year limit on TANF assistance, even if the family is working and not receiving TANF cash benefits. This restriction constrains state flexibility to ensure that working families can afford a decent home. Given the demonstrable impact housing help has towards achieving welfare-to-work objectives, TANF rental assistance for working families not receiving cash assistance should be seen as "work support," and therefore free from time limits, as child care and transportation assistance are.

Last year's Committee bill would have specified that "supplemental housing benefits" for such families are not considered "assistance" under TANF. Note that states would not be able to use this provision to evade TANF's time limits by converting a non-working family's cash benefit to a cash subsidy.

Related change not in last year's bill: Amend Tax Code Section 42 to treat TANF rental assistance the same as Section 8 assistance. As the Committee is aware, the LIHTC (authorized in Section 42 of the Internal Revenue Code) is the primary federal initiative for the production of new rental housing for very low-income people, accounting for 115,000 new apartments every year. LIHTC apartment renters on average earn less than 40 percent of their area's median income.

Despite the LIHTC's success in serving poor families, many extremely low-income families cannot afford LIHTC apartments without rental assistance. Congress has sharply cut the number of new Section 8 rental assistance vouchers in recent years. In fiscal year 2003, Congress for the first time in five years provided zero new vouchers.

Enabling states to use TANF dollars to provide rental assistance as described above would help meet housing needs for some low-income working families. But while Tax Code regulations specifically allow Section 8 rent subsidies to pay a portion of LIHTC tenants' rents, the regulations are silent on such use of TANF funds. The Committee should amend Section 42 of the Tax Code to treat TANF rental subsidies the same as Section 8 assistance. This change would make the first TANF housing provision the Committee approved last year much more workable. Without it, states will be less likely to take advantage of the flexibility the change would provide.

In last year's bill: Provide states authority to define "minor rehabilitation" costs. TANF funds cannot be used to finance the construction of multifamily rental housing. TANF regulations, however, provide that TANF may be used for "minor" residential rehabilitation expenditures. TANF regulations do not specify what types and costs of repair would be eligible under this definition. Last year's Committee bill would have given states the authority to define "minor rehabilitation" under TANF.

Related change not in last year's bill: Amend Tax Code Section 42 to treat TANF funds for minor rehabilitation the same as HOME housing block grant funds. Under current law, states would be penalized if they used TANF funds for minor rehabilitation of LIHTC-financed apartments because federal assistance generally reduces the amount of credits a building is eligible to receive. Congress generally has held harmless from this reduction in LIHTCs assistance provided through the HOME housing block grant and certain other federal housing programs. The Committee should amend Section 42 to treat TANF assistance for minor rehabilitation the same as HOME housing block grant funds.

Expanded State Block Grant Flexibility

The House-passed bill (H.R. 4) includes the administration's proposal to allow federal agencies to override a wide range of statutes and regulations governing TANF and a host of related programs to assist low income people, including programs for public housing and homeless assistance, child care, job training, nutrition and other social services. This "superwaiver" provision generally would apply across all affected programs in their entirety for virtually any purpose.

States and cities that administer federal grant programs and the entities and individuals that use them long have noted the difficulties in coordinating resources from multiple programs due to conflicting and inconsistent requirements. These problems have impeded state and local innovation and diminished the effectiveness of many federal programs in meeting the needs Congress created them to address. The difficulty in coordinating different sources of federal assistance is particularly problematic for states, cities and local organizations engaged in comprehensive community development initiatives. Such revitalization efforts address multiple, interlocking problems and depend on a wide range of public and private funding.

Enterprise supports enhancing state flexibility to better coordinate their annual federal block grants more effectively to support comprehensive people- and place-based initiatives that depend on multiple sources of funding. The superwaiver provision, however, goes way too far in our view.

If the Committee believes it appropriate at this time to provide states additional block grant flexibility, it should do so on a much more limited basis than the superwaiver allows. Any additional flexibility should apply only to a small portion of funds under each covered program. It should only be available at the outset on a temporary basis to a handful of states, all of which should have demonstrable capacity for integrating

disparate federal programs. And it should be for discrete initiatives, such as serving a special population or revitalizing a distressed community. The federal government and outside evaluators should carefully monitor and evaluate all initiatives undertaken with any enhanced authority. Congress should be fully informed of the results before considering a broader expansion.

It is important to specify what any expanded state block grant flexibility should not provide in our view:

- States could not shift funding from one program to another.
- They could not override funding restrictions or limitations in federal authorizing or appropriations laws.
- They could not use funds for activities inconsistent with a program's general purposes.
- They could not waive civil rights or anti-discrimination laws.
- They could not waive health, safety or labor standards.
- They could not waive environmental protections.
- They could not waive current "maintenance of effort" requirements or requirements to pass through federal funding to another entity in the state.

The Enterprise Foundation looks forward to working with the Committee again this year as it reauthorizes TANF.

Testimony of
Every Mother is a Working Mother Network on Welfare "Reform" and Valuing Caring Work
Submitted to Senate Finance Committee
for Hearing on "Welfare Reform Reauthorization" held on March 12, 2003

Background and Overview

The Every Mother Is A Working Mother Network (EMWM) is submitting our testimony below to be included in the record of your March 12 Hearing on "Welfare 'Reform' Reauthorization". EMWM is a national multi-racial, grassroots community-based network of mothers and grandmothers on welfare and other caregivers campaigning to establish that raising children and caring work is *work*, and that the time mothers spend raising their children, and the economic value of their work should be included in welfare benefits and other resources. In submitting our testimony we also want to pay tribute to the late Representative Patsy Mink and the late Senator Paul Wellstone, both of whom agreed with valuing the work of caregivers, including those on welfare. We urge other legislators to recognize and value the vital caregiving work of mothers and other caregivers as they consider welfare "reform" reauthorization. The current Administration bill HR 4 is an attack on the work mothers do raising the next generation, work that ironically even George Bush admitted as being "the hardest job in America" and must be rejected by the Senate.

Our expertise is that of caregivers. We speak in defense of our right to nurture and care for our children, we are outraged that caring for our children is being spoken of in Congressional debates as baggage that gets in the way of what is really important, a job, any job outside the home, as though what we do as mothers is not work. We speak for the right of children to be cared for and nurtured by their mothers. We speak from our experience and our hearts. Everyday we live the impact of welfare "reform". We in EMWM are not part of the advocacy sector or poverty lobby; we do not have a staff/client relationship with anyone. We are not paid professional organizers; we are volunteers. We are unfunded, and independent; we are not aligned with any political party. Some of us are or have been on welfare and/or other benefits; some of us have disabilities; some are single mothers; some are grandmothers; all of us are carers and so we all have a personal stake in the valuation of the caring work of mothers in welfare benefits. We care deeply about those we care for and suffer greatly as a result of the tremendous devaluation of caring for children and others that we see rampant in policy, the media and other areas of society.

EMWM held a series of Community Dialogues on welfare reform on the East and West Coasts in July 2001 where a new grassroots movement announced itself, demanding the right of mothers to raise our own children. We followed the Community Dialogues with "teach-ins" in several cities on both coasts bringing together moms and other carers on welfare with other members of the community under the banner "Invest in Caring Not Killing". In June of 2002 we brought a delegation of mothers, grandmothers, children and other caregivers to Washington, D.C. where we held "Grassroots Caregivers' Actions on the Hill". These actions included a legislative briefing, press conference, lobbying on the Hill and a public demonstration on the Capitol steps. Representative Patsy Mink attended our briefing, where we had intended to pay tribute to her work, but she instead thanked us for ours. We also met with Senator Paul Wellstone, who assured us he would hold firm and stand with mothers and caregivers against the devaluing of our work in the debate on welfare "reform". We have subsequently held another series of community based community dialogues on welfare "reform" and valuing caregiving work, on both coasts.

In our experience, TANF has greatly neglected the profound importance of the bonding and nurturing between mothers and our children. It has neglected the importance of the choice to breastfeed. It has ignored the research that establishes that not only in the early years of life, but also as teenagers, children need their mothers, and that reduction in mother/child time has negatively impacted the development, emotionally and otherwise, of our children. It has by-passed the obvious: that as mothers we are in the best position to determine if and when our children are ready to be cared for outside the home or by a non-custodial parent. It has treated the relationship between mothers and children as standing in the way of the glory of what is really important: a job outside the home, as though the job of caring for one's own children is a nuisance. What kind of society is it that ignores these very basic human rights, of a child to a mother's care and of a mother to care for her own child or to determine under what circumstances others should care for them? Within this context, we cannot take seriously any talk of "family values" from those supporting TANF or HR 4. There is a double standard at play here and one that is grounded both in racism and in discrimination against caregivers. Welfare "reform" clearly establishes that only those who can afford to should be able to care for their own children and since 2/3 of those receiving benefits are women and children of color, the racist implications should be obvious.

For those of us who have been forced out to waged work, the conditions that we have to leave our children under are undermining to both our children and those who care for them. In California, for example, the infant/adult ratio in infant care centers ranges from 3-1 or 4-1. We consider this promoting child abuse. Since when is one adult able to nurture, hold, cuddle, sing to, and comfort three or four babies at the same time? No wonder pediatricians can tell which babies have been in infant care from the so-called "flat-head" syndrome resulting from long hours of lying in a crib. Even walkers are often not allowed and babies are stuck lying around all day without the kind of one-on-one love and care that only a mother or main caregiver can provide. And the pay of childcare providers is an insult; for a relative care provider, it is often below the minimum wage. This is not to say that mothers should not have the choice to work outside the home and access to quality childcare, but it must be a mother's choice and not a mandate and the conditions of care and the pay of the workers must be greatly improved.

In addition, there has been no consideration whatsoever of the care of sick children. How can policy that impacts children be made without considering that children get sick? And why should a mother have to choose between welfare "reform" mandates, the time clock and being there to care for her sick child? This is abusive to both child and mother. Anyone who has had to be away from a sick child must know the kind of worry and concern that distracts one from any other task at hand. Every life is of value, including the lives of mothers on welfare and our children. Our children are not cars to be parked in a garage. They are fragile, curious, vibrant beings full of need and potential and they have every right to our care. And the 30 minutes or less of waking time that mothers with infants who are in mandated-work activities tells the story of the human rights failure of welfare "reform".

Mothers on welfare also have every right to choose to work outside the home and when we do, we must have pay equity, quality childcare of our choice, protection from discrimination and education and training of our choice.

EMWM is determined in our resolve. We are well aware that the aim of welfare "reform" was to instill in us that we have no entitlement to resources to care for our own children. We hope that you are aware that there is a growing grassroots movement in this country and around the world for the valuation of caring work. The valuation of caring work is a unifying issue and brings support from

those not on welfare to those who are. We are fed up with caregivers being ignored by government and professional advocates. As mothers and grandmothers, we are insisting that we, who produce all the workers in this country and the world, be no longer ignored and by-passed. Those of us who are trained to kill in the army receive economic support, but those of us who give and sustain life are not. And those carers who are most vulnerable, single mothers on welfare, must have the economic support needed to care for themselves and their children on the basis of the caring work they do. Our experience has been that the poorer we are the harder we are forced to work, and for too long mothers on welfare have had the impossible task of trying to make a dollar out of fifteen cents.

EMWM is coordinated by the Wages for Housework Campaign (WFH) which after close to three decades has put the valuation of caring work on national and international agendas. WFH founded and coordinated the International Women Count Network of more than 1,200 Non-Governmental Organizations world-wide which succeeded in winning UN resolutions calling for governments to measure and value unwaged work (including care giving work) in satellite accounts of the GDP. WFH also worked with the Congressional Black Caucus which in 1993 introduced the "Unremunerated Work Act" which received bi-partisan support and called for unwaged work to be measured and valued. The US Dept of Labor, specifically the BLS has held at least one international conference on the valuation of caring and other unwaged work in addition to other efforts to implement the UN decision. Another document we suggest the Finance Committee reviews is the Platform for Action passed at the first US Women's Conference held in Houston Texas in 1977, specifically the "Women, Welfare and Poverty" resolution which was written by grassroots activists including at least two past presidents of the National Welfare Rights Organization along with WFH. We urge the Senate Finance Committee to review the above-mentioned documents in preparing your legislation to fix welfare "reform".

Summary of Recommendations

1. The work done by mothers or other caregivers raising children is a valuable contribution to the economy and society and should be reflected in welfare benefits. Mothers, grandmothers and other caregivers must not be required to work outside the home as a condition of receiving benefits. Mothering is real work; what we lack are real resources. We oppose mandatory work requirements and to the degree that they exist, our work as caregivers must be counted in meeting those requirements.
2. Mothers who choose to work outside the home should be entitled to pay equity, affordable quality childcare of choice, paid breastfeeding breaks (in accordance with the International Labor Organization), and protections from sexual harassment, and other job supports.
3. Welfare benefits must be increased and indexed to the cost of living.
4. Time limits, sanctions (and especially "full-family" sanctions as required under HR 4), and other punitive measures on receiving welfare benefits must be eliminated.
5. Mothers must not be required to identify the father or sue for child support as a condition of receiving benefits.
6. Women must not be pushed into marriage.

7. Mothers receiving benefits should have the right to education and training of choice, including the right to attend a four-year college. Participation in education and training should be counted as work activity.
8. No discrimination in access to benefits, including based on immigration status, race, mental or physical disability, criminal record, or sexual preference.
9. Federal legislation on welfare should include national standards, protections and guidelines that states must abide by.

Rationale and Discussion

1. The work done by mothers or other caregivers raising children is a valuable contribution to the economy and society and should be reflected in welfare benefits. Mothers should not be required to work outside the home as a condition of receiving benefits.

Caregivers are the heart of the economy, yet are ignored and discriminated against in welfare and other policy. Caring is vital to the survival and welfare of every community and every society. Mothers and other carers are entitled to welfare on the basis of how much the caring work we do is worth to society. Mothers, including mothers on welfare, are the first carers and women remain the main carers. We give birth to, feed and care for all in society. Yet beyond lip service this 24-hour-a-day job is devalued or not valued at all by government and industry. As a result, not only mothers but caring itself and the people we have raised are devalued and our needs ignored.

Many mothers are forced out to a second or third job, even though our children need us. Children as young as six weeks old are deprived of the love, care and attention they need and are entitled to. And mothers—exhausted by the double or triple day of waged work on top of unwaged work—are deprived of the time and energy we would like to put into our children. Increasingly we are forced to give up breastfeeding, denying children the best and most natural food in favor of formula, or to keep our children quiet with Ritalin, Prozac or other highly addictive drugs—we are asked to be more available to the job market than to our children. It is unbearable that the richest and most powerful country in the world invests in the military and everything else it seems while it has no money for caring for children and others who need care.

According to the State of the World's Children 2001 a key UN goal is for states to “develop national and child and family policies that allow parents increased time to meet their child-rearing responsibilities and that encourage family-given childcare. A survey released Oct 22, 2001 by the After School Alliance in the US has found that nearly 40% of US teens have no adult supervision after school. 75% of teens report that they are more afraid after school hours of being a victim of violence or crime. The National Center for Laity has noted in its October 2001 issue that in the US there is no economic incentive for a parent to be home to care for his or her own children. They observe that the government subsidizes childcare outside the home or gives a tax deduction if someone else cares for your child in your home, but gives no allotment if you provide the care yourself.

According to the NGO Families International, more family members have to work more hours outside the home which has eroded the well being of families. Parents have experienced much higher levels of stress and tension. The report further states: “When parents cannot be “present” ... to their children, it results in diminished support ... diminished attention to their accomplishments, hopes, fears, problems and questions.”

There is growing national and international support for the work of raising children and other caring work to be recognized *as work*, in response to women ourselves demanding that our work be counted. Many economists, statisticians and other academics have done studies documenting the amount of time women spend raising children and doing other unwaged work and the importance of the contribution of this work to the functioning of society, too numerous to list here. In 1995, after an international mobilization spearheaded by EMWM's coordinating group, at the United Nations Fourth World Conference on Women in Beijing, the US and other governments agreed to measure and value women's unwaged work and to include its value in national statistical data and satellite accounts of the Gross Domestic Product. The 1995 UN resolution strengthened one previously won by WFH in 1985 at the UN Mid-Decade Conference held in Nairobi, Kenya during the Reagan administration. The 1995 agreement is considered by many to be the most important macroeconomic decision to emerge from the UN Conferences on women, but the US has yet to take steps to implement it. On the contrary, current welfare policy under TANF is in violation of, and in opposition to, this agreement in that it *dis*-counts the work of mothers raising children, and mandates that mothers' work outside the home for 30 hours or more per week as a condition of receiving benefits. The 40 hours required by HR 4 devalues that work even more.

Caring work is highly skilled. Mothers have to do simultaneous tasks to get the job done, a skill usually associated in industry with management. In May 1999, the Wall Street Journal reported a study that found that the "multi-tasking" work done by a mother is valued at \$500,000 a year. Economists have developed various models of calculating the value of a mother's work, based on the many different jobs, the number of hours and the prevailing market wage for those jobs if done by another person. On a global level, the United Nations estimates that the value of women's unwaged work is \$11 trillion (1995 figures). By contrast, welfare benefits force women and children to live far below the poverty line, and are in part responsible for the fact that women are the majority of the poor in this country.

Economically rewarding those who do caring work already has some precedents. In Montana and Minnesota, mothers are paid for caring for their infants full-time, out of funds that the states have allotted for childcare. In California, family members can be paid by the county as homecare workers to care for low-income elderly or disabled relatives. The Clinton administration's proposal that parents have the option of drawing unemployment benefits while staying home to care for small children was picked up by six states. And in most industrialized countries, including Canada, *all mothers* are eligible to receive a family allowance or child benefit that is not means-tested, in recognition of the reality that mothers need and have a right to economic support. In addition, low-income mothers receive welfare. Nearly all countries, including some of the poorest in the world, have a policy of paid maternity leave: the United States is one of only six countries surveyed by the UN that has no such policy. And most give a subsidy for breastfeeding.

2. Mothers who choose to work outside the home should be entitled to pay equity, affordable quality childcare of choice, paid breastfeeding breaks (as recommended by the International Labor Organization), protections from sexual harassment and other job supports.

Welfare "reform" has contributed to the widening pay gap between women and men, according to some economists. Women in full-time year-round employment earn 72% of what men earn; for African-American women the figure is 62%, and for Latina women 52%. Most women, because we are responsible also for raising children, work in part-time temporary jobs where the wages are even lower, and the benefits non-existent. Welfare reform denies our right to choose whether or not to

breastfeed and to otherwise nurture our babies and older children. Mothers of young children report having less than 30 minutes a day of waking time with our babies. This gets worse as the time on the 60-month time clock for receiving benefits runs out and we are left destitute with no safety net.

Even a recent HHS report found that only 1.5 million of the 9.9 million children who are eligible for childcare subsidies receive it. Studies have also shown that childcare is the third greatest expense for families with children between 3 and 5 years old, after housing and food; and that a family of three earning \$15,000 spends between 24 and 45% of their income on childcare. Most families use informal care, often by a grandmother, and welfare "reform" expects grandmothers after a lifetime of raising their own children to be available to care for grandchildren for free or for below the minimum wage. Low-income grandmothers are already living below the poverty level on the pittance provided by SSI.

3. Welfare benefits should be increased and indexed to the cost of living.

Welfare benefits have nowhere near kept up with the rate of inflation and increases in the cost of living. Cuts in welfare means more women and children living in poverty, and more of us homeless, dead, or turning to prostitution or otherwise "criminalized" trying to feed our kids. Welfare "reform" has put our lives and the lives of our children in jeopardy: we are pushed to the limit financially, physically and emotionally. We hold Congress accountable for the thousands of mothers and children who are now destitute as a result of welfare "reform". Thousands more are among the welfare "disappeared" – no one knows what has happened to them, but they are often counted as part of the welfare "success story" simply because they are no longer on the welfare rolls.

4. Time limits on receiving welfare benefits must be eliminated.

Time limits are punitive and prevent caregivers from carrying out their responsibilities to children. It is up to mothers, not the government, to say when a child is no longer in need of a mother's full-time care. The clock runs in times of economic crisis when waged work is scarce. The clock runs when a child is sick and needs a mother's care. No woman can control when she will be in need of benefits. Most of us are just a man away from welfare. The time clock is an intimidation keeping many of us in abusive relationships and vulnerable to emotional and physical violence for fear of complete destitution. The clock does not recognize the value of a mother's time caring for her family. Time limits are running out for many women just when the economy is in a steep downturn and layoffs are massively increasing. Without a safety net, what are women to do?

Communities of color are at even greater risk of crisis as unemployment in Black communities, for example, is double that of white communities. In addition, a higher percentage of people of color are ineligible for unemployment benefits: their jobs are more likely to be part-time, temporary or seasonal. Welfare provided the only unemployment benefit available to many in those situations, but now that is gone. In rural areas including on Native reservations, waged work just isn't there. And particularly in those communities wages don't follow from work. People need to be paid for work they are doing that is now unwaged. Without such efforts, there is bound to be increased destitution, homelessness, and ill health, not only physical but emotional; with communities of color hardest hit, reinforcing a racist hierarchy.

5. Mothers must not be required to identify the father or sue for child support as a condition of receiving benefits.

Under current regulations, a woman is mandated to name the father of her child and sue him for child support whether she wants to or not, with all or most of the money going to the welfare department, not to her or the child. Many mothers, including lesbian mothers, do not want the father to have any part in their lives or their children's, often because he is abusive or uncaring; others have worked out their own arrangements. Women in domestic violence shelters say that women often turn to welfare as their only way to leave violent men. To force such women to have contact with these men is to set up women and children for further rape and abuse.

6. Women must not be pushed into marriage.

We are aware of the so-called "family formation" agenda being promoted by some in the Bush administration, most notably Wade Horn, as the "solution" to women's poverty. Multi-million dollar programs are proposed to promote marriage and the involvement of fathers. We are all for loving relationships and everyone's right to marry (including lesbian women and gay men), but not for women to be forced into marriage, under the threat that their benefits will be cut or reduced. We want to marry for love, not for money, and men want to know that we are with them because we love them, not because of the money they earn. Women have fought for several decades for our right to be financially independent of men, and have established the importance of having money of our own as the first line of defense against complete dependence and starvation, and as a protection against violence against ourselves and our children. We have also fought for the right to not have to marry. We do not intend to have the clock turned back to the dark ages where women had to submit to sex for a bit of housekeeping money. This official proposal is only a step away from sexual trafficking in women, which we do not believe most people in the US would endorse.

7. Mothers receiving benefits should have the right to education and training of choice, including the right to attend a four-year college. Participation in education and training should be counted as work activity.

Welfare "reform" takes us back more than two decades on access to education and training which could make a real difference to women's ability to obtain jobs with income levels above the poverty line. In addition, mothers on welfare must have the same right as anyone else to pursue higher education. In the 1970s, students on welfare in the SEEK program at the City University of New York pressed for and won the right to receive both welfare and student stipends to attend a four-year college without one reducing the level of the other. Under welfare reform, mothers are not allowed at all to pursue a four-year college education. This is a violation of our human rights. Women are exhausted raising children, working at low-waged jobs, and trying to pursue a degree. One woman was so exhausted and so pressed to meet her next deadline that her judgment was impaired as she stepped out on the highway after her car broke down and was killed. Being a student is in itself a full-time job on top of the work of being a mother and should be acknowledged as such.

8. No discrimination in access to benefits, including based on immigration status, race, disability, or sexual preference.

We oppose any denial of benefits based on immigration status. The United States is, after all, a country of, and built by, immigrant people. Nearly one-fourth of all children of immigrants live in poverty. They account for 23% of all poor children in the US. Two-thirds of welfare recipients are now women and children of color. Our experience has been that women of color are receiving the worst treatment in relation to work assignments, access to information and services like childcare. This is on top of the

institutional racism in the waged labor market, resulting in Black and Latina women receiving the lowest wages, and in every other area of life. Some of the most punitive components of welfare reform – for example “family cap” policies – are in states that have the highest proportion of women of color receiving benefits. Women with disabilities who are supposed to be exempt, in many cases are being forced into work assignments, and there is at least one documented case in New York City where a woman died as a result. We have also learned from our network in Wisconsin that women with disabilities have received the worst job placements – the jobs that were left to women unable to be hired in the private sector – and are working under conditions like the poorhouse of the past. Welfare “reform” also denies the work of disability where caring for oneself is a full-time job. Being forced to name their child’s father, who may in fact be a sperm donor, and facing the possibility of losing custody of children to the state by a social worker who declares them “unfit” is discriminatory against lesbian mothers. In other cases, the father may seek custody on the basis that if he is going to pay, he is entitled to raise the child. Many lesbian and gay young people, thrown out by parents, are facing homelessness and turn to prostitution to survive because welfare reform requires those under 18 to live at home to receive benefits.

9. Federal legislation on welfare should include national standards, protections and guidelines that states cannot waive out of.

The legal right of states to enslave and segregate was fought over and defeated in the Civil War and the civil rights movement, but welfare “reform” gives power back to individual states. Are women, many Black and Latina women, in sections of the country with the highest rates of rural and inner city poverty, to be at the mercy of a local white male racist establishment? Are we to tolerate policies such as TANF which promote disparities in standards of living in different parts of the country? We say no to these, and no to any other policies which attempt to eliminate federal standards, protections and guidelines and turn back the clock to 1863.

Finally, it is ironic that at the same time the work of mothers is being ignored and not valued by Congress and the Administration, the US military budget is now over \$400 billion dollars. This sends the message and reflects the reality that killing is a priority over caregiving and we are outraged. As mothers we do the hard work of giving birth and raising the next generation, only to watch many of them go off to war where they are trained to kill the children of other mothers, and then come home in body bags, or injured and/or emotionally scarred. It is those of us who are caregivers who then do the work of helping them to heal with little or no support from government agencies. Every body bag, every “collateral damage”, is “some mother’s daughter, some mother’s son”. For those of us who are women of color, we are disproportionately impacted in this regard, our children have few options but low-waged work, prison or the military which lends an of color face to policies that we do not support.

We are also alarmed at the reauthorization process thus far. Opportunities for grassroots networks like ours to testify have been few and far between. For instance, the HHS “Listening Sessions” held in 2001 were essentially an example of government behind closed doors: a few people were handpicked to testify and in some instances half of the slots are given to the likes of the Heritage Foundation. In other so-called open “listening sessions” held only after protests on both coasts, the testimony was token, bypassed by top HHS officials and not even taped. This is not acceptable. We are the experts, we and our children living examples of the discriminatory effect of welfare “reform. We urge the Senate Finance Committee to consider our testimony with seriousness and respect, and to reflect our concerns in the Senate welfare bill.

Attached: An EMWM Action Alert and Testimony by EMWM members.

URGENT...URGENT...URGENT...URGENT...URGENT

June 2002

Dear Member of Congress,

The present debate on welfare "reform" reauthorization leaves out the value of the vital work that mothers, grandmothers and other family caregivers do. Instead, the debate has focused on how many hours mothers must be made to perform "work activities". This denies that mothers are already doing work crucial to society. What job is more important, or harder, than raising children and caring for those of us who are elderly, sick or have disabilities? From rural areas to inner cities, women's caring work holds farms, families and entire communities together. Caregivers in the home contribute \$billions in unwaged childcare work alone, and \$billions more in healthcare, and yet are being forced to leave even infants in order to take any job for any pay outside the home.

Every mother can feel what mothers on welfare face daily: being forced to leave your children, often under questionable conditions, having less than half an hour a day of waking time with your infants. Everyone can imagine the horror of having to face being laid off from a waged job while the pressure of the 60-month time clock builds. All mothers know how it feels to be sick with worry and unable to focus when you leave your children alone, or when you put an ill child in the care of others knowing you are what your child needs. Who cannot understand the agony of knowing the benefits of breastfeeding but being prevented from providing them? All of this traumatizes both mothers and children.

Welfare reform assumes that only those with the money have the right to care for their own children. And with 2/3 of recipients now women and children of color, the racist implications of this forced work policy are obvious. Furthermore, proposals to "encourage" single mothers into marriage, turn our most intimate relationships into a cash consideration, leave women more vulnerable to violence, are homophobic and force women into relationships they may not want. In 1995, at the UN conference on women, the US agreed to measure and value unwaged work, including caring work. Welfare "reform" violates that agreement.

Welfare "reform" treats care giving work, and those being cared for, as a nuisance that stands in the way of getting a job -- any job, at any pay. Mothers must have a choice not a mandate. And welfare benefits must not depend on immigration status. All women working outside the home are entitled to pay equity, quality childcare, education and training of choice, and protection from discrimination. No time limits, no sanctions.

What kind of society is it that ignores the basic human right of a child to a mother's care, and of a mother to care for her own child or to determine under what circumstances others should care for them? In this the wealthiest nation, money is lavished on the military, but mothers get nothing for the work of raising children. Caregivers, the heart of the economy, always come last -- along with our children.

***Count caregiving as work! Don't deny a mother's right to care for her own children!
Value caregiving. Reflect that value in welfare policy.***

Sincerely,

Every Mother is a Working Mother Network (EMWM) and JEDI for Women/Utah with Flushing Greens/NYC, Parents for Justice/NH, and Welfare Warriors/Wisconsin. Endorsed by Alexandria House/LA; Greater Camden Unity Coalition/NJ; GROWL; Human Services Alliance; Interfaith Coalition for the General Welfare; LA Friends Meeting(Quakers); Phila-area Jobs with Justice; Quality Homecare Coalition/LA; UNITE AFL-CIO.

Every Mother is a Working Mother Network

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GAIN IS A PAIN

They call it Greater Avenues for Independence. But to me, the GAIN program or Welfare-to-Work has caused me a lot of stress. First of all, I am caring for my four grandchildren: an eleven-year-old girl, two mentally challenged boys (seven and five) and a three-year-old boy. My day begins at 5:30 a.m., and if I'm lucky I go to sleep around 11:00 p.m. I wake up around 2:30 a.m. and wash/iron clothes for an hour or two, then catch a few winks just before daybreak.

After I cook breakfast, dress the two youngest boys, drop the two older children at the school bus stop and rush home to put another child on the bus that services special education, I take the youngest child to a family day care. The Department of Children and Family Services refer to relative caregivers like me as 'extraordinary caregivers' because our workload is overwhelming and therefore need childcare services. However, I'm still waiting for respite services that I've been promised once a year but have never received (that's a three day break). Some weeks the school calls me to pick up one of two of the children in the middle of the day due to 'behavioral problems.' Sometimes I have to drop whatever household chores (cleaning, vacuuming, preparing dinner in advance, etc.) that I may be doing to rush to two different schools or perform my routine tasks of picking up children to go to their weekly psychotherapy sessions. On top of all this, I take a class at the local community college to complete a certificate in Child Development, twice a week.

Then on a typical day, I begin picking up children from school or a bus stop, help three of them with homework, and pick the youngest child up from childcare. After the evening meal, I wash dishes, bathe two of them, and after their teeth are all brushed, play games and read bedtime stories. The youngest child has insomnia and doesn't fall asleep sometime until midnight. This is just my average day. However, occasionally I spend hours in the Emergency Room to treat the child(ren)'s illness, go to an all-night pharmacy and nurse the child(ren) back to sleep.

Many people who work outside the home look forward to the weekend. I don't have that luxury. I take my grandchildren to parks, beaches, zoos, movies, sports events and other activities that most children enjoy. I still have to get up at 5:30 AM because the seven-year-old always wakes everyone in the house when he awakes. Most people look forward to falling back to sleep on Saturday morning. Not me – I can't.

Then about every four or five months, I get this letter in the mail. The first line goes like this, "Congratulations. You have been chosen to participate in GAIN." It doesn't matter that DPSS's policy states that if you have a foster child in the home you don't have to participate in this Welfare farce! You know that another letter is coming soon saying you'd better keep the appointment to participate, and don't bring any children! It doesn't matter to the worker who calls you that you've been exempt at least six times already. No, the letters keep coming until you ask for a State Hearing, their liaison sends a letter of exemption, and then the whole process starts over again several months later. Mainly, it doesn't matter that you are already working! If you don't call my job working, what do you call it? Plus I had to quit my outside job in the first place just to be able to meet all my obligations for the children. Yes, GAIN IS A PAIN!!!

I kid you not!
 Lynda Brewer
 An overworked grandmother from Los Angeles

Statement given by Nancy Carroll
 Every Mother is a Working Mother Network
At the Philadelphia Citywide Anti-War March and Rally
November 23, 2002

I am a grandmother who has been raising six grandchildren and one great-grandchild since the death of my daughter eight years ago. I am glad to be speaking here today for the Every Mother is a Working Mother Network because I'm tired of seeing the military budget growing while mothers and grandmothers like myself work ourselves to the bone just to barely make ends meet, while welfare "reform" has destroyed what little we used to be entitled to for the work of raising our children. I have been in the welfare rights movement for many years and welfare mothers have stood against every war – we are here today to ask that the anti-war movement also stand with us in demanding that society value and support the important work of caregivers, money going to mothers and grandmothers is money not going to war and weapons!

The EMWM Network is a national multi-racial grassroots network of welfare and other mothers, grandmothers, carers from different backgrounds and situations. We are pressing for the value of the work of mothers and other carers to be reflected in welfare benefits – for welfare and other resources for the care of people instead of for war. Join us in attacking the military budget by demanding the money we are rightly owed for the hard work mothers and grandmothers do of raising all the workers in this country.

Welfare is really a trap. They say we are not working if we are raising our kids, but count on grandmothers like me to pick-up the slack and do childcare for free, or for below the minimum wage for mothers they are mandating to go out into low-waged jobs.

When our welfare benefits are cut back, legislators are forcing mothers and caregivers to have to steal and become involved in other so-called "criminal activity". If they don't have money, they have to feed their children some kind of way. Yeah, I see more working on the corners, prostituting. And if they end up in jail, they lose custody of the kids. And they still got to pay someone to take care of the children. So, why not give the parents the money to raise our own kids, instead of so much money going for war and weapons, instead of coming and taking our kids and paying someone else to raise them?

And the young people in the community? They talk about going to Job Corps because many of the young boys around my way have gotten kicked out of school. And if they are old enough and didn't have a criminal record they went and served in the military. We see recruiters swarming the schools and neighborhoods in the Black and Latino communities all across this country, knowing how few options our youth have. 40% of the US Army is Black and 60% of the US Marines are Latino. But as mothers and grandmothers we don't want to see the children we have poured our lives into and lovingly raised sent off to die in some war, we don't want them trained to be killers of some other mother's child. We are here today to say we refuse this plan for our children.

People in my community are talking about the money that the government spends on the war should be given to the mothers for the upkeep of their children; this is money that should be going into our communities so that we can all put food on the table, get decent healthcare and get education of our choice, this starts by valuing what we as grandmothers and mothers do raising and caring for the next generation. They spend billions of dollars in war and can't spend a dollar on a child. That's a hard pill to swallow. The government thinks more about killing than they do of healing, and we have had enough.

Valuing Caring Work in Welfare Benefits
 LOBBY LETTER SIGNERS:

Every Mother is a Working Mother Network (EMWM) and JEDI for Women/Utah with Flushing Greens/NYC; Parents for Justice/NH; Welfare Warriors/Wisconsin

As of June 26, 2002:

LOBBY LETTER ENDORSEMENTS

Organizations:

American Friends Service Cttee (AFSC) Economic Justice and Nationwide Women's programs
 Africa Alive/Oak Park, CA
 Alameda Corridor Jobs Coalition/CA
 Alexandria House/Los Angeles
 A New Way of Life/LA
 Asian Pacific American Legal Center/LA
 Ashland County Welfare Rights, Pontiac, MI
 Brandywine Peace Community/PA
 Church Women United, Washington, DC
 Coalition Against Police Abuse (CAPA)/LA
 Coalition for Humane Immigrants Rights of Los Angeles (CHIRLA)
 Coalition of California Welfare Rights Organizations, Inc.
 Comite De Apoyo A Los Trabajadores Agricolas (C.A.T.A.)/NJ
 Families for Justice of New Hampshire
 Feminist Issues Group (FIG) of the San Francisco Green Party
 Gray Panthers of South Jersey
 Greater Camden Unity Coalition/NJ
 GROWL
 House of Grace Catholic Worker/PA
 Human Services Alliance/LA
 In-Home Supportive Services Recipients and Providers Sharing (IRAPS)/LA
 Interfaith Coalition for the General Welfare/Philadelphia
 Korean Immigrant Workers Association (KIWA)/LA
 Leavenhouse Soup Kitchen/Camden, NJ
 LA Greens
 Los Angeles Coalition to End Hunger and Homelessness
 Los Angeles Friends Meeting (Quakers)
 National Association of Black Social Workers
 New England Learning Center for Women in Transition (NELCWIT),
 Greenfield, MA
 Philadelphia area Jobs with Justice
 Philadelphia Catholic Worker
 Philadelphia Unemployment Project (PUP)
 Poor Magazine/San Francisco
 Progressive Health Services, West Hollywood, CA
 Purple Berets Women Defending Women/Santa Rosa, CA
 Quality Homecare Coalition/LA
 The Riley Center/SF
 SEIU Local 535/CA
 Social Workers Initiating Future Trends (SWIFT), Columbia College, NY
 Sweatshop Watch/LA
 UNITE AFL-CIO
 Tapestry Against Polygamy/Utah
 Todos Con Vieques, TCV (All with Vieques) of MA
 United Childcare Union/NUHCE/AFSCME
 Welfare, Education & Training Access Coalition, Waltham, MA
 Welfare Rights Organizing Coalition/Olympia, WA

West Company/Ukiah, CA
 WomanSafe, Inc., Middlebury, VT
 Women of Color Resource Center, Berkeley, CA
 Women's Committee of 100
 Women's International League for Peace and Freedom, Los Angeles Branch
 Women's Resource Center of South County, Wakefield, RI

Individuals:

Darlene Abasian, Otego, NY
 Mimi Abramovitz, NY
 Kathleen Aguero, Cambridge, MA
 Bradley Allen, Oak Park, CA
 Devin Allen, San Francisco
 Joel Andreas, Los Angeles
 Julie Barnett, Mt. Rainier, MD
 Linda-Ruth Berger, Contoocook, NH
 Denise Carlos, Huntington Park, CA
 Celestina Castillo, LA
 Jeanette Covarrubias, Pasadena, CA
 Karil Daniels, SF
 Austin Delgadillo, Long Beach, CA
 Renato Desa, Fort Irwin, CA
 Peter Dudar, LA
 Hester Eisenstein, Queens, NY
 Lane Farnham, Anaheim, CA
 Lisa Fithian
 Dama Flores, Norwalk, CA
 Nanette Funk, Brooklyn, NY
 Kim Gandy, President of NOW
 Rosa Gilmer, Santa Barbara, CA
 Assemblywoman Jackie Goldberg, Los Angeles, CA
 Leone Hankey, Coalition for World Peace, LA
 John S. Haugh
 Brian Higgins, Mt. Rainier, MD
 Avital Korin, Astoria, NY
 Yael Korin, Culver City, CA
 Marcie Lazzari, Ph.D, MSW, Director Social Work Programs
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 Jamie Loyd, Columbia College, NY
 Javier Marchand, LA
 Gwendolyn Mink, NY
 Charles W. Negandank, Knoxville, TN
 Mary Leah Plante, Montebello, CA
 Mary Prichard, LA
 Elianne Ramos
 Donna Raycraft, Panacook, NH
 Virginia C. Renfroe, Houston, TX
 Gloria Rich, Ph.D, NY
 Laurette Riddle, Hemet, CA
 Cindy Romero, Pasadena, CA
 Laurie Rose, LA
 Chip Smith, Fayetteville Peace with Justice, NC (for ID purposes only)
 Sara Smith, Berkeley, CA
 Congresswoman Hilda Solis, CA

Roberta Starzezyzel, NYC
Vicky Steinitz, Boston, MA
Lisa Taylor, Culver City, CA
Jean Tepperman, Berkeley, CA
Sharron Tetrault, New Bedford, MA
Miriam Thompson, Co-Chair New Caucus,
Professional Staff Congress, AFT (for
ID purposes only)/Flushing, NY
Briseida Torres, Bell, CA
Orlando Trevino, Pasadena, CA
Sue Tungate, Livermore, CO
Amy Vennett, Arlington, VA
Congresswoman Maxine Waters, CA
Mary Welz, LA
Maggie White, Monrovia, CA
Jim Yarbrough, Newbury Park, CA

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**TESTIMONY OF
THE FEDERATION OF PROTESTANT WELFARE AGENCIES
ON "WELFARE REFORM REAUTHORIZATION"**

SUBMITTED TO THE UNITED STATES SENATE FINANCE COMMITTEE

**Hearing on "Welfare Reform Reauthorization"
held on March 12, 2003**

**Jillynn Stevens, Ph.D.
Director of Policy, Advocacy, & Research**

**TESTIMONY OF THE FEDERATION OF PROTESTANT
WELFARE AGENCIES ON
WELFARE REAUTHORIZATION**

The Federation of Protestant Welfare Agencies (FPWA) appreciates the opportunity to submit this testimony on the issue of TANF Reauthorization. We believe that a successful national welfare policy must substantively address the complex social structures that contribute to poverty as well as to empower individuals to achieve long-term economic security.

For over 80 years, the Federation has been a leading policy advocate for the individuals and families served by our more than 240 member human service agencies and churches in and around New York City. The Federation's mission is to assure, through service to our membership agencies and our own policy and program efforts, the social and economic well-being of the people of New York. In combination, FPWA's member agencies serve over 1.5 million people, the large majority of whom are no- or low-income individuals and families. TANF policies, particularly those that are punitive in nature, have direct and dire consequences in the lives of the most vulnerable New Yorkers.

Reducing poverty should be Congress' overarching goal in reauthorizing TANF. In order to achieve that purpose, Congress must first make access to education a reality for individuals on TANF. This means including the full range of education as a work activity without arbitrary caps or impractical time limits. It also means access to training for jobs that pay a living wage. Without an emphasis on non-traditional and living wage jobs, individuals on TANF will continue to move into low wage, no benefit jobs that will not lift their families out of poverty. Such jobs will decrease the likelihood that they will marry and will increase the likelihood of divorce. Moreover, they will continue the cycle of poverty.

Second, Congress must pay appropriate attention to child care. If Congress is truly concerned about family and a proper start for all children, mothers need access to affordable, quality child care. This requires not only sufficient child care funding, but enhanced child care protections for parents of young children, children in need of after school care, and children with special needs. Congress must affirm the value of mothering in and of itself. Allowing the full-time parenting of pre-school age and disabled children by counting caregiving as a work participation activity is the right thing to do.

Third, Congress must make a serious commitment to addressing barriers to economic security. A significant portion of the individuals on TANF face multiple barriers, including domestic violence, substance abuse, mental health issues, disability, low literacy levels, and limited English proficiency. As a result, many leave TANF or are sanctioned off, but are unable to sustain employment and are forced to return to the

rolls. Congress must ensure that TANF workers screen for barriers to economic security, offer appropriate services and the time needed to use those services, and modify or waive program requirements as needed. Moreover, and especially in light of the increasing emphasis on marriage, Congress must ensure that all states address domestic and sexual violence, and have the benefit of caseworker training as well as the best practices that have been developed over the last five years.

Fourth, the solution to poverty is not to interfere with basic privacy rights of poor women but rather to focus on economic self-sufficiency. Decisions regarding marriage and childbearing are among the most private decisions an individual can make. Congress must not use women's economic vulnerability as an excuse for attempting control their decisions regarding marriage and childbearing. Fighting poverty and promoting family well-being will depend on positive governmental support for proven policies that support low income parents in their struggle to obtain and retain good jobs, while at the same time providing the best possible care for their children. Government resources should be devoted to the reduction of poverty, not wasted on unproven, intrusive policies that interfere with personal family formation decisions.

Finally, Congress must ensure that anti-discrimination policies are the cornerstone of TANF law, policy and practice, taking special care to prohibit discrimination against TANF recipients based on their race, ethnicity, national origin, sexual preference, age, ability, and marital status. Further, it must eradicate barriers to TANF access for legal immigrants.

In conclusion, Congress must not limit its definition of welfare success to decreasing welfare caseloads. We know that just because a family goes off welfare it does not mean they are no longer living in poverty. We urge Congress to make meaningful changes in existing policies that promote the likelihood of families achieving and maintaining economic security and to denounce the Administration and House proposals that attempt to punish people out of poverty.

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Testimony of
Sanford A. Newman
President
FIGHT CRIME: INVEST IN KIDS

U.S. Senate
Committee on Finance

Hearing on Welfare Reform:
Building on Success

March 12th, 2003

Submitted for the Record

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Mr. Chairman and Members of the Committee:

My name is Sanford Newman, and I am the President of the anti-crime group FIGHT CRIME: INVEST IN KIDS, which is made up of more than 2,000 police chiefs, sheriffs, prosecutors and victims of violence from across the country who have come together to take a hard-nosed look at the research about what really works to keep kids from becoming criminals. In considering next steps to build on the successes of welfare reform, this Committee faces many important decisions. One such decision that is critical to crime-prevention – as well as to the continued success of the welfare reform legislation enacted in 1996 – is the reauthorization of the Child Care and Development Block Grant. I hope my testimony will help this Committee make choices that will give kids a good start in life, and prevent crime now and down the road.

Government's most fundamental responsibility is to protect the public safety. In many cases, this requires arresting, trying and imprisoning those who have committed a crime. There is no substitute for tough law enforcement. But once a crime has been committed, lives have already been shattered. Those on the front lines in the fight against crime understand that we'll never be able to just arrest, try and imprison our way out of the crime problem. We can save hardship, lives – and money – by investing in programs that can keep children from growing up to become criminals in the first place.

The members of FIGHT CRIME: INVEST IN KIDS have come together to issue a "School and Youth Violence Prevention Plan" that lays out four types of programs that research proves – and law enforcement knows – can reduce crime. The violence prevention plan calls for more investments in quality programs that provide:

- after-school activities;
- early childhood education and care;
- activities that get troubled kids back on track before it's too late; and
- services that can prevent and treat child abuse and neglect.

These investments are overwhelmingly supported by law enforcement. A poll of law enforcement leaders nationwide conducted by George Mason University in 2002 showed that 85 percent of sheriffs, chiefs and prosecutors believed that expanding after-school programs and educational child care would greatly reduce youth crime and violence.

The law enforcement leaders were also asked which of the following strategies they thought was most effective in reducing youth violence:

- providing more after-school programs and educational child care;
- prosecuting more juveniles as adults;
- hiring more police officers to investigate juvenile crime; or
- installing more metal detectors and surveillance cameras in schools.

Expanding after-school and educational child care was picked as the top choice by more than four to one over any other option. In fact, more chiefs, sheriffs, and prosecutors chose "expanding after-school programs and educational child care" as "most effective" in reducing crime than chose the other three strategies combined. Of course, that doesn't mean they're against those other strategies. But law enforcement leaders are clear that these preventive approaches will have a greater impact than the others.

These law enforcement leaders are not alone. Dozens of state and national law enforcement associations have adopted resolutions highlighting the crime-fighting importance of quality early education and care, after-school programs, and programs that prevent abuse and neglect, including the International Association of Chiefs of Police, the National Association of Attorneys General, the Fraternal Order of Police, the Major Cities Chiefs organization, the National District Attorneys Association, the National Sheriffs Association, and the Police Executive Research Forum.

Now I'd like to talk about the program through which I believe welfare reform legislation can make the biggest impact on crime-prevention – the Child Care and Development Block Grant (CCDBG). Welfare dependency is bad for children and families. The welfare reform legislation passed by Congress in 1996 has been an extraordinary success at helping parents leave welfare and enter the workforce. With that success comes the reality that most parents, even parents of very young children, are working.

While these parents are at work, their kids will be in someone else's care. As the President has pointed out, 62 percent of young children – 13 million kids – are in the care of someone other than their parents during the work-day. The question is: will it be stimulating, nurturing care that helps kids develop, or "child storage" with too few adults – who have too little training – and too many kids?

To quote President Bush's early childhood initiative, "early childhood is a critical time for children to develop the physical, emotional, social, and cognitive skills they will need for the rest of their lives." The good news is that numerous studies of quality early childhood programs have shown that participants have better self-esteem, achievement motivation, social behavior, academic achievements, cognitive development, and lower grade retention than similar children who did not participate in such programs.

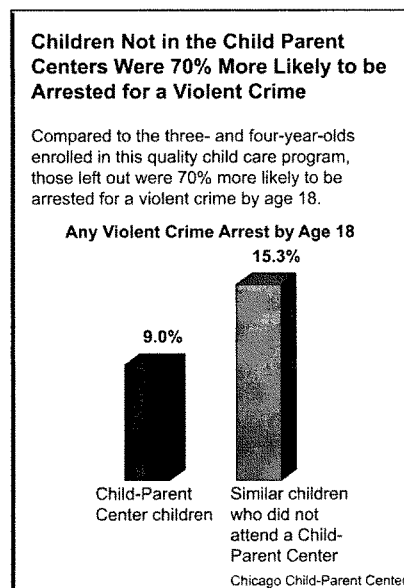
What is equally important but less well-known is that quality educational child care programs can also significantly reduce the chances of a child growing up to become a criminal. A study recently published in the Journal of the American Medical Association demonstrated this fact.

Over the last 30 years, government-funded Child-Parent Centers have provided educational child care to 100,000 3- and 4-year-olds in Chicago's toughest neighborhoods. The study published in JAMA examined outcomes at age 18 for 1,000 of these children, and a matched group of 500 similar children who had not been enrolled in the Child-Parent Centers. The study showed that kids who did not receive the Child-Parent Centers' quality early care and education were 70 percent more likely to have been arrested for a violent crime by the time they reached adulthood. Kids left out of the program were also more likely to be held back in school, more likely to drop out, and less likely to graduate.

The researchers estimated that the program will have prevented 33,000 crimes—including 13,000 violent crimes—by the time all 100,000 participants reach age 18. In January, a new study of this program conducted by researchers at the University of Wisconsin found another important result of educational child care. The study found that the children who attended the Child Parent Centers were less than half as likely to be abused or neglected as similar children who could not participate. In decreasing abuse and neglect rates, the program not only reduces the horror of abuse and neglect in the short-run, but also will reduce crime as these children grow

up. While most abused and neglected children will not go on to commit crimes, being abused and neglected sharply increases the chances that they will. In fact abused children are almost twice as likely to commit a violent crime as those who are not abused.

Hundreds of thousands of crimes would be prevented each year if all families nationwide had access to programs like this. When our fight against crime starts in the high chair, it won't end in the electric chair.



In addition to saving lives, these programs also save money. Counting only savings to government, the Chicago Child-Parent Centers returned almost three dollars for every dollar invested. When you include savings to crime victims and benefits to the participants in the program, the results are seven dollars saved for every dollar invested.

Unfortunately, millions of children are being left out of these types of programs. Without government help, quality programs are just too expensive for low- and moderate-income families. In every state, the cost for an infant to attend a good child care center is higher than the cost of tuition at a public university. Adequate care for two children in a child care center can easily cost over \$12,000 a year – about \$2,000 more than a minimum-wage worker earns working full-time. Many working parents can't possibly pay these costs, any more than they could pay private school tuition if public schools were eliminated.

Unfortunately, the crime-reduction and other benefits I described earlier only occur when children are able to participate in quality programs – not programs that are simply “child

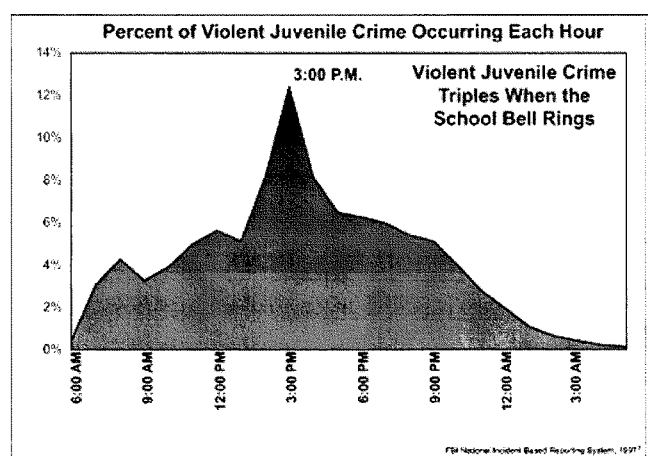
storage.” Research shows that educational child care programs must have qualified and trained staff, and must adequately address the cognitive and social-emotional development of children in these formative years.

To make sure child care is not simply “child storage,” it is imperative that CCDBG legislation provides for quality improvements to child care programs. A substantial increase in the CCDBG “quality set-aside,” currently at a mere four percent, would help facilitate this improvement by supporting:

- scholarships to enhance the levels of educational attainment for child care providers;
- training that includes approaches through which providers can enhance children’s cognitive, social, emotional and physical development; and
- increased compensation levels that attract and retain qualified providers.

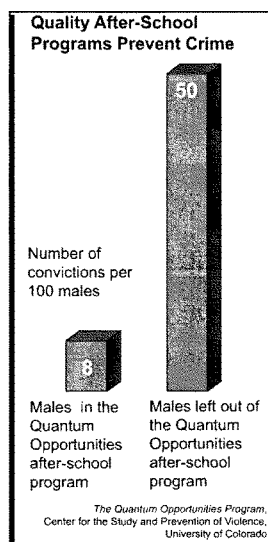
I realize that your committee will not determine the percentage of funds set aside for quality, but to improve the quality, additional resources are necessary so that we don’t deprive some children of care in the effort to improve child care programs for other children.

In addition to helping families send their young children to safe and stimulating environments while the parents work, CCDBG also helps families send their school-age children to safe and stimulating settings after school. As you probably know, the prime time for juvenile crime is in the after-school hours, from 3 to 6 p.m. These are also the peak hours for teens to have sex, smoke, drink, use drugs, or become a victim of a crime. As more and more parents enter the workforce because of welfare reform, many teenagers are left in unsupervised environments. Already more than 10 million children and teens – including 7 million 5-14 year-olds – are unsupervised after school on a regular basis. In fact, 31 percent of school-age children of recent welfare leavers – and even higher proportions of school-age children of welfare recipients – do not participate in extracurricular activities, leaving many poor children unsupervised in the dangerous after school hours. This rate is more than three times higher than the non-participation rate of children in families with incomes greater than 200 percent of the poverty line.



After-school programs can cut crime immediately by keeping kids safe and out of trouble during these dangerous hours. They can also cut later crime by helping participants develop the values and skills they need to become good, contributing citizens. In one study, students whose families were on welfare were randomly divided into two groups when they started high school. One group was enrolled in the Quantum Opportunities after-school program, which provided tutoring, mentoring, recreation, and community service programs and some monetary incentives to keep attendance up. The second group was left out of the program.

When studied two years after the four-year program ended, the group of boys left out of the program had six times more convictions for crimes than those provided with the program. In addition, every dollar invested in this program produced three dollars in benefits to government, the recipients, and society. That doesn't even count the savings that result from a lowered crime rate. Our choice is simple: we can either send our children to after-school programs that will teach them good values and skills, or we can entrust them to the after-school teachings of Jerry Springer, violent video games or the streets.



In conclusion, investing in quality educational child care and after-school programs are among the most significant steps Congress can take to stop kids from growing up to become criminals. That is why substantial increases are needed in the Child Care and Development Block Grant. Unfortunately, this program is so under-funded that – according to estimates by HHS Secretary Thompson – 70 percent of eligible children do not receive benefits (counting CCDBG, TANF and SSBG child care expenditures, combined). If increased work requirements are added to welfare reform, without a significant increase in CCDBG, then the unmet need will only increase.

I hope that you will provide a substantial increase in mandatory funding for CCDBG to allow more of the eligible children to participate – and to improve the quality of programs. Families with low-income working parents – and their children – deserve no less, and every day we fail to help working families afford quality educational child care and after-school programs, we increase the risk that you or someone you love will fall victim to violence. We need to invest in America's most vulnerable kids now, so they won't become America's Most Wanted adults later.

Thank you for the opportunity to submit testimony on CCDBG reauthorization legislation that can reduce crime and build on the successes of 1996 welfare reform.

Statement of Professor Ruth A. Kalms
River Falls, WI

As a Social Work Educator and NASW member, I would like to go on record supporting TANF Reauthorization:

Maintain the TANF funding: The value of the TANF block grant must be maintained. Having been frozen during the past five years, the \$16.5 billion TANF block grant has in fact lost 13% of its value since 1996 and will remain 25% of its value by 2008 if there is not inflationary increase for the block grant. I urge policy makers to maintain the value of the TANF block with an inflationary adjustment. Poverty reduction measures success: Poverty reduction indicators must be added as outcomes of the TANF block grant, and not simply caseload reduction. A family's ability to provide for itself without government assistance should be the end goal of low-income family program. Support working low-income families: Currently the TANF block grant dollars provides vital support services to low-wage workers that allow the workers to stay in the workforce and off of assistance. Nearly 3 out of every 4 TANF dollars is spent on these type of essential services. Address the barriers low-income families face: Research clearly indicates that those families still receiving welfare have multiple barriers to work. To assist these families make the transition to work, barriers must be addressed and eliminated. These objective dictates that states have the flexibility and ability to work with these clients in a way that is beneficial to overcoming physical and mental limitations. This cannot be accomplished through increased work hours, but instead by giving states the options necessary to work with these families so they can eventually find work.

Thank you.

**TESTIMONY OF THE ILLINOIS CAUCUS FOR ADOLESCENT HEALTH ON:
WELFARE REFORM, TEEN PREGNANCY PREVENTION & TEEN PARENTS**

Thank you for the opportunity to submit comments on TANF reauthorization. The **Illinois Caucus for Adolescent Health** is a membership organization that provides public education, policy advocacy, training and technical assistance to improve the health and well-being of adolescents, particularly teen parents and their families. The first recommendations that follow are specific to teen parents, and all of them have been developed based on focus groups and discussions with hundreds of teens and service providers across Illinois

The **teen parent** living arrangement rule has discouraged some minor parents who are unable to live with parents, guardians, or other adult relatives from applying for TANF assistance for fear of being confined to or returned to unsafe homes. Minors are often told they are not eligible to apply for assistance without regard to their specific situations. We recommend that the reauthorized TANF program:

Permit states to establish a "transitional compliance period," whereby income-eligible minor parents who at the time of application are having trouble meeting the complex rules and eligibility conditions related to education and living arrangements (such as school dropouts and homeless youth) are nevertheless allowed to receive assistance on the condition that they comply with the minor parent rules within an established period after enrollment

In addition, for those teen parents who are unable to return home, it is critical to provide alternative living arrangements. We recommend that the reauthorized TANF program:

- Ensure that states consult with minor parents about their preferred living arrangement;
- Ensure the appropriate provision of alternative living arrangements for minor parents unable to live at home;
- Identify transitional living youth projects for older homeless youth funded through the Runaway and Homeless Youth Act (RHYA) as a type of alternative living arrangement;

Finishing high school or a GED program is crucial to teen parents' long-term ability to support their families. Teen parents and teen parent service providers have also told us that teens are often told to work rather than finishing school. To address the need for teen parents to finish at least their high school education, we recommend that the federal TANF program:

- Commence the lifetime limit on TANF assistance for teen parents completing their education and training programs when they turn age 20, rather than when they turn age 19, in order to allow these older youth to complete their education/training without the lifetime limit clock ticking;
- End restrictions on states' ability to count participation in vocational and post-secondary training as a strategy for helping parents, including teen parents, attain

- access to better jobs;
Allow 24 months for such participation in education and training; and
- Report data on caseload size, job placement, poverty levels, and sanctions broken down by age group as well as race to track outcomes for teen parents.

Finally, since a large portion of people receiving TANF began their families as teen parents, and since **sex education** that includes birth control methods in addition to abstinence has been shown to be more promising and effective than abstinence alone at reducing teen pregnancy and sexually transmitted infections, we recommend:

The Abstinence Only Until Marriage program be eliminated or changed to a more flexible family planning funding stream that allows for teaching additional birth control and STD prevention options beyond abstinence.

Federal funding only be used for abstinence and sex education programs that are medically accurate and have been proven effective in reducing teen pregnancy and sexually transmitted infections, including HIV.

Other recommendations we support include:

- Redefining the goals of TANF to focus on poverty reduction
- Increasing the level of TANF funding, at a minimum to account for inflation
- Expanding the definition of a "work activity" to include all types of education, full time care of a child under six years of age or a disabled family member, and participation in activities addressing domestic or sexual violence, mental illness, substance abuse or disability
- Eliminating arbitrary time limits or giving states more flexibility in applying the five year lifetime limit by allowing them to stop a family's time clock when they are following with program requirements
- Making policy changes to ensure that child support funds collected on behalf of the family increase the family's income substantially
- Preventing discrimination in providing TANF services based on immigration status, marital status, or past criminal history
- Requiring states to provide a minimum level of support to TANF families that allows them to meet their basic needs such as food, shelter, and utilities
- Disallowing sanctions that remove the entire amount of the TANF grant.

Thank you for the opportunity to comment. Should you have any questions, please contact Lacinda Hummel at 312-427-4460 or lacinda_hummel@hotmail.com.

Sincerely,

Lacinda Hummel, Senior Policy Specialist
Illinois Caucus for Adolescent Health
28 E. Jackson, Suite 710, Chicago, IL 60604



March 26, 2003

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The Honorable Charles Grassley, Chairman
 The Honorable Max Baucus, Ranking Member
 Finance Committee
 United States Senate
 Washington, D.C. 20510

Dear Chairman Grassley and Ranking Member Baucus:

Thank you for the opportunity to submit testimony about the reauthorization of the Temporary Assistance for Needy Families (TANF) program. Legal Action Center is a nonprofit law and policy organization specializing in alcohol, drug, HIV/AIDS and criminal justice issues and represents the views of drug and alcohol treatment providers and consumers of those services nationwide.

TANF recipients with alcohol and drug problems and criminal justice histories need treatment and other supportive services to make the expected transition to self-sufficiency. Numerous studies have demonstrated that treatment helps low-income mothers achieve recovery, decrease their use of welfare, and increase their earnings. We urge the Senate Finance Committee

to facilitate access to drug and alcohol treatment services by including the following provisions in its TANF reauthorization legislation:

For funding of TANF benefits and services:

- **Increase funding for the TANF program to provide both supportive services and cash benefits.**
- ▶ **Add alcohol and drug treatment to the list of defined work activities that count toward an individual's work requirement and toward a State's participation rate.**
- ▶ **Repeal Medicaid's ban on reimbursement for residential alcohol and drug treatment services.**
- ▶ **Exempt alcohol and drug treatment from the definition of "medical services" to allow States to improve their use of TANF funds for treatment.**

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- ▶ Create a “promote treatment” initiative that provides financial incentives for States to expand assessment, referral to treatment, and treatment services for TANF recipients and custodial and non-custodial parents of TANF-eligible children.
- ▶ Create a “promote prevention” initiative to provide alcohol and drug prevention services for parents, particularly teen parents, and children in TANF families who are at risk.

For TANF eligibility:

- ▶ End the ban on TANF assistance and food stamps for individuals with drug felony convictions, or narrow the ban so it does not apply to those in treatment or recovery.
- ▶ Add exceptions to the TANF and Medicaid sanction provisions for recipients who are in treatment or willing to enter treatment.
- ▶ Exempt individuals in alcohol and drug treatment – or on a waiting list to receive treatment – from the Federal time limit.
- ▶ Codify current Medicaid procedures for ensuring enrollment for eligible individuals who are leaving prison and jail.

Addiction Among Welfare Families

Most national studies have indicated that 10 to 20 percent of adult welfare recipients have alcohol and drug problems. (As a comparison, 4.5 percent of American women reported past month drug use and 2.1 percent reported heavy alcohol use in 1995.¹) These studies were conducted before the implementation of TANF, however, and it is not clear whether they are generalizable to the current caseload.

More recent studies have also found an elevated prevalence of addiction in TANF caseloads. In February 2001, Multnomah County, Oregon, found that 13 percent of TANF applicants screened positive for having an alcohol or drug problem.² An Alameda County, California, study estimated

¹ Substance Abuse and Mental Health Services Administration. *Substance Use Among Women in the United States*. Rockville, Maryland: SAMHSA, 1997, p. 2-18.

² “Six-Month Report of A&D Activity Within AFS, Multnomah County,” unpublished data, February 2001.

that 10 to 22 percent of TANF recipients in 1998 had an alcohol or drug problem.³

Cost-Effectiveness of Alcohol and Drug Treatment for Welfare Families

Studies have shown that alcohol and drug treatment programs provide effective and cost-effective services, despite limitations in funding. Specifically, current treatment capacity can meet only about half of the demand – even less for low-income women.

Programs serving women with children, including women on welfare, have demonstrated many positive outcomes, including increased employment and earnings and decreased use of public assistance. Key findings include:

- ▶ The benefits of treating welfare recipients in California exceeded costs by more than two and one-half times.⁴ The authors of the study considered this ratio an underestimate because post-treatment employment and earnings data were deflated by a recession in the State at the time of the study.
- ▶ An Oregon study found that treatment completers received 65 percent higher wages than those who didn't complete treatment, with the difference due to improved earning power and an increase in the number of weeks worked. Increases were recorded in all treatment modalities, but highest in methadone maintenance.⁵
- ▶ A Washington State study found that indigent clients who completed treatment worked more and earned more than those who did not. Treatment completers earned an average of \$403 per month, compared to non-completers, who earned an average of \$265.
- ▶ A Minnesota study reported that among clients treated with public funds, 41.2 percent were employed full time after treatment, compared to 23.1 percent before.⁶

³ R. S. Green, L. Fujiwara, J. Norris, S. Kappagoda, A. Driscoll, and R. Speigman, "Alameda County CalWORKs Needs Assessment: Barriers to Working and Summaries of Baseline Status." Berkeley, California: Public Health Institute, February 2000, p. 8.

⁴ D. R. Gerstein, R.A. Johnson, and C.L. Larson, "Alcohol and Other Drug Treatment for Parents and Welfare Recipients: Outcomes, Costs, and Benefits." Washington, DC: Department of Health and Human Services, 1997, p. 39.

⁵ M. Finigan. "Societal Outcomes & Cost Savings of Drug & Alcohol Treatment in the State of Oregon." Salem: Office of Alcohol and Drug Abuse Programs, Oregon Department of Human Resources, 1996, p. 16.

⁶ C. Turnure, "Implications of the State of Minnesota's Consolidated Chemical Dependency Treatment Fund for Substance Abuse Coverage under Health Care Reform." Testimony to the Senate Labor & Human Resources Committee, March 8, 1994, p. 5.

Criminal Records Among TANF Recipients

Many women involved in the criminal justice system have alcohol and drug problems and will need treatment and other services to make the transition to employment. However, few studies have examined whether individuals involved in the criminal justice system are receiving welfare assistance (either before their incarceration or while on parole or probation) or whether those receiving welfare assistance are or have been involved in the criminal justice system.

A 1997 study found that many mothers in State and Federal prisons received welfare benefits before being incarcerated. A total of 41 percent of mothers in State prison and 33 percent of mothers in Federal prison reported receiving welfare before being incarcerated.⁷

A study in Alameda County, California, found that 20 percent of adult TANF recipients had been convicted of a crime, about 10 percent had been convicted of two or more crimes, and 10 percent had been convicted of a felony since the age of 18.⁸ The study did not report on the nature of the convictions.

Effectiveness of Employment Programs for Ex-Offenders

Findings from evaluations over the last 20 years indicate that employment programs for ex-offenders have increased their employment and earnings and reduced their recidivism. Key findings include:

- ▶ A study of New York City's Wildcat program, "Supported Work," which provided jobs and job training to chronically unemployed former heroin addicts and criminal offenders, demonstrated increased employment and pay for recovered addicts and lower arrest rates among those employed in both the experimental and control groups.⁹
- ▶ A 1988 study of the effectiveness of Illinois prison programs found that those who obtained vocational training and education had higher employment and fewer arrests.¹⁰

⁷ Christopher J. Mumola, "Incarcerated Parents and Their Children." Washington, DC: Bureau of Justice Statistics, August 2000, p. 10.

⁸ R. S. Green, *et. al., op. cit.*, p. 37.

⁹ L. N. Friedman, *The Wildcat Evaluation: An Early Test of Supported Work in Drug Use Rehabilitation*. Rockville, Md.: National Institute on Drug Abuse, 1978. The project had financial support from the US Department of Labor, National Institute on Drug Abuse, Ford Foundation, Law Enforcement Assistance Administration, and New York City Department of Employment.

¹⁰ D.B. Anderson, *et. al.*, "Correctional Education A Way to Stay Out: Recommendations for Illinois and a Report of the Anderson Study." Illinois Council on Vocational Education, 1988.

- An evaluation of the Texas Project Re-Integration of Offenders (RIO) program, which helps parolees find jobs, reported that 69 percent of participants found employment, compared with 36 percent of a matched control group. During the year after release, 23 percent of RIO participants returned to prison, compared to 38 percent in the control group, which saved the State \$15 million in 1990.¹¹

Recommendations for TANF Reauthorization

TANF recipients with alcohol and drug problems and/or criminal justice histories need supportive services, including treatment and vocational training, to make the expected transition to work. If they do not receive these services, they may not be able to meet their TANF work requirements and may be more likely to have their benefits reduced or cut off or reach their time limit without being able to work and take care of their family. Faced with a loss of benefits and a lack of employment, these families could experience greater poverty and deprivation – even dissolution.

Without continued success in moving TANF recipients to work, States could face penalties for not meeting their work participation requirements or for having too many families on assistance for more than 60 months. States could also face supporting these individuals and their families in State-only welfare programs¹² or in other, more expensive systems supported by State dollars, such as criminal justice and foster care.

Together, these negative effects – on TANF recipients and State and local governments – could erode the success of welfare reform, as well as other Federal and State poverty reduction initiatives.

Recommendations on Benefits and Services

- *Increase funding for the TANF program to provide both cash benefits (assistance) and supportive services (non-assistance).*

Increasing the TANF program's funding will allow States to continue to provide assistance to those who need it during the current economic downturn. It will also give States a secure source of funding to begin and expand initiatives to provide services ("non-assistance") to help TANF recipients address barriers to self-sufficiency.

Several States, for example, are using TANF funds to identify low-income adults with alcohol and

¹¹ P. Finn, "Job Placement for Ex-Offenders: A Promising Approach to Reducing Recidivism and Correctional Costs," *NIJ Journal*, July 1999.

¹² A study in one California county found that addiction was a stronger predictor of repeat use of general assistance than of Federal welfare assistance. L. Schmidt, C. Weisner, and J. Wiley, "Substance Abuse and the Course of Welfare Dependency," *American Journal of Public Health*, Vol. 88 (1998), pp. 1616-1622.

drug problems and refer them to treatment, including Illinois, Kansas, Kentucky Maryland, Minnesota, New York, New Jersey, North Carolina, Oregon, Tennessee, and Utah. At least one other State, New York, has begun to allocate TANF funds to programs to help divert appropriate individuals from prison into treatment and welfare-to-work services.

- ***Adding alcohol and drug treatment to the list of defined work activities that count toward an individual's work requirement and toward a State's participation rate.***

Presently, the Federal law lists 12 activities that can satisfy an individual's work requirement and count toward the State's minimum work participation rate.¹³ Alcohol and drug treatment is not on the list.

Including treatment in the definition of work that can count toward a State's participation rate will help States both to engage TANF recipients in a broader range of work preparation activities and move addicted recipients to sobriety and work while and still meeting their Federal participation rates. The change will also help TANF recipients better coordinate their treatment and work requirements – since they will be able to perform them in the same program.

Presently, the Administration's and House of Representative's TANF reauthorization proposals would count drug and alcohol treatment as work for up to three months. We support counting drug and alcohol treatment as a work activity. However, we recommend that drug and alcohol treatment be permitted to count as work for as long as necessary and appropriate in order for individuals to achieve recovery and the ability to go to work, education, or training.

- ***Repeal Medicaid's ban on reimbursement for residential alcohol and drug treatment.***

A key barrier to alcohol and drug treatment for TANF recipients is the Medicaid program's "Institutions for Mental Diseases" (IMD) exclusion. IMDs are inpatient treatment facilities (including non-hospital residential programs) with more than 16 treatment beds for individuals with "mental diseases," with addiction being included in the definition of "mental disease."

The exclusion prohibits reimbursement for any service provided in an IMD or for any service provided to an IMD patient in a non-IMD setting for individuals between the ages of 22 and 64. For example, Medicaid will not cover prenatal care – either inside or outside the facility – for woman in a residential alcohol or drug treatment program with 16 or more treatment beds.¹⁴ For facilities under 16 beds, treatment can be covered by Medicaid, but not room and board.

Excluding addiction from the definition of "mental disease" would significantly increase access to

¹³ §407(d).

¹⁴ Beds for children in women's residential treatment programs do not count toward the 16-bed limit. Memo from Acting Medicaid Bureau Director Rozann Abato to HCFA regional administrators, June 23, 1993.

residential treatment for women with children, who are the majority of TANF recipients, increasing their likelihood of achieving recovery and moving from welfare to work.

- ***Exempt alcohol and drug treatment from the definition of “medical services” to allow States to improve their use of TANF funds for core treatment services.***

States are not currently allowed to use TANF funds for “medical services,”¹⁵ with the TANF final rule leaving it up to States to define the term.¹⁶ While this gives States flexibility, the lack of a clear definition has left some State welfare directors reluctant to invest TANF in core alcohol and drug treatment services, such as counseling (covered in some State Medicaid plans) for fear of being penalized for misuse of funds.¹⁷ This is problematic for States that are doing active outreach and screening because they will find more people needing treatment but will not be able to increase core treatment slots.

Left as is, the ban acts as an unnecessary barrier to TANF investment in alcohol and drug treatment. Change would enhance State flexibility, as well as help close the treatment gap for women with children.

- ***Create a “promote treatment” initiative that gives States a financial incentive to expand assessment, referral to treatment, and treatment services for TANF recipients and non-custodial parents of TANF-eligible children.***

The law currently gives States financial incentives to reduce non-marital births, meet work participation requirements (through a reduction in the “maintenance of effort” requirement), achieve high levels of performance on TANF goals, and other outcomes deemed nationally desirable. Financial incentives should also be used to encourage States to implement initiatives that focus programmatic energy on improving work-related outcomes for TANF recipients with alcohol and drug problems and/or criminal justice histories. States would not be required to participate (so this would not be an unfunded mandate) but could be eligible for supplemental funding or matching funding if they did.

- ***Create a “promote prevention” initiative to provide alcohol and drug prevention for parents, particularly teen parents, and children in TANF families who are at risk.***

For adolescents, alcohol and drug use is associated with a range of negative health and social outcomes, including risky sexual behaviors that can lead to unplanned pregnancy, HIV/AIDS, and long-term welfare participation for the entire family. Risks can be even higher for adolescents

¹⁵ §408(a)(6).

¹⁶ Preamble language, 64 *Federal Register* 17840 (April 12, 1999).

¹⁷ Personal communication from welfare officials in several States and localities.

whose parents have alcohol and drug problems, because they are statistically more likely to develop alcohol and drug problems themselves.

Both children and young parents in TANF families should have access to prevention and early intervention services designed specifically for them. These services can help young parents reduce their alcohol and drug use so they can finish school, work, and take care of their children. These services can also help children avoid alcohol and drugs and the related health and social problems that can lead to reliance on welfare. In turn, this will decrease welfare and child welfare caseloads and costs, as well as build healthier individuals, families, and communities.

The law currently funds abstinence education, which is required to include a component that teaches adolescents how "alcohol and drugs can increase their vulnerability to sexual advances."¹⁸ But more is needed, including family-based services, which are identified as key for child and adolescent prevention programming.¹⁹

Funding should be directed to the Center for Substance Abuse Prevention (CSAP) (part of the Substance Abuse and Mental Health Services Administration, or SAMHSA), the lead Federal agency on prevention, for this purpose. The program should require evaluation (including identification of model practices) and be coordinated with other prevention activities for these families administered by ACF, other agencies in the Department of Health and Human Services, the Office of Juvenile Justice and Delinquency Prevention (OJJDP), and the Department of Education.

Recommendations on Eligibility

- ***End the ban on eligibility for TANF assistance and food stamps for individuals with drug felony convictions, or narrow the ban so that it does not apply to those in drug and alcohol treatment or recovery.***

Under the law, individuals with drug felony convictions are not eligible for TANF assistance and food stamps, unless the State they live in enacts legislation to opt out of or narrow the ban.²⁰ The ban applies to convictions where the conduct and the conviction occurred after August 22, 1996, and lasts for the person's lifetime.

If a State does not "opt out," no one is exempt from the ban, not even pregnant women or individuals participating in treatment. The ban is permanent and continues regardless of an

¹⁸ §912(b)(2)(G).

¹⁹ National Institute on Drug Abuse. Preventing Drug Use Among Adolescents: A Research-Based Guide. Rockville, Maryland: NIDA, 1997.

²⁰ §115, as amended by §5516 of the Balanced Budget Act of 1997 (P.L. 105-33).

individual's successful job history, participation in drug treatment, or abstinence from drug use.

Federal action to end the ban or narrow it would replicate action taken by a majority of States. A total of eight States (and the District of Columbia) have opted out completely – Connecticut, Michigan, New Hampshire, New York, Ohio, Oklahoma, Oregon, and Vermont. Another 19 States – including Florida, Illinois, Iowa, Maryland, Washington, and Wisconsin²¹ – have narrowed the ban's scope, most commonly by exempting individuals in treatment (or who are on a waiting list for treatment or have finished treatment or achieved recovery).

Left unmodified at the Federal level, the ban reduces access to alcohol and drug treatment in 24 States. In fact, a study (of eight women's residential programs in California) found that providers reported that their loss in monthly revenue ranged from none to 25 to 30 percent.²² (Treatment programs, particularly residential programs, have traditionally relied on a family's welfare and food stamps to help fund room and board.)

Unmodified, the ban also acts as an impediment to recovery for individual women because it denies them support as they are leaving treatment and re-entering the community. Repealing it gives them the means, as well as the incentive, to stay in treatment.

- ***Add exceptions to the TANF and Medicaid sanctions for recipients who are in treatment or willing to enter treatment.***

Some TANF recipients with alcohol and drug problems who are trying to become self-sufficient through treatment may have difficulty complying with their work requirements, either because their addiction interferes with their ability to work or because their treatment schedule conflicts with their work or training schedule. Ending their eligibility for TANF and Medicaid virtually ensures that they will not be able to make the transition to recovery and self-sufficiency.

Those who are in treatment – or on a waiting list to receive treatment – should be able to retain their TANF and Medicaid so they can continue to afford treatment. Without it, they may not be able to learn the recovery and vocational skills they need to achieve self-sufficiency.

- ***Exempt individuals in alcohol and drug treatment – or on a waiting list to receive treatment – from the Federal time limit.***

Without treatment, few welfare recipients with alcohol and drug problems will be ready to work when they reach their time limit on Federal assistance. Unfortunately, in many communities,

²¹ Legal Action Center, *Getting to Work: How TANF Can Support Ex-Offender Parents in the Transition to Self-Sufficiency*. Washington, DC: LAC, 2001. Kentucky has since enacted legislation to narrow the ban.

²² A. Noble and E. Zahnd, "The Gramm Amendment to Welfare Reform: Problems for Women's Residential Treatment Providers and Their Clients." Davis: University of California, January 2000.

individuals needing treatment and willing to enter it cannot – because it is not available.

Providing incentives for welfare recipients with alcohol and drug problems to enter and stay in treatment will help them become ready to work. Exempting TANF recipients in alcohol and drug treatment from the Federal time limit gives them incentive to enter treatment and to stay in treatment. It also gives States more flexibility to engage TANF recipients in treatment as a work-promoting activity for as long as necessary, regardless of whether the State has reached its 20 percent hardship exemption maximum.

- ***Codify current Medicaid procedures for ensuring enrollment for eligible individuals who are leaving prison and jail.***

Current HHS policy²³ states that incarcerated individuals must be returned to Medicaid enrollment immediately upon their release unless the State determines they are no longer eligible. Few States, however, seem aware of this requirement. A 2001 study found 46 States and two territories have policies that require termination of Medicaid supports for people in jail, meaning that these individuals must complete the Medicaid application process again when released and wait for a decision and benefits.²⁴

Many women leaving prison and jail reunite with children (whom they left with relatives) and would likely continue to be eligible for Medicaid. Many also having pressing medical conditions – such as mental illness, HIV, and alcohol and drug problems – that if left untreated would decrease their chances of working and achieving self-sufficiency.

Thank you for considering these recommendations for TANF reauthorization. Please feel free to contact me at (202) 544-5478, x13 if you have any questions. Legal Action Center looks forward to working with you on these important issues.

Sincerely,

Jennifer Collier
Director of National Policy and State Strategy

²³ Letter from Secretary of Health and Human Services Tommy G. Thompson to Representative Charles L. Rangel, October 1, 2001.

²⁴ C. Brown, "Jailing the Mentally Ill," *State Government News*, April 2001, p. 28.

March 27, 2003

VIA E-MAIL TO: editorial@finance-rep.senate.gov

SUBJECT: TANF REAUTHORIZATION – A Local County Perspective

Ramsey County, home to the Minnesota State Capitol and the county with the second largest responsibility for TANF programs in the state, urges the Senate Finance Committee to support policies in the reauthorization of TANF that will allow the most successful elements of welfare reform to continue:

- Adequate funding;
- Continued flexibility; and
- Protection for legal immigrants.

Some background information about Ramsey County

- More than 8,000 Ramsey County families are currently on the Minnesota Family Investment Program (MFIP), the State's TANF program. About 7,000 families are subject to the work requirements and time clock under welfare reform. This is a reduction from our peak caseload in 1994, when more than 11,400 families were on AFDC in this county.
- More than two-thirds of the Ramsey County families on MFIP since the state program was introduced in January, 1998, have either left welfare or are still on welfare but are working. This measure – about what happens in the end – is much more important than the measure of how many people are in what activity at any random point in time.
- Only 12% of the families on welfare when the clock started ticking in Ramsey County have actually reached the time limits. Of those that did, almost 90% have been found to have low IQ's, chronic and impairing illnesses, serious mental illness combined with high degrees of homelessness, domestic violence, or ill and disabled children.
 - More than one-third of the long-term families on welfare in Ramsey County have two such barriers to employment; and
 - More than one-quarter have three or more such barriers to employment.
- Current funding levels support job counselors with average caseloads of 100 participants each and financial workers with average caseloads of 150 families each.

Adequate Funding

Keep not only the funding for TANF at least at the 1996 levels, but increase funding for child care assistance. More than 1,300 families in our community are already on waiting lists for child care assistance. We cannot make welfare reform work if working families cannot meet their families' basic needs.

Continued Flexibility

Extend the waiver that allows Minnesota to develop the unique features that have made MFIP the most successful of the state programs in moving families out of poverty as they move off welfare.

The flexibility allowed in work activities pays off in the high number of people who leave MFIP for competitive work. But if we cannot ready people for that competitive work by addressing mental illness, homelessness, domestic violence, or the disabling conditions of many of the children, those families will be stuck in make-work jobs.

Page Two
March 27, 2003

Treat legal immigrants fairly

The original federal bill, the Personal Responsibility and Work Reconciliation Act of August, 1996, unfairly targeted legal immigrants who need support. Ramsey County is increasingly a home to immigrants who have revitalized what had been disappearing business districts and distressed neighborhoods. Our communities suffer when residents cannot access the support services they need to work, raise children, and fully participate in our community.

Cordially,

Susan M. Haigh, Chair
Human Services/Workforce Solutions Committee of
The Ramsey County Board of Commissioners

SMH:ffm

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COPY:

Senator Norm Coleman
SD-B40, Suite 3
Dirksen Senate Office Building
Washington, D.C. 20510

Senator Mark Dayton
SR-346, Russell Senate Office Building
Washington, District of Columbia 20510

Representative Betty McCollum
Washington Office
1029 Longworth House Office Building
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Ramsey County Board of Commissioners

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Ginnee Engberg

midwest partners:

United to Expand Opportunities for Children

6900 S. Main Street, Suite 54
Downers Grove, IL 60516
www.midwestpartners.org

March 26, 2003

Dear Senate Finance Committee,

As the Senate Finance Committee considers its bill to reauthorize the Temporary Assistance for Needy Families (TANF) block grant, Midwest Partners urges the committee to review the state of this nation's economy before imposing stricter work requirements with fewer federal dollars to support work activities. A few of the key economic overviews are:

- Nearly three million more adults are out of work now than in December of 2000, reflecting a 50% increase in the number of unemployed over a two year period.
- States are projecting \$3-5 billion deficits, already causing sharp cuts in programs.
- The federal welfare block grant has already lost 13.5% of its value since it was enacted in 1996, and if funding remains frozen will lose its value by 25%.

These three facts have clear policy implications. First, there are no jobs to support an increase in work requirements (especially for people with limited skill in a tight labor market) which will have the net effect of setting people up for failure. Second, states already have no money to pay for additional costs created by an increased work requirement and have already cut their supportive work programs (such as child care subsidies) because of burgeoning state budget deficits. Third, there are already fewer federal welfare dollars to support low-income families engaged in work activities due to the block grant's inflationary erosion and that is before many of the House proposed cuts to other federal programs.

Regarding funding for the TANF block grant, some have argued that due to the decrease in welfare recipients over the past six years states have more funds to spend on each welfare recipient remaining on TANF. This state would be accurate if only welfare recipients received services or programs from TANF dollars, but this is not the case. In fact, only one in four TANF dollars is spent on welfare cash grant payments. In fact, many of the TANF expenditures are for low-wage work supports, which are absolutely essential to low-wage workers. Without child-care subsidies, transportation assistance and some other work supports, low-wage workers would not be able to remain in the workforce due to expenses associated with work. Clearly these work supports are a key to the success of moving people from welfare to work and retreating on these supports will have dire results for working families and their children.

Based on the few statistics outlined above, the policy implications are obvious: don't impose more work on welfare clients working 30 hours a week, don't put un-funded mandates on broke states and don't under-fund a vital low-income work support program.

The House bill will require welfare recipients, already working 30 hours per week in exchange for welfare, to find an additional ten hours of work or lose their cash grant. With the dearth of jobs in this economy, we must question the end result of such a provision – is it to increase work or force families off of cash assistance?

While the House bill requires more hours of work, it does not include adequate funding to pay for the additional child-care needed to cover those work hours. The Office of Management and Budget has stated that an additional \$11 billion in child-care subsidies will be necessary to meet the need of eligible children. Most welfare recipients are earning about \$6 per hour, not nearly enough to cover work-related expenses and living costs. In fact, the president's budget proposal admits that 200,000 children will lose their child care subsidy, leaving their parents with a difficult choice to work and leave their kids home alone or quit their job.

The TANF program is not just a welfare program anymore, but a low-income work support program. In fact, more than half of the TANF block grant is spent on work supports, and not welfare. At a time when the economy is weak, low-wage work supports are the difference between work and unemployment. Midwest Partners encourages the Senate Finance Committee to acknowledge the facts of our economy and do the right thing with TANF reauthorization.

Midwest Partners thanks you for the opportunity to provide some comments on TANF reauthorization issues. We welcome the opportunity to discuss these issues with you more fully in the days to come. If we can be of any assistance, please do not hesitate to contact me at 630-810-9885. The following is a list of organizations in the Midwestern states who are a part of Midwest Partners, a six state coalition to address the needs of low-income families in our region.

Sincerely,

Suzanne Armato

Executive Director
Midwest Partners
6900 S. Main Street, Suite 54
Downers Grove, IL
630-810-9885

Midwest Partners Endorsing Organizations

March 26, 2003

9 to 5 Poverty Network	Milwaukee	WI
Affirmative Options Coalition	St. Paul	MN
Affirmative Options Coalition	St. Paul	MN
AFSCME	Madison	WI
Aids Taskforce of Greater Cleveland	Cleveland	OH
Applewood Centers Inc.	Cleveland	OH
Area IV Transitions	Lafayette	IN
Beech Acres	Cincinnati	OH
Bellflower Center for Prevention of Child Abuse	Cleveland	OH
Berea Children's Home and Family Services	Berea	OH
Bethel New Life	Chicago	IL
CAP Services, Inc.	Stevens Point	WI
CAPs-Community Assistance Prog	Chicago	IL
Center for Civil Justice	Saginaw	MI
Center for Economic Progress	Chicago	IL
Center for Families and Children	Cleveland	OH
Center for Women Policy Studies	Washington	DC
Center on Fathers, Families & Policy	Madison	WI
Central WI Comm. Action Council	Lake Delton	WI
CESA #11 Head Start	Turtle Lake	WI
Chicago Coalition for the Homeless	Chicago	IL
Chicago Commons ETC	Chicago	IL
Chicago Jobs Council	Chicago	IL
Children's Bureau of Indianapolis	Indianapolis	IN
Children's Defense Fund - OH	Columbus	OH
Children's Defense Fund-MN	St. Paul	MN
Children's Service Society	Milwaukee	WI
Church Women United in Wisconsin	Madison	WI
Cleveland Municipal School District	Cleveland	OH
Cleveland NAACP	Cleveland	OH
Cleveland Tenants Organization	Cleveland	OH
Coalition for Greater Cleveland's Children	Cleveland	OH
Coalition for Women and Children	LaCrosse	WI
Coalition on Homelessness & Housing Ohio	Columbus	OH
Community Action Associates	Columbus	OH
Community Advocates	Milwaukee	WI
Community Coordinated Child Care	Madison	WI
Community Planning Council of Marathon City	Wausau	WI
Corp for OH Appalachian Development	Athens	OH
Council for the Spanish Speaking	Milwaukee	WI
Dane County W-2 Steering Committee	Madison	WI
Day Care Action Council of IL	Chicago	IL
DCPC, Inc - Head Start	Madison	WI
Empowerment Center of Greater Cleveland	Cleveland	OH
Encompass Child Care, Inc.	Green Bay	WI

Family & Child Learning Centers	Rhineland	WI
Family and Children's Service	Minneapolis	MN
Family Focus	Chicago	IL
Family Service Council of Indiana	Indianapolis	IN
Family Services of Racine	Racine	WI
Federation for Community Planning	Cleveland	OH
First Church of the Brethren	Chicago	IL
FIRSTLINK	Columbus	OH
Fort Wayne Women's Bureau	Fort Wayne	IN
Free Clinic of Greater Cleveland	Cleveland	OH
FreeStore/FoodBank	Cincinnati	OH
Grand Rapids Community Foundation	Grand Rapids	MI
Griffin Center	East St. Louis	IL
Groundwork for a Just World	Detroit	MI
Hansel Neighborhood Service Center	Sout Bend	IN
Harriet Tubman Self Help Center	Springfield	IL
Haven House Services	Jeffersonville	IN
Heartland Alliance	Chicago	IL
Hesed House	Aurora	IL
Hesed House	Aurora	IL
Hope House	Milwaukee	WI
Howard Area Community Center	Chicago	IL
Hunger Action Coalition of Michigan	Detroit	MI
Hunger Network in Ohio	Kent	OH
Hunger Task Force of Milwaukee	Milwaukee	WI
Hunger Task Force of Milwaukee	Milwaukee	WI
IL Caucus for Adolescent Health	Chicago	IL
IL Community Action Association	Springfield	IL
IN Area 14 Voc. Ed. Office	Fort Wayne	IN
IN Association of United Ways	Indianapolis	IN
IN Coalition Against Domestic Violence	Indianapolis	IN
IN Coalition Against Sexual Assault	Indianapolis	IN
IN Coalition for Human Services	Indianapolis	IN
IN Coalition on Housing and Homeless	Indianapolis	IN
IN Community Action Association	Indianapolis	IN
Independence First	Milwaukee	WI
Indiana NOWomen	Indianapolis	IN
Indiana University School of Social Work	Indianapolis	IN
Institute for Wisconsin's Future	Milwaukee	WI
Institute of Women Today	Chicago	IL
Interfaith Conference of Greater Milwaukee	Milwaukee	WI
Japanese American Citizens League	Madison	WI
Jewish Community Relations Council	Indianapolis	IN
Jewish Family Service Association	Beachwood	OH
Jewish Federation	Chicago	IL
Jewish Federation of Metropolitan Chicago	Washington	DC
JOBS NOW Coalition	St. Paul	MN
Kids PEPP	Chicago	IL
Lafayette Urban Ministries	Lafayette	IN
League of Women Voters	Chicago	IL
League of Women Voters	Wheaton	IL

League of Women Voters of Bloomington	Bloomington	IN
League of Women Voters of Chicago	Chicago	IL
Legal Services Advocacy Project	St. Paul	MN
Legal Services Advocacy Project	St. Paul	MN
Legal Services of Southern Michigan	Ann Arbor	MI
Lutheran Advocacy Network	Des Plaines	IL
Lutheran Metropolitan Ministry	Cleveland	OH
Lutheran Office for Public Policy in WI	Madison	WI
Merrill Community Center	Beloit	WI
Meta House, Inc.	Milwaukee	WI
MI Coalition Against Homelessness	Lansing	MI
Michigan Fair Budget Action Coalition	Detroit	MI
Michigan Federation	Lansing	MI
Michigan Jewish Conference	Lansing	MI
Michigan League for Human Services	Lansing	MI
Michigan League for Human Services	Lansing	MI
Michigan League for Human Services	Lansing	MI
Michigan's Children	Lansing	MI
Middle Way House, Inc.	Bloomington	IN
MII Publications	Washington	DC
Milwaukee Inner-City Congregations Allied	Wauwatosa	WI
Milwaukee Jewish Council	Milwaukee	WI
Milwaukee Women & Poverty Public Edu. Initiative	Milwaukee	WI
Milwaukee Women's Center, Inc.	Milwaukee	WI
MN Community Action Association	St. Paul	MN
MN Community Action Association	St. Paul	MN
MN Council for Non-Profit	St. Paul	MN
MN Department of Human Services	St. Paul	MN
Mon Valley Unemployed Committee	Homestead	PA
Mustard Seed Catholic Worker	Saginaw	MI
NAMI of Columbia	Columbia	MO
NASW	Chicago	IL
NASW - Wisconsin Chapter	Madison	WI
Nationa Center for Children in Poverty	New York	NY
National Center for Children in Poverty	New York	NY
National Center on Poverty Law	Chicago	IL
National Center on Poverty Law	Chicago	IL
National Council of Jewish Women	Evanston	IL
National Employment Law Project, Inc.	Dexter	MI
Near West Side Multi-Service Center	Cleveland	OH
Northwest Community Center	Rockford	IL
Oakland County Welfare Rights Organization	Pontiac	MI
Ohio Association of Second Harvest Food Bank	Columbus	OH
Ohio Clinical Social Work Security	Cincinnati	OH
Ohio Jewish Communities	Columbus	OH
Ohio United Way	Columbus	OH
Olmsted Community Action Program	Rochester	MN
Our Lady of the Rosary	Detroit	MI
Packard Foundation	Los Altos	CA
PADS, Inc.	Aurora	IL
Parc-Peoria	Peoria	IL

Personal & Family Counseling Services	New Philadelphia	OH
Portage County Health and Human Services	Stevens Point	WI
Project Irene	Berwyn	IL
Protestants for the Common Good	Chicago	IL
Rainbow Clinic	Aurora	IL
Salvation Army	Southfield	MI
Salvation Army	Grand Rapids	MI
Salvation Army	Milwaukee	WI
Salvation Army, Heartland Division	Peoria	IL
Salvation Army, Metropolitan Chicago	Chicago	IL
Salvation Army, Midland Division	St. Louis	MO
Samaritan House	Washington	MI
SECOM	Grand Rapids	MI
Second Harvest Foodbanks	Columbus	OH
Simpson Housing Services	Minneapolis	MN
Southern Indiana Housing Initiative	Jeffersonville	IN
Southside Family Nurturing Center	Minneapolis	MN
Springfield Community Federation	Springfield	IL
SSI Coalition	Chicago	IL
St. Rose Youth & Family Center	Milwaukee	WI
Stand Up to be Heard	Augusta	WI
The Joyce Foundation	Chicago	IL
The New Hope Project	Milwaukee	WI
The Night Ministry	Chicago	IL
The Salvation Army	Kansas City	MO
The Salvation Army	Milwaukee	WI
Tri-City Area United Way	Marinette	WI
Twin Oaks Housing Corporation	Crawfordsville	IN
Union of American Hebrew Congregation	Northbrook	IL
United Way Cincinnati	Cincinnati	OH
United Way of Buffalo & Erie County	Buffalo	NY
Universal Health Care Action Network	Cleveland	OH
Urban Coalition	St. Paul	MN
VA NIHCS - Marion Division	Marion	IN
Vietnamese Minnesotans Association	St. Paul	MN
Voices for Illinois Children	Chicago	IL
Wayne Metropolitan Community Action	Ecorse	MI
Welfare Warriors	Milwaukee	WI
White Sage Consulting	Stephenville	TX
WI Association for Runaway Services	Madison	WI
WI Child Care & Education	Madison	WI
WI Child Care Improvement Project	Middleton	WI
WI Coalition Against Domestic Violence	Madison	WI
WI Community Action Program Association	Madison	WI
WI Coulee Region CAP, Inc	Westby	WI
WI Council on Children and Families	Madison	WI
WI Council on Children and Families	Madison	WI
WI Council on Children and Families	Madison	WI
WI Council on Developmental Disabilities	Madison	WI
WI Interfaith IMPACT	Madison	WI
WI Organization for Asian Americans	Madison	WI

WI Women's Network Child Care Task Force	Greenfield	WI
Wider Opportunities for Women	Washington	DC
Wisconsin Head Start Association	Madison	WI
Women Employed	Chicago	IL
Women of Change	Milwaukee	WI
Women's Tri-County Help Center	St. Clairsville	OH
Woods Fund of Chicago	Chicago	IL
Work, Welfare and Families	Chicago	IL
Workforce Alliance DC Office	Chicago	IL
Workforce Alliance/MNCN	St. Paul	MN
World Relief, Chicago	Chicago	IL
WPPEJ	Madison	WI
Youth Service Bureau	Eikhart	IN
YWCA Bay County	Bay City	MI
YWCA of Green Bay	Green Bay	WI
YWCA of Lake County	Waukegan	IL
YWCA of Madison	Madison	WI
YWCA of Metropolitan Chicago	Glen Ellyn	IL



Written Testimony for TANF HEARING, Senate Banking Committee, March 12, 2003

The most prominent feature of the 1996 welfare reform law has been the dramatic drop in the number of people who receive welfare assistance. Many observers, including the Department of Health and Human Services, have repeatedly cited the decline of welfare caseloads as evidence of the "success" of the 1996 law.

When measuring the success of welfare reform, we must look at more than just caseload declines. Rather than simply asking how many families have left welfare, we must also ask how those families are now faring in terms of income and family well-being. These questions are particularly urgent since Congress is scheduled to reauthorize the Temporary Assistance for Needy Families (TANF) block grant this year.

The 1996 changes to the welfare law, while unquestionably resulting in caseload reductions, have failed to lift poor families out of poverty. Most discussion of welfare reform fails to acknowledge the most striking finding of studies tracking recipients who leave welfare: that a large number of welfare leavers are unemployed for a significant period when they leave welfare or for a significant period of time during the year after welfare exit. Large numbers return to welfare within one year of leaving, and significant numbers report real hardship including hunger, housing or health problems.

Parents who leave welfare for employment often have earnings that leave their families below the poverty line, despite typically working 35 or more hours per week. And contrary to the dominant view of a seamless transition from "welfare to work," the more complex reality is that there is no longer a "bright line" between the welfare poor and the working poor. Both groups report significant earnings *and* significant unemployment. Both groups are poor. Both are shuffling in and out of the low-wage labor market—and on and off welfare—without much forward progress on a path out of poverty. In short, they are running fast, but standing still—or in some cases losing ground.

Since the welfare reform bill was passed in 1996, the economic health of this country has declined. While analysts claim that we are climbing out of the recent economic recession, unemployment stands at a record 5.8 percent nationally and 5.2 percent in Massachusetts. The private sector has lost 2.4 million jobs since President Bush took office. That means more Americans have nowhere to turn for a good job, and are left to meet their family's needs without earnings. Currently 8.6 million Americans are looking for work but are unable to find it. Making cuts in the family budget means living with inadequate food, eliminating health insurance, or doing without other necessities such as transportation, clothing, or utilities.

Low-wage laborers in the volatile service sector, with few – if any – benefits, are cycling on and off welfare, increasingly relying on private charities to supplement meager incomes. According to the latest data, welfare caseloads have increased in 39 of the 50 states as of September 2002. Overall poverty has increased, growing from 11.3 percent in 2000 to 11.7 percent in 2001, with the number of people living in poverty rising to 32.9 million last year. Roughly 12 million children live below the poverty line, or 16.3 percent. In Massachusetts,

the overall poverty rate has actually decreased from 10.1 percent to 8.9 percent from 2000 to 2001, and child poverty dipped to 11.9 percent. Meanwhile, requests for emergency food increased on average 19 percent, with 16 percent of those requests going unmet. Requests for emergency shelter increased by 19 percent, with 30 percent of those requests going unmet.

States, facing their worst fiscal crises in 20 years, have begun to cut social services in an effort to balance their budgets without raising taxes. Facing budget shortfalls totaling nearly \$80 billion in FY 2003, governors have slashed spending on education, healthcare, childcare, and transportation services for low-income families while petitioning the federal government for fiscal relief. Massachusetts has been particularly hard hit. On April 1st, 50,000 poor and homeless adults on MassHealth will lose their coverage. The Governor has also proposed to eliminate 6,800 legal immigrants' eligibility for state funded MassHealth programs leaving these individuals with only emergency Medicaid coverage. The Governor's budget also denies coverage to at least 20,000 children, people with disabilities, poor adults and people with HIV as well as slashes health care benefits for children. Over 980,000 residents of the Commonwealth will be affected in some way by the proposed cuts to MassHealth. State food stamps and cash assistance programs were eliminated by the legislature leaving 600 families with children without cash assistance benefits and 7,200 households without their food stamps. There have also been mass closings of Human Service offices around the state that provide family assistance as well as a massive assault on public higher education. These are just a few examples of the many cuts that have already happened, and there will be more to come -- further diminishing the state's ability to provide services for low-income families.

The response of the Bush Administration has been less than compassionate. The Bush Administration-sponsored and House-passed welfare reform legislation drastically increases work requirements for welfare recipients without making necessary investments in work supports like childcare, job training and transportation.

Rather than creating new, unfunded mandates to push low-income workers into jobs that simply don't exist, TANF reauthorization should refocus states' efforts toward the goal of poverty reduction. By replacing process-oriented measures of state performance with *outcome* measures, such as poverty reduction and family and child well-being, federal TANF dollars will be addressing both the short and long-term solutions for families in need.

Specific policy recommendations for TANF reauthorization that would improve the lives of low-income families include:

1. **TANF should encourage education and training as a path for families to escape poverty.** Education and training – including the full continuum of basic, secondary, and post-secondary education, English as a Second Language, and skills training – should count as a work activity. The 12-month limitation on the length of time parents may engage in education and training should be eliminated.

Most state welfare programs provide limited opportunities for parents to access education and training. The emphasis of welfare reform on caseload reduction has resulted in parents being pushed into low-wage jobs that typically do not provide health insurance or opportunities for advancement. As one might expect, state leaver studies paint a sobering portrait of hardship and continuing poverty among families leaving welfare. Families

typically cycle in and out of low-wage jobs (and on and off welfare) because of family emergencies, transportation and childcare breakdowns, and an inability to make ends meet. Access to education will help families move not just off of welfare, but out of poverty.

2. **Congress should not impose stringent work requirements on states.** Increasing the number of hours recipients must work to receive benefits would force states to create workfare programs. The nation's governors and state program officials have argued that the proposed requirements would be nearly impossible to implement because of the weak economy, higher unemployment rates, and a lack of funding. Because states are suffering from increased unemployment, a requirement to increase hours for TANF recipients would force states to implement and manage massive "make work" workfare programs with considerable overhead costs in order to fulfill federal requirements.

Analysis of state programs finds that workfare programs have not been effective in reducing reliance on public assistance or increasing earnings. Recipients work in "work experience programs" in exchange for benefits. Because they receive no wages, they remain ineligible for low-income work supports such as the Earn Income Tax Credit, which was designed to lift many families above the poverty line each year.

3. **TANF should be a platform to lift all poor families out of poverty, by restoring benefits to all lawfully residing immigrants and removing barriers to access.** Immigrants are an increasing share of the low-wage workforce (one out of 7 workers is an immigrant) and pay a significant amount in taxes annually, contributing considerably to the U.S. economy. According to the National Academy of Sciences, immigrants pay an estimated \$80,000 more in taxes over a lifetime than they receive in local, state, and federal benefits.

Although 18 states have created state programs to make up for federal cuts, the result has been a patchwork of unclear and uneven benefits that leave many immigrants ineligible for assistance and place an unfair financial burden on states. The U.S. economy, as seen in the Census data released in April 2001, depends on immigrant workers in all 50 states of the country. Many immigrants are actively volunteering and are currently fighting in the war, yet are denied basic public benefits in this country. And many immigrant workers have no safety net to rely on as the recession deepens.

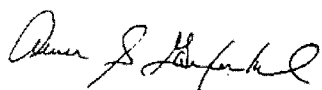
4. **TANF should ensure that all families with incomes below 200 percent of poverty have access to high-quality childcare.** It is critical that any TANF reauthorization bill includes significant new investments in childcare funding. There is already an enormous gap between the number of families eligible for childcare assistance and those who actually receive it. Independent of any discussion to increase work requirements, Congress must acknowledge the *current* need for greater investment in childcare.

All parents have trouble managing the demands of their jobs and their caregiving responsibilities in the home. But these problems are most acute for low-income parents. Low-income parents typically have greater caregiving responsibilities, and they and their children are more likely to have health problems. Low-wage jobs don't provide the vacation or paid leave that would allow low-income parents to care for a sick child or a

newborn, and many low-income parents are not covered by the Family and Medical Leave Act. Low-income parents suffer from a time crunch as they spend hours traveling to work and to childcare centers. High quality childcare options are even more limited for low-income parents than for others, and infant and off-hour care is often not available. Welfare reform has sometimes forced parents to make an impossible choice between their job and the well-being of their children. Welfare reform has also failed to meet the needs of the growing numbers grandparent and kinship caregivers. We need a new paradigm for welfare reform that puts the well-being of children and families first.

It is our hope that the Senate will engage in a more serious debate about how to best help low-income families in this country, and the welfare reauthorization debate can move beyond the misleading discussions of work requirements and marriage promotion. As they did last year, we look to the Senate to reject the House bill and instead offer a more realistic policy discussion about how to best give people the tools they need to escape poverty.

Sincerely,



Aura Garfunkel
Interim Executive Director
Massachusetts Immigrant and Refugee Advocacy Coalition



THE NATIONAL ALLIANCE TO END HOMELESSNESS, INC.

Testimony Submitted by the National Alliance to End Homelessness,
1518 K Street, N.W., Suite, 206, Washington, DC 20005 (202) 638-1526

United States Committee on Finance

Hearing on Welfare Reform: Building on Success

March 12, 2003

The National Alliance to End Homelessness is a nonpartisan, nonprofit organization solely committed to eradicating homelessness in the United States. We applaud the administration and Congress for embracing a goal of ending chronic homelessness and for their efforts to make it a reality. This is an important step forward in solving homelessness in our nation. We believe we can make similar progress in ending homelessness among children in families. TANF reauthorization provides an important opportunity to do so.

Nationally, it is estimated that 900,000 to 1.3 million children in the United States experience homelessness each year.¹ The U.S. Conference of Mayors reports an increase in demand for shelter for families with children in many communities across the country.² They further report that the high cost of housing in many communities is leading to increases in the length of time families remain in shelters before returning to independent, permanent housing. While many of the families experiencing homelessness have one or more wage earners, virtually all are financially eligible for TANF cash assistance and/or support services.

Research indicates that in contrast to children who are housed, homeless children are more likely to be in poor health and experience developmental delays. Not surprisingly, homeless children are more likely to experience mental health problems such as anxiety and depression and to exhibit behavioral problems than other children.³ Children who are homeless have lower academic achievement, exacerbated by frequent moves and psychological distress.

Homelessness puts enormous strains on families. Some emergency shelters require the break-up of families—accommodating older male youth in a separate facility and requiring married couples to separate. Parents seeking stability for their children may house them temporarily with relatives. However, rather than achieving stability, many children will end up being merely shifted from home to home.

Sustaining families in homelessness is a costly endeavor that absorbs an increasing amount of federal and state dollars—typically well beyond what would be incurred by preventing homelessness or providing financial assistance to help re-house a family. Homelessness can be devastating to children, disruptive to all family members and is simply more expensive than stabilizing families in housing.

The first stated purpose of the TANF block grant program is to “provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives.” As the Senate undertakes TANF reauthorization, it can help states do so more effectively. To help prevent homelessness and housing instability among families now reliant on TANF, reauthorization should ensure that families that include individuals with disabilities and other barriers to employment are appropriately identified and assessed, have access to the support required so they can successfully benefit from welfare to work activities and are protected from inappropriate and erroneous sanctions. To help end the homelessness of families, reauthorization should provide states the flexibility, and enhance their capacity, to respond to the housing needs of families on TANF. We recommend that Congress:

(1) Ensure access to assessments conducted by qualified professionals to improve identification of, and services to, families with special needs so they can benefit from welfare to work activities. States are now required to assess the employability of the families they serve in the TANF program—typically this includes an assessment of families’ barriers to work. Screenings and assessments have proven to be important tools that have allowed states to successfully intervene to help ameliorate barriers so that families can benefit from welfare to work activities. Screening and assessments have also helped states identify individuals with disabilities who require significant rehabilitative services and/or ongoing support to help maximize their capacity to be self-sufficient. Unfortunately, screenings and assessments are sometimes only cursory and conducted by untrained and unqualified personnel. As a result, people with disabilities are not appropriately identified or served. When their needs are not appropriately accommodated, they become vulnerable to being sanctioned and losing access to needed assistance. To adequately serve people with disabilities and other significant barriers to employment and ensure they have the opportunity to benefit from welfare to work activities, it is critical that language is included that requires a person completing assessments be qualified to conduct such assessments.

(2) Allow states flexibility to meet the individualized needs of families that include people with disabilities and other significant barriers to employment so they can access the services they require to prepare for a successful transition to work. A GAO study found that 44% of TANF beneficiaries report having a disability that impedes their work participation.⁴ To adequately meet the needs of a more disadvantaged population that remains on welfare caseloads, states must have flexibility to count activities that serve and support those families as meeting work participation requirements. Access to such services and supports should not be arbitrarily limited but should remain flexible to accommodate the needs of families with significant barriers to employment. With the ability to modify program requirements to meet the diverse needs of the remaining caseload rather than imposing a one-size-fits-all approach, the states will have a greater likelihood of retaining and serving well those families that face the greatest impediments to success. Allowing states to receive credit for those who are participating in work activities to the extent of their abilities will create an incentive to engage those who cannot participate fully yet could benefit from programs to enhance their capacity for greater self-sufficiency.

Under H.R. 4 states would have a significant disincentive to provide rehabilitative services beyond what is "countable" in the federal statute. It places a three-month cap on rehabilitative services before imposing a requirement that a parent complete 24 hours of work a week before additional rehabilitative services can be "counted." This may be appropriate for some of the families on TANF—but it will be inadequate for those with the greatest barriers to self-sufficiency. Moving people into work with inadequate preparation only heightens the risk that they will lose cash assistance through sanctions because they failed to comply, even though they were not provided the tools to prepare themselves for a successful transition. States should have incentives to meet the individualized needs of those with the greatest barriers to self-sufficiency, not to impose restrictive requirements on families regardless of need or circumstances.

(3) Protect families with special needs from inappropriate or erroneous sanctions by adopting safeguards and procedures designed to help families become compliant with program rules to both prevent and reconcile sanctions. Studies have demonstrated that families that include a person with a disability are disproportionately represented among those who have been sanctioned off of cash assistance.⁵ Families that include a person with a disability are more likely than other families that have left TANF to have no personal or household earnings.⁶ The increased threat of sanctions translates to increased vulnerability to housing instability. A study by the Manpower Demonstration Research Corporation found that families in Connecticut's TANF program were significantly more likely to have poor housing outcomes—including homelessness, doubling up or becoming behind in rent or mortgage payments—than families in a control group that remained subject to rules under the Aid to Families with Dependent Children (AFDC) program.⁷ Examination of qualitative data led the researchers to conclude that the poor housing outcomes were associated with the imposition of sanctions and time limits. Several states and local communities have adopted policies and programs that have effectively reduced the implementation of sanctions. These programs and policies often include a more thorough assessment of barriers to employment and, when deemed necessary, have led to modifications to Individual Responsibility Plans or the provision of additional supports and services so that more eligible families could benefit from welfare to work activities. Reauthorization should ensure that all families have access to such protection.

Beyond providing states sufficient flexibility and assistance to respond to families with special needs, reauthorization can ensure that the TANF block grant programs are utilized to respond to those families already facing an eviction or experiencing homelessness. Some states have utilized the flexibility in the existing block grant program to meet the needs of families at risk of, or experiencing, homelessness. Reauthorization can help facilitate greater innovation and ensure progress in meeting the important goal of reducing the incidence of homelessness among our nation's families. We recommend that Congress:

(4) Allow states to utilize housing subsidies more strategically and effectively by removing the requirement that housing support be considered a benefit after four months when a state determines it is necessary to prevent the family from becoming homeless. Some states and communities have developed innovative programs funded through the states' TANF block grant to effectively prevent and end homelessness. In Minnesota, the Family Homelessness Prevention and

Assistance Program (FHPAP) is utilized in part to provide short-term housing subsidies to prevent families in crisis from losing their housing and to provide support so families can exit homeless shelters as rapidly as possible.

There is growing consensus that the best way to assist a family experiencing homelessness is to help them return to housing as rapidly as possible and then provide the family the supports and services necessary to help them stabilize in that housing while continuing to help them work toward greater independence and self-sufficiency. Certainly helping a family re-access and stabilize in permanent, independent housing is a critical first step in helping them on their path to self-sufficiency; the inherent instability of family life in homeless shelters makes it difficult for families to benefit from welfare to work activities or retain access to benefits by remaining compliant with program requirements.

Families with housing they can afford are more likely to be successful in transitioning to economic independence. One study found that families with a housing subsidy were twice as likely to be employed and had higher earnings than those without a subsidy.⁸ Conversely, there is evidence that a housing affordability crisis can threaten ties to work. More importantly, however, there is evidence that formerly homeless families that have access to housing they can afford can and will remain housed—and children don't have to remain homeless.⁹

H.R. 4 would retain current rules restricting the ability of states to use federal TANF resources to meet the housing needs of families. The definition of "assistance" included in H.R. 4 codifies the definition of assistance utilized by the Department of Health & Human Services. It does not recognize that a housing subsidy is a work support and an effective one—similar to transportation or child care. The creative efforts of states and communities to move families more rapidly out of homelessness and prevent homelessness from occurring could be enhanced if states were able to use their TANF resources for housing more flexibly.

(5) Promote coordination between homeless shelter programs and state/local welfare offices to minimize homelessness among families and to ensure homeless families are appropriately identified and served. Families experiencing homelessness are among the most disadvantaged individuals that the TANF block grant program is charged with serving. Unfortunately, people experiencing homelessness are often disenfranchised from mainstream services and supports—relying instead on over-stressed homeless shelters and other emergency assistance providers to meet the pressing needs of their families. Welfare offices currently administering TANF have played a historic role in preventing homelessness among low-income families with children. This was achieved through Emergency Assistance Programs that typically provided emergency rent and utility assistance and through the delivery of case management services to individual families to help mediate threats to housing. Welfare offices have also historically helped families experiencing homelessness return to housing through the provision of financial assistance provided through welfare benefits coupled with case management support that might include mediation with private or public housing providers. To better meet the needs of this very disadvantaged population, improve their capacity to achieve self-sufficiency, and end homelessness among children, agencies administering TANF should work in concert with homeless service providers to help

identify and serve families experiencing homelessness.

(6) Promote the development of collaboration between public housing authorities and state/local welfare offices to maximize permanent housing resources for families so that homelessness can be ended or prevented. A fundamental cause of homelessness among families is a shortage of housing affordable to families with extremely low incomes. HUD has reported that 3.6 million children live in families with "worst-case housing needs."¹⁰ Their parents, with incomes below 50% of the local area median income, pay more than 50% of their income for housing or live in severely substandard housing. Extremely low-income families—those most likely to be eligible for or using TANF funded services—are particularly vulnerable to having worst case housing needs. Sixty-eight percent of those families without access to a housing subsidy pay more than half their income in rent or live in seriously substandard housing.¹¹

Untenable housing burdens among TANF recipients and leavers are not unknown to TANF program administrators. In a Hudson Institute study of Wisconsin's TANF program, 51% of administrators within the state reported that over half of their clients had trouble paying for housing.¹² Administrators reported that given more resources and tools to stabilize their clients' housing, they would prioritize assistance to their clients including: help finding affordable housing, tenant-landlord mediation services, increased training and staff to deal with housing issues, and increased supply of affordable housing through expanded subsidy programs. The National Governors' Association has also noted that convenient, affordable housing is "critical for a family to have a successful transition from welfare to work" and suggests the need to develop proposals to improve interaction between welfare and housing providers.¹³ TANF reauthorization can promote the development of collaboration between public housing authorities as well as private affordable housing developers, and state and local welfare offices. This would help administrators meet the critical housing needs they have identified as being a primary concern. It would also ensure that the available permanent housing resources for families on TANF are maximized and that the expertise of each provider is utilized to end and prevent homelessness and housing instability.

We believe the reauthorization of TANF provides a critical opportunity to make progress in addressing homelessness among families by promoting innovation in ending and preventing homelessness, enhancing the capacity of states to respond to families with special needs and attending to the housing needs of TANF recipients. The National Alliance to End Homelessness welcomes the opportunity to be of assistance to the Committee as it moves forward in the reauthorization of the TANF block grant program.

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⁶ U.S. General Accounting Office, Welfare Reform: Former TANF Recipients with Impairments Less Likely to be Employed and More Likely to Receive Federal Supports, (GAO 03-210), December 2002, available at: <http://www.gao.gov>

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¹⁰ U.S. Department of Housing and Urban Development, A Report on Worst Case Housing Needs in 1999: New Opportunity Amid Continuing Challenges, Office of Policy Development, HUD, January 2001, available at: <http://www.huduser.org/publications/affhsg/wc99.html>

¹¹ A Report on Worst Case Housing Needs in 1999: New Opportunity Amid Continuing Challenges.

¹² R. J. Swartz, B. Miller, J. Balsamo-Lilien, H. Murrish, Making Housing Work for Working Families: Building Bridges between the Labor Market and the Housing Market, Hudson Institute, 2001, available at: <http://www.hudson.org>

¹³ National Governor's Association, Policy Position Detail, HR-36, Welfare Reform Policy, Revised Winter Meeting 2003, available at: http://www.nga.org/nga/legislativeUpdate/1,1169,C_POLICY_POSITION^D_554,00.html

The Honorable Chuck Grassley
Chairman, Committee on Finance
United States Senate
219 Dirksen Senate Office Building
Washington, DC 20510-6200

The Honorable Max Baucus
Ranking Member, Committee on Finance
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March 24, 2003

RE: March 12, 2003 Hearing, "Welfare Reform: Building on Success"

Dear Senators Grassley and Baucus,

Thank you for this opportunity to share the National Advocacy Center's concerns regarding the reauthorization of the Temporary Assistance to Needy Families (TANF) program and the Child Care and Development Block Grant (CCDBG).

The National Advocacy Center of the Sisters of the Good Shepherd represents sisters and programs in 22 states, the District of Columbia, Guam, Saipan, and the Virgin Islands. Following the Good Shepherd mission of reconciliation and reaching out to people, especially women and girls, who have experienced a variety of problems including difficulties arising from structural injustices. Good Shepherd Sisters, Associates, Lay Collaborators, and Volunteers provide an array of social services to low-income and vulnerable families, victims of domestic violence, at-risk youth, and immigrant families. The Good Shepherd Community is with these families and children in their daily struggles to meet basic human needs, to be educated, to find dignified work, and to live lives free of violence and exploitation, and we are committed to promoting systems and structures that allow them to reach their full potential. The welfare system is one of the critical structures impacting these populations and the following pages cite some examples of that impact from Good Shepherd programs throughout the country and offer recommendations for the reauthorization of TANF and CCDBG.

First, although both caseloads and poverty have declined since the enactment of PRWORA in 1996, the poverty rate, particularly that for children, remains unacceptably high. In addition, evidence suggests that the number of families in extreme poverty is actually on the rise. Very low-income single-parent families are poorer today than their counterparts five years ago and nearly half of all families that have left the welfare rolls remain in poverty. Still other welfare "leavers" are only barely escaping poverty because they are working in low-wage jobs that offer few benefits and opportunities for advancement. Because of this, the National Advocacy Center believes that **poverty reduction must be made an explicit goal of the program and federal bonus grants should reward states that implement policies effective in alleviating poverty and improving family and child well being.**

Comments from Lourdesmont Youth and Family Services in Clarks Summit, PA highlight the impact of poverty on youth entering their programs and the role that TANF can play in addressing their needs. Dorothy Allen, Director of Development and Public Relations at Lourdesmont writes,

Lourdesmont Youth and Family Services is a licensed mental health facility which offers residential and day treatment programs for girls and boys, ages 12 through 17, in an academic setting, as well as social services to their families. Lourdesmont operates under the auspices of the Sisters of the Good Shepherd, an international community of religiously committed women who draw upon a rich 350-year tradition in the field of human services, working especially with the individual troubled or lost in society.

Lourdesmont is committed to helping students with special needs to achieve successful lives. Lourdesmont serves young persons who come from disadvantaged socio-economic backgrounds. Due to their social disadvantages, many such students face significant barriers to success in our contemporary society, primarily in the fields known as "life skills." Since the majority of our students' families are economically disadvantaged, these students often have little or no opportunity to learn personal financial management skills in an out-of-school venue. Due to limited family finances, these students are also often victims of the "digital divide," having little or no out-of-school access to computers or higher technologies. These students' family financial situations create educational barriers that make it difficult for many young persons in this population group to gain the skills to become economically independent adults.

Therefore, Lourdesmont's youth development and educational specialists must provide life skills training to the young persons enrolled in our programs. Without such specialized educational programs, these children's future success would be limited in regard to obtaining living-wage employment and effectively managing the personal finances they would enjoy as a result of such employment. It is our belief that improving the family economic situations of these children, through programs such as TANF, will allow their own families to provide a greater level of resources to help these children achieve a more successful transition to independent adult living.

Even this work with youth, the National Advocacy Center also affirms the recommendations made by the Center for Law and Social Policy and the National Network for Youth regarding the treatment of teen parents in TANF. These include: **allowing states to establish a "transitional compliance period," whereby income-eligible minor parents who at the time of application are having trouble meeting the complex rules and eligibility conditions related to education and living arrangements (such as school dropouts and homeless youth) are nevertheless allowed to receive assistance on the condition that they comply with the minor parent rules within an established period after enrollment; ensuring that states consult with minor parents about their preferred living arrangement; ensuring the appropriate provision of alternative living arrangements for minor parents unable to live at home; commencing the lifetime limit on TANF assistance for teen parents completing their education and training programs when they turn age 20, rather than when they turn age 19, in order to allow these**

older youth to complete their education/training without the lifetime limit clock ticking; ending restrictions on states' ability to count participation in vocational and post-secondary training as a strategy for helping parents, including teen parents, attain access to better jobs and allow for 24 months of such participation; requiring state plans to identify the extent of and strategies to address the unmet service and living arrangement needs of teen parent in state TANF plans; and establishing sanctions protections procedures that help teen parents understand, avoid, and/or end sanctions.

The National Advocacy Center further believes in order to address the variety of needs of low-income and vulnerable populations and to confront the challenges of poverty, **the TANF block grant must be increased, at least to keep pace with inflation.**

The real value of the block grant has fallen since 1997. Even though caseloads have fallen, states are using TANF funds for a greater variety of services for low-income families. Work supports such as childcare and transportation assistance funded by TANF are essential to helping these families maintain employment. However, because of the current fiscal crises faced by states, many cuts have already been made to these services. Just a few examples of these cuts include: A proposal in Maryland to reduce funding for child care assistance by \$25 million. This is funding which would have helped pay for child care for 10,000 children in low-income families; Cuts in child care funding in Arizona that are expected to result in a waiting list of more than 17,000 for 2003; proposed cuts in child care in Ohio that would eliminate slots for 17,500 low-income children; and in Massachusetts all funding for employment services for current and former cash recipients has been eliminated. This terminates education, training, job search, and transportation services. The state also eliminated an eviction prevention program, which helped about 8,000 families pay back rent last year.

Additionally, Congress should maintain the current 30-hour requirement and allow states to be accountable for outcomes rather than participation rates, so that the focus is on moving TANF participants into good jobs. The definition of what counts as work should also be expanded to allow more families to access education and training services, substance abuse and mental health treatment, English as a second language and literacy classes, and other activities to address barriers to employment. Additionally, congress should eliminate the 12-month cap on education and the 30% cap on the portion of the caseload that may be engaged in education and training. Studies have shown that the most successful programs in moving families from welfare to work are those that combine work and job search with education and training, career counseling, and other supports. The focus should be helping families move toward self-sufficiency, not forcing them into low-paying jobs with little opportunity for advancement in order to meet stringent work requirements and participation rates.

Euphrasia House, Inc., a shelter for women in Philadelphia, PA describes the importance of continuing to provide adequate funding for support services and to increase opportunities for education and training. Sr. Loretta Clancy, RGS, director of Euphrasia House, writes,

It is important that the Senate work to continue assistance offered to unemployed parents with children: medical care, training, food stamps, job experience, childcare, and cash assistance.

One female parent in our programs comes to mind. She has two young children. When she came to us she had no job. TANF is now assisting her with health care, food stamps, WIC, cash assistance, childcare, and paying for her to get job experiences. In addition to doing well in her new job she is also working towards and will soon receive her high school diploma. She hopes to receive further assistance so that she can receive training and thereby go into a medical career. Because she has received these types of assistance she will soon be empowered to be self-sufficient and able to care for herself and her children.

In addition, the Emmaus Project in Luzerne, PA works with low-income young mothers and emphasizes the need to expand opportunities for education and training. Sr. Pat Connelly, director of the program comments,

Girls who are working, trying to care for their children, and trying to obtain education and training are treated differently from those relying solely on cash assistance and have a more difficult time accessing TANF assistance. Daycare is a particular problem for many of them. Also, there should be some criteria set up for how women seeking assistance are treated in order to make the experience less dehumanizing for girls.

The above comments also point to the critical need for childcare and numerous organizations have detailed how few families that are eligible actually receive childcare assistance. The National Advocacy Center affirms the idea of universal access to quality early childhood care, but recognizing current financial constraints believes that an intermediate goal of **at least doubling the number of children served** is reasonable. This can be achieved by **increasing the mandatory funding for childcare and maintaining current state access to TANF funding for childcare. Congress should also allow states to provide at least six months of child care assistance to families who are leaving welfare without any additional application or recertification requirements and work to ensure access to 24-hour care for parents working nontraditional hours.**

Another concern that the National Advocacy Center has relates to the variety of barriers faced by a significant number of low-income families and families in the welfare system. Good Shepherd programs throughout the country work with "hard-to-serve" populations that face a number of challenges in obtaining employment and achieving self-sufficiency. These barriers can include low educational and skill levels, substance abuse, mental health problems, living in areas of high unemployment, caring for family members with disabilities or severe health problems, and experience with domestic violence. The Good Shepherd Center in Baltimore, MD emphasizes the impact one of such barriers can have. The Center writes,

Low-income and unemployed parents, especially single parents, who have children and adolescents placed in residential treatment for emotional and behavioral difficulties have

problems with attending therapy sessions, visiting with their child and attending other meetings due to financial constraints. Many of the families want their child returned to their care at discharge from the treatment facility, but are blocked from doing so by the public child placing agencies due to the parent's lack of participation in the treatment process. Also, when these parents are employed they are blocked from participating as they have entry level or "dead end" type jobs. If they are not present at the work place they tend to be let go for others who do not have the complication of a child involved in a treatment program.

At Good Shepherd Center in Baltimore we have numerous examples of parents without the resources to attend treatment sessions, visitation and other meetings. One such case involves Sierra. This girl is placed with us from a rural county about one and a half hours from our location. This parent was laid off from a well paying job when the company moved their plant to another area. She does not have the resources to obtain transportation to the Center regularly. There are two other children in the home that require the care and the attention of this parent. The Center provides transportation for some sessions, but there is no visitation, as Sierra's mother cannot pay for a ride. This causes Sierra distress and she has acted violently toward the staff and she has been verbally aggressive toward her mother, on the phone and in person, as she feels abandoned. The placing agency wants to send Sierra to a group home at discharge for the facility as the mother has attended sessions infrequently and Sierra is acting out.

This vicious cycle can be ended by having available to this mother the resources to provide for her family and herself while her daughter can receive the necessary mental health services. The mother can then focus on her own circumstance with confidence that she and her children will have the financial resources to survive. She will then be able to secure employment while working to help her daughter return home.

Given stories such as this one, the National Advocacy Center recommends that in addition to allowing barrier removal activities to count toward work participation rates, **extensions of time limits should be granted to families facing severe employment barriers.**

Several Good Shepherd programs also work with women who have been victimized by domestic violence and face many unique challenges that have not been sufficiently addressed under the current TANF program. To more fully address the need of domestic violence victims, the National Advocacy Center believes that **Congress should also make the Family Violence Option mandatory and encourage greater collaboration by TANF agencies with domestic violence service providers to increase victims' access to assistance. In addition, Congress should direct states to adopt measures to protect confidentiality, enhance case management, and provide specialized training of TANF caseworkers on assessment and screening to better identify domestic violence victims.**

Finally, the National Advocacy Center recommends that **Congress allow states to use federal funds to provide benefits to lawfully present immigrants.** Our economy relies heavily on the labor and taxes of immigrants, who comprise a growing share of the low-wage workforce. Between 6 and 9 million immigrants are taxpayers who contribute to the costs of providing

benefits and services for low-income families. They should not be excluded from programs that could help them attain skills needed to advance in the labor market and provide a safety net when temporary hardship interrupts their employment.

Catholic Social Teaching instructs,

The quality of the national discussion about our economic future will affect the poor most of all, in this country and throughout the world. The life and dignity of millions of men, women and children hang in the balance. Decisions must be judged in light of what they do for the poor, what they do to the poor, and what they enable the poor to do for themselves. The fundamental moral criterion for all economic decisions, policies, and institutions is this: They must be at the service of all people, especially the poor. (United States Conference of Catholic Bishops, *Economic Justice for All*, #24)

The quality of the discussion about TANF and CCDBG will have a significant impact on low-income families and people who are poor and decisions regarding reauthorization must be judged in light of this impact and the opportunities they provide for these families. From the work of the Good Shepherd community with youth and families, we know that unless supports are available, the goal of self-sufficiency is difficult for many to reach. The National Advocacy Center believes that the recommendations that we have offered will help many more families achieve this goal and we hope that the Finance Committee will give them all serious consideration.

Thank you again for this opportunity to share our thoughts. We forward to continuing to work with you, other members of the Finance Committee, and the rest of the Senate to ensure that the real needs of families and children are met in the reauthorization of TANF and CCDBG

Sincerely,

Alison L. Prevost, *Lobbyist*

cc: Sr. Brigid Lawlor, *National Coordinator*



Testimony of

NATIONAL ASSOCIATION OF SOCIAL WORKERS
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For the
United States Senate
Committee on Finance

Hearing on
WELFARE REFORM: BUILDING ON SUCCESS
Washington, DC

March 12, 2003

Overview

The interest and involvement of the National Association of Social Workers (NASW) in welfare reform is very much rooted in the mission and core values of the social work profession. These core values, which include social justice and belief in the dignity and worth of each person, have been embraced by social workers throughout the profession's history and are the foundation of social work's purpose and perspective.

Overall, NASW believes that the most promising strategies for improving public welfare lie beyond the Temporary Assistance for Needy Families (TANF) program. As a nation, we should develop universal systems of support for meeting basic needs, including health care, food, housing, child care, and education; create job opportunities that pay a living wage and provide a full range of benefits; and ensure economic security through adequate income support for individuals and families unable to sustain themselves through employment.

While working toward those universal systems of support, NASW believes a number of improvements can and should be made to the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA). Those changes include such things as providing greater access to education and training, increasing the supply and quality of child care, and restoring benefits to legal immigrants, but in this testimony, we focus on three issues that despite their critical role in the success of any reauthorization have thus far received insufficient attention.

- Ensuring that TANF program rules accommodate the needs of families with disabilities.
- Ensuring fair and equitable treatment of racial and ethnic minorities under TANF.
- Ensuring a qualified, stable, professional TANF workforce.

(1) Ensuring that TANF program rules accommodate the needs of families with disabilities.

There is a distinct lack of awareness regarding the high percentage of families on TANF that are coping with disabling conditions. The most common disabilities for welfare recipients include physical or mental health problems, drug and alcohol addictions, developmental disabilities, and responsibility for the care of a disabled family member. Many are coping with more than one of these problems.

The General Accounting Office (GAO) found that at least 44 percent of TANF recipients have physical or mental impairments or are caring for a child with impairments, compared with 15 percent of the non-TANF population.¹ Figures around 50 percent, both higher and lower, have been confirmed by the U.S. Department of Health and Human Services' Inspector General, as well as The Urban Institute, the Manpower Demonstration Research Corporation (MDRC) and others.

Given the fact that close to half of the current TANF population is coping with a disability, any reauthorization which does not take into account the special challenges these families face in moving into the workforce is doomed to fail. However, it is important to remember that just because a person has a disability which may be a barrier to work does not mean that she cannot work. With appropriate services and supports, including accommodations in state policies and procedures and in the work place, most parents with disabilities should be able to work and would very much like the opportunity to do so.

Recommendations

- **Permit states to determine how long a family will need rehabilitation services and allow participation in rehabilitation services to meet the full work requirement.**

The 2002 Work, Opportunity, and Responsibility for Kids (WORK) Act permitted states to count up to six months of rehabilitative services as a work activity, if during the second three-month period rehabilitative services were combined with other work activities. While this is an improvement over the House bill (which provides for only three months), it still would leave many parents with disabilities without sufficient time to build the skills and systems of support needed to successfully move from welfare to work. To provide these families with a more realistic chance of success, a provision should be adopted that would give states the flexibility to count additional time in rehabilitative services as work, if needed to meet the needs of a person with a disability in accordance with the Americans with Disabilities Act or Section 504 of the Rehabilitation Act of 1973.

A statewide study in Florida conducted in 1994-1999 found that treatment duration was linked to employment outcomes. Work outcomes improved for each additional month in treatment. In general, women who stayed in treatment for seven to twelve months had better employment outcomes and more success in leaving welfare than those who spent less time. Increased length of treatment was also associated with higher wages.²

The Drug Abuse Treatment and Outcome Study (DATOS), sponsored by the National Institute on Drug Abuse, found that recipients in substance abuse treatment for more than one year were almost twice as likely to be working as those who remained in treatment for only three months.³

- **Permit states to exempt parents caring for a child with a disability from the work requirement and time limit.**

States should have the option to exempt from the work requirement and time limit parents caring for a child with a disability if caring for the child prevents the parent from meeting the state's work requirement. Caring for a child with disabilities severely impacts a parent's ability to comply with TANF requirements.

Appropriate, safe child care for children with disabilities is very difficult to find. In many areas, it is non-existent. The medical needs of some children require frequent medical visits and care. If the need for such care lessens, parents then can be brought more fully into the program with their allotted time for receipt of benefits still intact.

A GAO report found that 15 percent of TANF families include a child with impairments and in 8 percent of TANF families there is both a parent and a child with impairments.⁴

A study by the Manpower Demonstration Research Corporation (MDRC) found that one-fourth of non-employed mothers receiving TANF had a child with an illness or disability that limited the mothers' ability to work or attend school.⁵

- **Require pre-sanction reviews to protect families with barriers from unnecessary and inappropriate loss of benefits.**

The 1996 law requires states to impose sanctions where a parent "refuses" to comply with a state work requirement. Unfortunately, many parents are being sanctioned are not refusing to comply, they are unable to comply because of a disability or other barrier. In many cases, they do not even understand what is required to comply.

Any increase in the number of hours of required work activity or participation rates are likely to put additional pressure on families with disabilities. Without strong protections against inappropriate sanctioning, it is likely that the number of inappropriate sanctions will increase.

A study done in Minnesota found that sanctioned families are four times as likely as the caseload as a whole to have substance abuse problem, three times as likely to have a family health problem, twice as likely to have a mental health problem, and twice as likely to have been a recent victim of domestic violence.⁶

One-third of the families who were sanctioned in Utah cited an individual health condition as the reason for their failure to participate; one-fifth cited mental health problems.⁷

In Iowa, one-fifth of parents who were placed in the state's limited benefit plan a second time (akin to a sanction) said that their disability/health contributed to their being returned to the sanction status, while almost three out of ten cited their lack of understanding of program rules.⁸

States should be required to have procedures that review a family's circumstances prior to the imposition of a sanction; determine whether additional assessments are needed (and secure them); determine whether there are services and supports the family needs before work can be required and whether modifications are needed to the requirements so that the family is better able to comply.

Such procedures have been implemented state-wide in Maine, Tennessee and Vermont, and in a pilot program in Philadelphia. They have been found effective at reducing unnecessary sanctions and increasing compliance with work activities. In Philadelphia, fully 82% of families to have been sanctioned were brought into compliance via procedures that called for a personal contact with the family before sanctioning.⁹

- **Require states to implement screening and assessment policies and procedures that identify a family's barriers and the steps needed to assist the family to move to greater independence. Require training for frontline staff on how to identify the basic signs and symptoms of the more common mental health disorders and substance abuse problems and if problems are identified, require a more in-depth assessment by a qualified professional.**

Because all later decisions for families with disabilities hinge on the quality of the initial assessment, it is important that they be done by qualified personnel. Family self-sufficiency plans developed without meaningful assessments are all too likely to be ineffective, waste state and federal resources and prevent families from receiving the assistance needed to move successfully from welfare to work.

(2) Ensure fair and equitable treatment of racial and ethnic minorities.

To date, few comprehensive studies have focused on the effects of the implementation of the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) on racial and ethnic minorities. However, there is evidence to show that welfare caseloads have become increasingly concentrated in urban areas that are disproportionately minority, and that racial and ethnic minorities are becoming a larger percentage of many welfare caseloads. At the same time, there also are indications that racial and ethnic bias has played a role in welfare policy development and implementation.

States in which African Americans make up a higher proportion of welfare recipients are statistically more likely to adopt punitive policies such as full-family sanctions, family caps, and time limits shorter than the federal government requires.¹⁰

Two studies from Virginia found that caseworker discretion had a significant impact on what assistance recipients were offered. In one, 47 percent of white recipients but no African-American recipients received discretionary transportation assistance beyond the gas vouchers available to all recipients¹¹ and in the second, 41 percent of white recipients but no African-American recipients were referred to discretionary educational programs.¹²

The same study also found that during job interviews 55 percent of African-American applicants were interviewed for 5 minutes or less, while all white applicants received interviews of 10 minutes or longer. Black applicants also were more likely than white applicants to be subjected to pre-employment tests.¹³

Recommendations

- Amend state plan requirements to better monitor compliance with nondiscrimination, federal and state civil rights and employment laws and establish a penalty for noncompliance.

- Require states to develop and implement clear policies on nondiscrimination and applicable grievance procedures.
- Require mandatory, comprehensive training and education for agency staff that covers applicable civil rights laws, welfare program rules, cultural sensitivity and nondiscriminatory practices.
- Require standardized data collection and dissemination of administrative data by race, ethnicity, and primary language at the federal, state and local levels.

(3) Ensuring a qualified, stable and professional TANF workforce.

Following enactment of the PRWORA, workers whose primary task had been to determine client eligibility were suddenly called upon to conduct client assessments, link recipients to job readiness and placement activities, make referrals to related programs and special services, and track client activities. Many states simply have not invested sufficiently in the training needed to prepare their frontline workers for these additional tasks, nor have they hired more highly skilled staff.

One common misperception regarding the TANF workforce is that it is mainly composed of social workers. In fact, fewer than one percent of NASW's membership identifies public welfare as their primary practice area.¹⁴ Social workers are trained professionals who have bachelors, masters, or doctoral degrees in social work from an accredited social work program. In contrast, the majority of public welfare caseworkers today have little to no professional social work training. Frontline staff often possess college degrees, but typically in fields unrelated to social service delivery. Some states only require welfare caseworkers to have a high school diploma.

In Illinois, more than 73 percent of front-line workers said that four or more major new activities had been added to their workloads since AFDC was transformed into TANF and 78 percent wanted more training than they were receiving.¹⁵

Under conditions that include inadequate training and heavy workloads, turnover rates for new staff is 30 percent during the first year.¹⁶

Since the ultimate success of welfare reauthorization depends, in large part, on the skills and abilities of the TANF workforce to implement the policies, it is critical that resources be directed to address current shortcomings.

Recommendations

- Require states to outline in their state plans how they intend to ensure a workforce with the resources, skills, and expertise necessary to successfully carry out the program, including referring participants to other appropriate programs and services, screening and assessing participants for serious barriers to employment, and delivering services free from racial, ethnic or cultural discrimination.
- Create a new grant program to help states provide comprehensive staff training, lower workloads to effective levels, hire more highly skilled staff, and improve consultation with professionals outside the TANF agency.

- Require the Secretary of HHS to evaluate innovative approaches to service delivery, including best practices in staffing, training, workloads, and intra-agency and inter-agency collaboration.

Conclusion

If provisions similar to those recommended are implemented, it is likely that five years from now policymakers will truly be able to “build on success;” however, if current shortcomings go unaddressed, it is more likely that families with disabilities, racial and ethnic minorities, and the TANF workforce, itself, will instead be topics of a hearing on “Welfare Reform: What Went Wrong?”

NASW appreciates the opportunity to provide testimony on this important program and looks forward to working with the Committee to craft legislation that will give all parents receiving TANF the opportunity to increase their independence and adequately meet the needs of their families.

For additional information, please contact Cynthia Woodside, Senior Government Relations Associate, 202-336-8324 or cwoodside@naswdc.org.

Footnotes

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¹⁶ Ibid.

THE
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Statement for the Record
March 12, 2003 Hearing
Welfare Reform: Building on Success

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March 25, 2003

Senate Finance Committee
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To Whom It May Concern:

The National Campaign to Prevent Teen Pregnancy appreciates the opportunity to provide written comments for the record in conjunction with the Finance Committee's hearing on March 12, 2003. We were honored to be asked to testify last year, and refer you to that testimony for more background and detail than we are providing here (the May 16, 2002 Statement of Isabel V. Sawhill, along with other positions by the National Campaign, can be found at www.teenpregnancy.org).

We continue to believe that welfare reform reauthorization provides Congress with an important opportunity to build on the progress that has been achieved in recent years in reducing teen pregnancy and teen birth rates across America. The 1996 welfare reform law placed high priority on reducing out-of-wedlock births and encouraging the formation of two-parent families, in addition to promoting work, reducing welfare dependency, requiring parental responsibility, and helping parents to support their children. In fact, "family formation" issues were mentioned in three of the four purposes of TANF. If we are serious about achieving these goals, the teenage years are the right place to start. The decline in teen pregnancy and birth rates during the 1990s has contributed directly to a leveling off of the proportion of all children born outside marriage, and there is compelling evidence that preventing teen pregnancy is a highly effective way to help increase the proportion of children who are born to and grow up with two married parents. Therefore, additional attention to, and investments in, preventing teen pregnancy will contribute to the fulfillment of a number of the original goals of welfare reform set out by Congress, as well as to further progress on reducing poverty and improving child well-being.

Over the past decade, there has been significant progress in reducing teen pregnancy and birth rates. In fact, if teen birth rates had stayed at their 1991 peak level through 2001, there would have been nearly 800,000 additional babies born to teenagers. However, we still have much more to do.

Approximately 4 in 10 teenage girls get pregnant at least once before age 20, and the United States still has the highest rates of teen pregnancy and births among comparable nations. Teen pregnancy and childbearing have substantial social and economic costs for taxpayers, communities, and, most important, for teenagers and their children.

There are a number of ways to make additional progress on teen pregnancy prevention through welfare reform reauthorization. In general, the National Campaign has recommended providing states with adequate resources to prevent teen pregnancy (especially critical in the current state fiscal crisis), access to good information so they can make informed choices about the best way to invest their resources, a clear signal from the federal government that teen pregnancy prevention is important and is directly linked to the other goals of welfare reform, and flexibility to design strategies that respect diverse local values and culture. The Campaign has suggested retaining a very strong abstinence message as the first and best choice for teens, accompanied by support for information about and access to contraception for sexually active teens. There is strong public support for this common-sense approach. Specifically, there are five key things that could be done to promote teen pregnancy prevention in welfare reform reauthorization:

1. Make sure teen pregnancy prevention is prominently mentioned in key parts of the law such as the purposes, grants related to family formation and healthy marriage, and state plans.
2. Provide more funding for programs to prevent teen pregnancy— this money should support programs that have proven to be effective based on strong research and should provide adequate state flexibility.
3. Establish strong national and state goals and reward performance.
4. Support a national resource center to a) help states, tribes, and communities learn about effective and promising strategies, b) provide consultation to the entertainment industry on key facts and messages, and c) equip parents with resources and tools to help them communicate with their children.
5. Fund a national media campaign and work with the entertainment industry.

The National Campaign to Prevent Teen Pregnancy was extremely pleased with the teen pregnancy prevention provisions that were included in the welfare reform bill that passed out of the Senate Finance Committee on June 26, 2002. In sum, the Committee: provided \$50 million annually for new “abstinence-first” teen pregnancy prevention grants (in addition to continuing the existing “abstinence-only” grants); provided \$5 million annually for a national teen pregnancy prevention resource center; included teen pregnancy prevention among the eligible activities for the Healthy Marriage Promotion grants; and established a national goal of reducing teen pregnancies by one-third over five years and required HHS to report annually on progress toward such goal.

Taken together, these provisions would provide important motivation and valuable new resources to help different sectors of society – state, tribal, and local governments; community and faith-based programs; parents; and the entertainment industry – make additional progress in reducing teen pregnancy and improving the life prospects of this generation of young people and the next. We urge the Senate Finance Committee to include similar provisions in its welfare reform reauthorization bill this year.

One minor concern is that the five-year time period for achieving the national goal is not realistic. A reduction of one-third over a decade is ambitious, but over five years, simply unrealistic. Our understanding is that this was a technical problem that could hopefully be remedied this year.

In closing, we appreciate the Committee's past work on teen pregnancy prevention and hope you will give serious consideration to these comments as you work on welfare reform reauthorization this year. If you have any questions, feel free to contact Andrea Kane, the National Campaign's Director of Public Policy, at 202-478-8554.



Sincerely,

Isabel V. Sawhill
President

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WRITTEN TESTIMONY OF THE
NATIONAL COALITION AGAINST DOMESTIC VIOLENCE
ON "WELFARE REFORM REAUTHORIZATION"

SUBMITTED TO THE UNITED STATES SENATE FINANCE COMMITTEE

Hearing on "Welfare Reform Reauthorization"
held on March 12, 2003

Juley Fulcher
Allison Randall
and
Krista Holub

The National Coalition Against Domestic Violence (NCADV) appreciates the opportunity to submit this testimony regarding TANF reauthorization. NCADV represents a network of approximately 2,000 battered women's shelters and community-based programs, as well as individual battered and formerly battered women throughout the nation.

Creating responsible welfare reform requires first looking at those who must use TANF assistance in order to provide for their families. The majority of women on welfare have been victims of domestic violence. 60% of welfare recipients report having been victims of intimate partner violence at some point in their adult lives, and 30% in the last year.¹ In light of these statistics, two points become very clear. First, federal welfare legislation needs to address domestic violence. Second, using TANF money for marriage promotion could greatly harm the population it is intended to assist.

The Family Violence Option

We urge Congress to support the safety and self-sufficiency of TANF clients by requiring every state to certify in its TANF State plan that it has established and is implementing standards and procedures to address domestic and sexual violence. States should outline their plan explaining how trained caseworkers will screen individuals, assess their safety risks, and refer victims to services. States should also provide notice, ensure confidentiality, and modify or waive program requirements that place clients at risk for continued violence or make it more difficult to escape violence. The funding of demonstration projects to develop and disseminate best practices in addressing domestic and sexual violence will help provide states the necessary resources and guidance.

One critical aspect of the 1996 Personal Responsibility and Work Opportunity Reconciliation Act was the Family Violence Option established by the Family Violence Amendment (42 USC 602 (a)(7)). The Family Violence Option (FVO) is a provision that gives states the option of waiving requirements and increasing options or services to families suffering from domestic violence without being penalized financially. States that choose the option can screen applicants for domestic violence while maintaining confidentiality, make referrals to counseling and other supportive services, and provide "good-cause waivers" from TANF program requirements. This allows battered women and their children to take time to go to court, seek counseling, receive medical treatment, participate in life skills training, establish safe housing, and recuperate from the trauma they have experienced.

The following are key elements to successfully addressing domestic violence through welfare reauthorization along with examples of their proven effectiveness.

1. Address barriers to economic security through flexible time limits and work requirements.

Welfare reauthorization should focus on ending poverty. To do so, Congress must make a serious commitment to addressing barriers to economic security. The FVO has been a crucial mechanism for addressing these barriers because inflexible time limits and work requirements make it more difficult for domestic violence victims to escape the abuse and to establish economic independence. The temporary waivers under the FVO are intended to allow victims of

domestic violence the time needed for a successful transition off of welfare by allowing flexibility in complying with work and job training requirements.

- The Department of Social Services in Anne Arundel County, Maryland, treats activities that reduce barriers as sufficient work participation which meet work requirements. These activities may include obtaining counseling or applying for a protection order and are incorporated into the client's unique self-sufficiency plan.²

2. Allow states to alter or waive child support cooperation requirements for the safety of victims of domestic violence.

Without alternatives for participation in child support recovery, a woman's confidentiality and whereabouts may be compromised to her perpetrator's benefit, thus creating a dangerous situation. This can be especially lethal for a battered woman since a legal action against an abuser often increases the level of violence. Victims of domestic violence most often wish to participate in child support processes when they feel they can do so safely.

- In Colorado, El Paso County Department of Human Services offers safety-enhancing options for women with regard to participation in child support recovery. After disclosing domestic violence to a caseworker, the clients may choose to continue with standard child support procedures, request a non-disclosure of identifying information, or seek a good cause exemption from child support recovery. DHS workers express that most victims want to proceed with the "non-disclosure" method in order to collect child support, yet need the safety protections that prohibit the disclosure of her contact information.³

3. States need standards and procedures to ensure that caseworkers are trained to recognize and assess the dynamics of domestic violence.

The FVO can ensure that qualified professionals are available to provide coordinated, comprehensive services. Collaborating with domestic violence professionals and training staff is an essential part of ensuring victims receive the services they need to achieve economic self-sufficiency.

- In Pennsylvania the Department of Public Welfare and domestic violence advocates including the Pennsylvania Coalition Against Domestic Violence have developed a strong partnership. They have been successful in implementing a training program for welfare caseworkers and clerical staff, as well as cross-training for advocates on new developments in policy. Thus far, 6,000 caseworkers and 2,000 clerical workers have been trained, providing them with tools necessary to assist victims of domestic violence.⁴ This training program can be looked to as a model for development in other states.

Since 1996, a majority of states (38) plus the District of Columbia have adopted the FVO as part of their welfare program. Seven other states have or soon will have implemented equivalent policies that enable abuse and violence victims, in some cases, to seek temporary or indefinite waivers from some or all TANF requirements.⁵ As we have seen from the above examples some of these states have been innovative in addressing barriers and implementing protections for

victims of domestic violence. Unfortunately, *five states still have no FVO policies and are therefore not meeting the needs of their citizens.* These and other states seek guidance to create and implement programs that address domestic violence. **We urge the federal government to provide essential guidelines that offer language and structure for the implementation of the FVO in order to facilitate the quick and effective realization of the FVO in every state throughout the nation.**

- The Montana Coalition Against Domestic and Sexual Violence reports that the FVO is not being utilized to its proper extent. It is up to the caseworker's "willingness to apply the option" and unfortunately, with a lack of training and overwhelmed caseloads the FVO may be pushed to the background of caseworkers' minds. At best, the option is applied "infrequently."⁶ With no domestic violence liaison in the Department of Public Health and Human Services to provide support and consultation, victims of domestic violence in Montana are falling through the cracks. Due to the state budget crisis, the Montana legislature is contemplating removing the FVO altogether.
- In Milton County, Florida, programs that serve victims of domestic violence report that TANF recipients are seldom referred to domestic violence or sexual assault programs. In Northwest Florida the number of referrals is also disproportionate to the number of victims receiving benefits, and recipients are discouraged from applying for relocation money to move away from their batterers. The Florida system is described as "decentralized and privatized," creating a FVO that greatly varies from county to county and leaving a victim to guess what services she can access to leave an abusive relationship. Facing this uncertainty, and having to choose between violence and poverty for herself and her children, she often feels like she has no choice but to endure the abuse.⁷

Given the prevalence of domestic violence within the TANF population, it should no longer be a State option whether or not to address intimate violence and the barriers to self-sufficiency this violence creates. *The specifics of program design and implementation should appropriately be left to the States,* but each should be required to describe in their State plans how trained caseworkers will screen individuals, assess their safety risks, and refer victims to services. States should also provide notice, ensure confidentiality, and modify or waive program requirements that place clients at risk for continued violence or make it more difficult to escape violence. The funding of demonstration projects to develop and disseminate best practices in addressing domestic and sexual violence will help provide states the necessary resources and guidance.

Responsible welfare reform requires the federal government to address domestic and sexual violence through flexible alternatives and protections for victims. Only by meeting the diverse needs of its clients can TANF successfully lead recipients to economic stability.

Marriage Promotion

Marriage is not the solution to economic insecurity. For the many TANF recipients being victimized by their intimate partners, marriage could mean death or serious injury; it will almost undoubtedly mean economic dependence on the abuser. In the population as a whole, many

battered women are economically dependent on their abusers; 33-46% of women surveyed in five studies said their partner prevented them from working entirely.⁸ Those who are permitted to work fare little better. Ninety-six percent reported that they had experienced problems at work due to domestic violence, with over 70% having been harassed at work, 50% having lost at least three days of work a month as a result of the abuse, and 25% having lost at least one job due to the domestic violence.⁹ Thus, battered women are overwhelmingly either economically dependent on the abuser or are economically unstable due to the abuse.

Congress itself has repeatedly recognized that domestic violence is a serious national problem and has made efforts to minimize the severe risk to women and children from that violence, most recently by reauthorizing the Violence Against Women Act in 2000. However, marriage promotion for TANF recipients ignores the reality of domestic violence. First, proponents' assertions that they intend to promote only "healthy marriages" lose credibility in the face of the reality that as many as two-thirds of TANF recipients report incidents of domestic violence.¹⁰ Surveys of low-income women in several cities show that two of the four main reasons for not marrying are fear of domestic violence and fear of a power imbalance.¹¹ Safeguards assuring that programs funded to promote marriage consult with domestic and sexual violence experts and child advocates on the development and implementation of policies, procedures, and training necessary to appropriately address domestic and sexual violence and child abuse issues will provide some security, but they will not make marriage promotion within TANF safe. **H.R. 4 lacks even the most rudimentary protections for domestic violence victims; domestic violence is not mentioned in the legislation and, therefore, use of marriage promotion dollars to keep women in abusive marriages or to help persuade them to marry their abusers is a very real threat.**

- Florida is utilizing federal money under the Fatherhood Initiative Program to provide mediation and couple's counseling, with the message that marriages "in trouble" can be nurtured and salvaged. Numerous studies have documented the danger in counseling for abusive relationships in which the perpetrator uses power to manipulate the counseling and justify the abusive behavior.¹² According to one advocate at the Florida Coalition Against Domestic Violence the marriage promotion slogan in Florida for "healthy families" is "get married and stay married."
- Survivors of domestic violence in Iowa voiced their concerns about coercion to Senator Grassley via conference call June 4, 2002. The following is an excerpt from their written statement prepared before the meeting:
"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 violent 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. The reality is that most women who are victims of violence are ashamed and

afraid. They often fear the potential consequences of acknowledging the abuse: the stigma of being a domestic violence victim; the very real possibility of losing their children to child welfare agencies; the potential that disclosure of violence will escalate the abuse. Marriage promotion programs, no matter how "sensitive" to domestic violence on paper, cannot change the fact that those promoting marriage will probably not know about the violence in the relationship they are trying to make legally permanent. Thus, programs that push poor women into marriage with the fathers of their children may inadvertently legitimize abusive situations; similarly, programs that discourage divorce may increase the already deep shame and social pressure to remain with the abuser that women who are married and are being abused often feel. A governmental message that there is something wrong with being unmarried will make it even more difficult for women who are trying to leave an abusive relationship to do so. The complexity of domestic violence and the danger to women who stay in or formalize abusive relationships make any government-sponsored marriage promotion program extremely problematic. Battered women are victims of crime. Just as the government does not expect victims of rape or robbery to marry their victimizers, it should not expect battered women to marry or stay married to the men who physically assault them and their children.

Marriage does not address the root causes of women's poverty and is not a reliable long-term solution to women's poverty. Common sense tells us that two incomes are better than one and thus more likely to move people off of welfare. But a closer look at the facts shows that marriage is not the simple solution to poverty that it is made out to be.

First, forming a two-parent family does not guarantee economic security. A large portion of those living in poverty are two-parent families. Thus, two-parent families are not immune to poverty or the economic stresses single-parent families face.

Second, due to death and divorce, marriage does not ensure women's economic security. Approximately 40% of marriages end in divorce¹³ and 12% end due to the husband's death.¹⁴ Among women currently on welfare, about 40% are married or were married at one time: 18.4% are married; 12.3% are separated; 8.3% are divorced; and about 1% are widows. A significant number of divorces and separations are due to domestic violence. In these cases it is futile to claim that marriage would provide security, economic or otherwise. Indeed, there is no simple causal relationship between single motherhood and poverty.

There are many reasons why women, more than men, experience an economic downfall outside of marriage. Women are often charged with the primary care giving responsibility for children and, due to lack of quality, affordable, accessible child care, unemployment or underemployment are inevitable. Secondly, without attendant employment protections or opportunities to access education and training, women face discrimination in the labor market.¹⁵ As documented throughout this testimony, women also suffer economic difficulties due to domestic violence. In failure to address these and other factors that keep women from being economically self-sufficient, marriage and family formation advocates are merely proposing to shift women's "dependence" from the welfare system to marriage. That certainly does not promote individual responsibility, nor is it a policy solution for genuine, reliable, economic security.

On the other hand, a policy that invests in education, training and work-supports entrusts individuals with the opportunity for true economic self-sufficiency. In 2000, only 1.2% of single mothers with a college degree who worked full-time year round lived in poverty. Less than eight percent of single mothers with some college and working full-time lived in poverty.¹⁶ This is by far the best poverty reduction statistic, a far better poverty reduction statistic than marriage.

In fact, the approach to marriage advocated by H.R. 4 has it backwards. Economic security is more likely to lead to successful marriage than is marriage likely to lead to economic security. The outcomes of the Minnesota Family Investment Program (MFIP) support this conclusion. MFIP reached welfare-eligible single and two-parent families and focused on participation in employment services for long-term welfare recipients combined with financial incentives to encourage and support work. These work supports include child care, medical care, and rewarding work by helping the family to develop enough earning power to survive financially without cash assistance before cutting off their benefits. A study comparing the economic progress of those in the standard AFDC welfare program with MFIP participants found that only 14% of AFDC recipients compared with 25% of families in the MFIP program were out of poverty within 2¼ years and the MFIP families had on average \$1400 more in annual income.¹⁷ After 36 months, MFIP participants were 40% more likely to be married than participants in the standard AFDC program, and nearly 50% less likely to be divorced after five years.¹⁸ The outcome of the MFIP program shows that allowing families to combine welfare and work, and providing work supports to help individuals become economically secure, actually strengthens marriage and reduces divorce.¹⁹

Thus, investments in education, training and work supports can both empower women to achieve economic security (thereby economically empowering couples as well) and strengthen marriages. If Congress takes this approach it can enable individuals to achieve their own goals, without invading their privacy or endangering their families.

As noted above, since the Personal Responsibility and Work Opportunities Reconciliation Act (PRWORA), states have been free to use TANF dollars to support marriage and two-parent families, although most states have chosen not to do so. Those that have created marriage programs have instituted programs that range from a simple waste of public dollars to outright discrimination against struggling single parent families. These examples should give legislators pause about pushing states to do more to promote marriage. For example:

- Three tribal TANF programs in California (Owens Valley Coalition, Southern California Tribal Chairmen's Association, and the Torres Martinez Coalition) provide a one-time bonus of \$2,000 to recipients who marry.
- In Oklahoma, former Governor Frank Keating earmarked 10 percent of the state's TANF surplus funds to fund the \$10 million Oklahoma Marriage initiative, which includes pre- and post-marital counseling to Oklahoma families, a marriage resource center, a marriage mentor program, and the creation of a Marriage Scholars-in-Residence.²⁰ The initiative also contains a specific "religious track" under which the state's religious leaders sign a

marriage covenant, thereby committing themselves to encourage pre-marital counseling for couples in their house of worship. A few months after Keating made his proposal, the state hired a pair of "marriage ambassadors" with a \$250,000 annual salary to give "relationship rallies" on school campuses as well as meeting with ministers and set up a research project. Last September the state spent \$16,000 flying in pro-marriage speakers from around the country for a two-day conference. It also developed a workshop called Prevention and Relationship Enhancement Program (PREP) that is offered in schools and community centers.²¹ Three years after Oklahoma implemented its marriage promotion programs, the state's divorce rate has remained unchanged.²²

- West Virginia's state TANF plan adds a \$100 marriage incentive to a family's benefits if there is a legal marriage in a household where both individuals receive welfare assistance payments. Since West Virginia's monthly TANF benefit for a family of three is \$328, this \$100 monthly bonus makes a significant difference in economic support.²³

Marriage promotion initiatives, as included in H.R. 4 and as described above, divert federal and state welfare funds away from the provision of basic economic supports, fly in the face of the public opinion, intrude on fundamentally private decisions, and will place women with abusive partners or ex-partners at increased risk. Programs like that in West Virginia discriminate directly against poor single parent families. The marriage promotion programs contemplated by H.R. 4 have not been fully evaluated and there is a lack of evidence that these programs are effective in reducing poverty, increasing child well-being, building healthy relationships and stable families, or responding adequately to issues such as domestic and sexual violence and child abuse. Endorsing or increasing funding for such programs is bad public policy.

Conclusion

In conclusion, responsible welfare reform that supports and creates healthy families must address the needs of domestic violence victims, and in turn will aid all welfare recipients. NCADV recommends expanding the FVO to ensure that domestic and sexual violence are being addressed in every state, and believes in providing supportive services to all families, regardless of their marital status or family composition.

- ¹ Richard M. Tolman & Jody Raphael, *A Review of Research on Welfare and Domestic Violence*, 56 J. of Social Issues (No. 4) 655-682, at 657. See also Lyon, E. 2000. *Welfare, Poverty, and Abused Women: New Research and Its Implications*. Policy and Practice Paper #10, Building Comprehensive Solutions to Domestic Violence. (Harrisburg, PA; National Resource Center on Domestic Violence).
- ² National Conference of State Legislators. "State Legislative Report: Analysis of state actions on important issues." 27:9; March 2002.
- ³ Marta Burt, Janine Zweig, Kathryn Schlichter. "Strategies for addressing the needs of domestic violence victims within the TANF program: the experience of seven counties," available at http://www.urban.org/pdfs/dv_tanf.pdf
- ⁴ Phone interview with Carol Stevens of the Pennsylvania Coalition Against Domestic Violence, March 19, 2003.
- ⁵ See Fact Sheet on the FVO prepared by NOWLDEF (1/02) available at <http://www.nowldef.org/html/issues/wel/fvosur.shtml>.
- ⁶ Phone interview with Beth Satre of the Montana Coalition Against Domestic and Sexual Violence; March 18, 2003.
- ⁷ Phone interview with the Florida Coalition Against Domestic Violence; March 18, 2003.
- ⁸ See United States General Accounting Office, Report to Congressional Committees, *Domestic Violence: Prevalence and Implications for Employment Among Welfare Recipients*, 7 (1998).
- ⁹ See Joan Zorza, *Woman Battering: High Costs and the State of the Law*, 25 Clearinghouse Rev. 421 (1991).
- ¹⁰ Supra Note 1.
- ¹¹ Kathryn Edin, Joint Center for Poverty Research Working Papers, *What Do Low-Income Single Mothers Say About Marriage?* Aug. 9, 2001, available at http://www.icpr.org/wpfiles/edin_WP_ediforweb1-31.pdf.
- ¹² "When 50-50 Isn't Fair: The Case Against Couples Counseling in Domestic Abuse," *Social Work*, Nov., 1994, pp. 536-637, by Golden, G. & Frank, P. see also Emily Chrysler and Aaron Milgrom. "Why couples counseling may be inappropriate for violent relationships." Domestic Abuse Project: Training and Research Update, No.12 March, 1999.
- ¹³ The National Marriage Project, *Annual Report: the State of Our Unions: the Social Health of Marriage in America, 2000* (June 2000), available at <http://marriage.rutgers.edu/NMPAR2000.pdf>.
- ¹⁴ United States Census Bureau, Current Population Reports, Series No. P20-514, *Marriage Status and Living Arrangements: March 1998 (Update)* (2000), available at <http://www.census.gov/prod/99pubs/p20-514u.pdf>.
- ¹⁵ Margaret Chase Smith Center for Public Policy. "Living on the edge: Women working and providing for families in the Maine economy." available at <http://www.umaine.edu/mcsc/Research/EcoDev/LotE/Sec6.htm>.
- ¹⁶ Neil G. Bennett, et. al., National Center for Children in Poverty, *Young Children in Poverty: A Statistical Update*, June 17, 1999, available at <http://cpmnet.columbia.edu/dept/nccp/99uptext.html>.
- ¹⁷ Manpower Demonstration Research Corp. (MDRC), Chap. 6, available at <http://www.mdrc.org/Reports2000/MFIP/MFIP-Vol-1-Adult.pdf>.
- ¹⁸ *Ibid*
- ¹⁹ *Ibid*
- ²⁰ Jane Koppelman. "Promoting marriage as welfare policy: looking at a public role in private lives." National Health Policy Forum: The George Washington University. No. 770 Feb. 15, 2002.
- ²¹ Tyre, Peg. *Oklahoma is fighting its sky-high divorce rate with controversial, state-funded "marriage ambassadors."* Newsweek, Feb. 18, 2002, U.S. Edition.
- ²² Ross, Bobby Jr. "Divorce rate stays steady, study shows" *The Daily Oklahoman* (2/10/2002). Citing that for every 100 marriage licenses issued in 2001, the state granted 76 divorce petitions.
- ²³ "Recognize that "marriage promotion" schemes will not solve the problem of poverty for women and children." NOW Legal Defense & Education Fund. available at <http://www.acf.dhhs.gov/HyperNews/get/tanfreat/tanfreat/377.html>.

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**TANF REAUTHORIZATION AND THE NEEDS OF
LOW-INCOME LATINO FAMILIES**

STATEMENT FOR THE RECORD:

**HEARING ON WELFARE REFORM REAUTHORIZATION
MARCH 12, 2003**

SUBMITTED TO:

**COMMITTEE ON FINANCE
UNITED STATES SENATE**

SUBMITTED BY:

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Introduction

My name is Raul Yzaguirre, and I am President of the National Council of La Raza (NCLR), the largest national Latino¹ civil rights organization in the U.S. NCLR works to improve life opportunities for this nation's 40 million Hispanics living in the States and Puerto Rico through our network of more than 300 local affiliate community-based organizations and 33,000 individual associate members. Since the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) was passed in 1996, NCLR has closely monitored its impact on low-income Latino families and has since served as a voice in public policy debates related to reauthorization of the Temporary Assistance for Needy Families (TANF) block grant.

It is important to consider the reauthorization of TANF in the context of the new policy environment. First, the state of the economy and labor market is vastly different today from the seemingly boundless growth of the late 1990s. Second, the nation has undergone sweeping demographic changes. For instance, over the decade of the 1990s, the nation's Latino population increased by 57.9%. Finally, the ability of both federal and state governments to respond to changing dynamics is hampered by the troubling budget outlook.

At the same time, population growth among Latinos in the States has resulted in greater economic contributions both locally and nationally. The buying power of Latinos now surpasses \$580 billion and Hispanics constitute a growing share of American workers. The growing influence of Latinos has also been felt in political circles, particularly in key states and cities across the nation. Accordingly, it is more imperative today than in 1996 that policy questions about welfare reform and other related issues fully consider the perspective of Latinos.

Background

The Personal Responsibility and Work Opportunity Reconciliation Act fundamentally altered the nation's primary cash assistance program for families. PRWORA's cuts in services and assistance to legal immigrants had a profound and adverse impact on immigrant and Latino families. By cutting legal immigrants off from the four major safety-net programs, PRWORA put the states in the position of spending their own funds to address the needs of these communities. While some programs have been restored, the fundamental inequity has not, leaving states on the front lines of providing a safety net to immigrants. Although the law permits states to provide TANF and related services to legal immigrants who arrived after 1996 using state funds, many states have not been able to serve legal immigrants.² Consequently, across the states, entire segments of communities are unable to access basic safety-net services should community members suffer unexpected job losses, as they are at the moment.

Over the decade of the 1990s Hispanic communities prominently emerged in states such as Arkansas, Georgia, and North Carolina – states that experienced greater than 300% growth in their Latino populations. Undoubtedly, large numbers of immigrant Latino workers joining the labor force can explain the bulk of this population growth in these particular states. However, the firms and industries that have employed many immigrant and Latino workers have tended to pay low wages. Therefore, while almost all Latino and immigrant families in the U.S. have at least one working parent, many Hispanic workers fail to earn enough to lift their families above poverty.

As a result of the growth of the Latino population and their concentration in low-wage work, roughly one-quarter of all poor families were Hispanic in 2001. In fact, high rates of poverty persisted despite the economic prosperity of the late 1990s; the number of Latinos living in poverty declined by only 8.0% between 1996 and 2001. During that time of modest, yet significant, poverty reductions, the number of Latinos on the TANF rolls fell by 41.8%. Despite the dramatic decline in receipt of TANF, which outpaced the reduction in poverty, the share of all families receiving TANF assistance who are Latino increased from 20.8% to 26.0% between fiscal years 1996 and 2001, as White families left the TANF program more rapidly than Latinos.³ These data may signal that Latino families face more difficulties accessing TANF and, for those in the system, navigating through the welfare-to-work process and living above the poverty line after exiting TANF.

In addition to the population trends of the past few years, the nation's bleak economic situation is integral to discussions related to reauthorization of the TANF block grant. While the economy is recovering from a recession the fiscal condition of states remains dire and many workers still search for employment. While nearly all states face budget deficits for fiscal year 2004, the budget shortfalls are deepest in the three states where the vast majority (79.5%) of Latinos live; California, New York, and Texas. Many states have resorted to drastic cuts to critical social programs and services in order to balance their budgets. In particular, California and New York have proposed budget reductions in health care, as well as tax increases. Another lingering effect of the economic recession is the high level of joblessness. The unemployment rate for Latinos has hovered between 7.5% and 7.9% for nearly the past year, roughly 2 percentage points above the national average (between 5.7% and 6.0% during the same period).

In many cases, unemployed Latinos face significant barriers to accessing the very programs that are designed to protect families and support their efforts to return to the workforce. For instance, many Latinos do not qualify for Unemployment Insurance due to the program's strict eligibility rules that exclude workers with seasonal and part-time work histories. Also, workers who happen to be legal immigrants are not eligible for basic safety-net services due to welfare reform's changes in eligibility for health and nutrition services. Therefore, entire segments of communities may be seeking aid but find themselves with no safety net or access to important work supports for which other Americans are eligible. Taken together, economic factors and barriers to safety-net programs indicate that Hispanic families are more likely to find themselves struggling long after the general economy has "recovered."

Given these factors, in 2003, states are facing new policy challenges. The TANF reauthorization debate will not result in good public policy so long as it fails to address the challenges facing poor Latino families.

Latino Priorities for TANF Reauthorization

Over a year ago, the Bush Administration released a plan to reauthorize the Temporary Assistance for Needy Families (TANF) block grant. During the summer of 2002, the Senate Finance Committee approved a bill that was vastly different from the President's proposal. Recently, the U.S. House of Representatives passed a TANF reauthorization bill (H.R. 4) largely based on the President's initial proposal. In addition, numerous senators, including Senators Jeffords (I-VT), Bingaman (D-NM), and Snowe (R-ME), have sponsored legislation ranging in focus from expanded access for education and training to increased flexibility for states with high rates of unemployment. Not surprisingly, the President's plan and the numerous bills introduced in Congress, both last year and this year, have generated a good deal of debate which is helping to shape the political and policy parameters of the welfare reauthorization discussion in the Senate.

Thus far, proposals for TANF reauthorization have concentrated on several core issues such as funding for TANF, work requirements, and strengthening families. Although these issues have real implications for all families in the TANF system, no areas of the TANF reauthorization debate are likely to be more pivotal to the nation's Latino families than improving access to TANF, strengthening the welfare-to-work services, education and training available to TANF clients with limited English proficiency (LEP), and enhancing the ability of the Commonwealth of Puerto Rico to implement welfare reform.

1. Restoring Fairness to Legal Immigrants

In response to current law's bar on providing legal immigrants who arrive after 1996 with TANF and other federally-funded safety-net services, the National Governors Association, the National League of Cities, and the National Conference of State Legislators appealed to Congress last year to give states the flexibility to choose to serve legal immigrants with federal TANF funds. Given the state budget crises, particularly in states with large Latino populations, the need for states to be allowed to use federal TANF, Medicaid, and State Children's Health Insurance Program (SCHIP) funds as well as state monies to serve legally-residing families who need temporary assistance is even more acute today.

Notwithstanding the practical needs of states, H.R. 4 does not expand flexibility for states to provide a safety net for even their most vulnerable populations – immigrant children and pregnant women – although there is bipartisan support for such provisions and the White House supported a provision allowing greater access for legal immigrants to Food Stamps. Last year, the Finance Committee approved a bipartisan TANF reauthorization plan that lifted current law's unfair restriction that

prevents legal immigrants from accessing cash assistance programs. The Finance Committee's bill also improved access to health care services by providing legal immigrant children and pregnant women with access to the federal health care programs Medicaid and SCHIP. NCLR urges the Finance Committee to, again, provide immigrant parents who work hard and pay taxes with access to critical social programs.

2. Improving Welfare-to-Work Services for LEP Families

Language barriers have constituted a major challenge to the efforts of states to communicate effectively with and provide TANF services to many Hispanic families. This issue has impacted both native-born⁴ and immigrant Latinos who have a strong desire to get into the workforce but have not been able to access appropriate welfare-to-work services given their language barriers. Moreover, in many cases LEP Latino welfare "leavers" exit the TANF system unaware of the important transitional medical and work supports available to them.⁵

H.R. 4 does not comprehensively address the challenges states face in adequately serving LEP families. However, there are a few provisions that can bridge language barriers between service providers and LEP clients. First, a no-cost provision that would assist states in their efforts to serve LEP families adequately would be to request that states include as elements of state plans a goal and strategy for serving such families. Also, reliable data on the primary language of all who seek services from TANF offices would identify districts with specific language needs. Complete assessments of the needs and abilities of TANF recipients, including educational attainment and English proficiency, would aid caseworkers in providing effective services to LEP clients. Finally, given the number of states experiencing language challenges, a measure to channel resources to states for assisting them in building their capacity to serve LEP families would both provide relief to states and lead to better outcomes for Spanish-speaking parents. Elements of these measures are included in Senator Bingaman's "Self Sufficiency and Accountability Act of 2003" (S. 263).

3. Training LEP Persons for Jobs that Lead to Self-Sufficiency

An important tool for improving the employment outcomes of LEP Hispanics is English-language instruction. However, the work-first philosophy and limits on what can count toward the work requirements of TANF have dissuaded many states from placing people in English-language programs. Despite claims that H.R. 4 increases flexibility, it is, in fact, more likely to straightjacket states and TANF recipients. The House bill increases the work participation requirement for states and essentially imposes a 40-hour workweek on recipients, requiring that at least 24 of the 40 hours be in "direct" work activities. It would also only allow participation in job training, possibly including English-language instruction, for up to three consecutive months within a two-year period. Aside from the provision for three months of job training,

TANF recipients would only be able to devote 16 hours per week to training activities such as English-language instruction.

The increased number of hours of participation has raised widespread concern over the increased need for child care that is not balanced by commensurate funding. Furthermore, these provisions are expected to limit the opportunities for LEP TANF recipients to participate in training activities, such as English-language instruction, by limiting participation in such programs to the hours remaining after completing the required 24 hours of "direct" work. In order to prepare LEP parents for employment opportunities that will provide for their families, TANF reauthorization should focus on education and skill barriers. While assessments would help professionals place LEP parents in programs that are appropriate to their skill levels, TANF's work requirements must provide states with flexibility and incentives to place recipients in education and training programs for a sufficient amount of time to ensure that the programs are effective.

4. Reducing Funding Disparities in Puerto Rico

Puerto Rico's TANF program is severely underfunded due to a cap on welfare funding (Section 1108 cap). Furthermore, Puerto Rico's Medicaid program is statutorily capped, the Commonwealth may only access two of the four components of the Child Care Development Block Grant, and it is excluded from receiving the Supplemental Grants, although the Island otherwise meets the requirements. Since Puerto Rico and other territories comply with the same obligations and requirements as the States, they should be fully included in the funding of TANF programs to ensure that Puerto Ricans and other U.S. citizens are not disadvantaged by the block grant formula.

In order for Puerto Rico to meet the same mandates as other TANF grantees, it is essential that similar resources be provided to the Commonwealth as the States. One of the most significant funding limitations on Puerto Rico's TANF program would be addressed by taking IV-E Foster Care out of the Section 1108 cap.⁶ Furthermore, Puerto Rico should have access to the same funding streams as the States, and such funds should be excluded from the Section 1108 cap.

The priorities that the National Council of La Raza has outlined for TANF reauthorization correspond directly with the intent of the law, and respond to the practical challenges facing states. To ignore wholly these issues in comprehensive TANF reauthorization plans, or to take steps that exacerbate these problems, is both bad policy and bad politics. NCLR urges the Finance Committee to address in a meaningful way the concerns and recommendations that I have presented today because the treatment of immigrants, families with limited English proficiency, and the residents of Puerto Rico will not go unnoticed by the broader Latino community. I appreciate this opportunity to submit comments related to these issues.

¹ The terms “Latino” and “Hispanic” are used interchangeably to refer collectively to Mexicans, Puerto Ricans, Cubans, Central and South Americans, and others of Spanish and Latin American descent. Hispanics can be of any race.

² Roughly half of the 50 states provide services to legal immigrants using state funds; however, the funding for such programs is particularly uncertain due to the budget shortfalls facing most states.

³ Calculations based on data from Proctor, Bernadette D. and Joseph Dalaker, Current Population Reports, P60-210, *Poverty in the United States: 2001*, Washington, DC: U.S. Census Bureau, 2002, and *2002 TANF Annual Report to Congress*, Washington, DC: U.S. Department of Health and Human Services, 2002. For a more detailed assessment of TANF caseloads see: Rodriguez, Eric, and Kaydee Kirk, *Welfare Reform, TANF Caseload Changes, and Latinos: A Preliminary Assessment*, Washington, DC: National Council of La Raza, September 2000.

⁴ Persons from the Commonwealth of Puerto Rico are native-born U.S. citizens, and many are limited-English-proficient.

⁵ Numerous studies have documented language barriers between LEP clients and human and social service offices; e.g., Applied Research Center, Equal Rights Advocates, National Campaign for Jobs and Income Support, and the Office for Civil Rights of the Department of Health and Human Services. Analysis of the Food Stamp Program by the Food Research & Action Center has shown that over half of eligible Hispanic individuals fail to receive food stamp benefits. Also, analysis of both Medicaid and the Food Stamp Program by the Urban Institute has documented an exodus from both work support programs by families leaving TANF.

⁶ The Section 1108 cap restricts total welfare funding because several unrelated programs currently fall under this cap: TANF, IV-E Foster Care, and Assistance for the Aged, Blind and Disabled (Puerto Rico’s substitute for Supplemental Security Income, from which the Commonwealth is excluded).

Statement of the New Hampshire Commission on the Status of Women
Concord, NH

While a primary goal of President Bush's proposal is to help welfare recipients work toward independence, the policies presented in the administration's TANF reauthorization legislation will not achieve this end.

The New Hampshire Commission on the Status of Women believes that a successful TANF program is one that supports the full integration of families into the economy. The primary goal of any TANF reauthorization plan, therefore, should be economic self-sufficiency. Five years of TANF implementation have demonstrated that the most successful programs to achieve this goal provide a mix of work and education along with complementary support services.

The following components are necessary to achieve the goal of economic self-sufficiency for families receiving TANF.

* Post-secondary education. Additional education is essential to achieving economic self-sufficiency. Studies show that every year of college education increases a person's earning power. Without education and training after a high school degree or GED, usually only minimum wage jobs are possible. Women may get off welfare, but studies show that they continue in poverty with the attendant risk to the health and welfare of their children. For example, an exemplary program in Maine allows participants to earn college credit while still receiving TANF cash grants and other complementary support services. Graduates of the program earn an average of \$11.71 per hour, compared to the national average of former welfare recipients who earn \$7.15. Long-term economic self-sufficiency is a reality for these Maine families.

* Livable wage standard. Earning a livable wage means that a person contributes tax dollars rather than drawing on various government support programs. Poverty indexes used to determine grants are badly out of date. Current livable wage studies in New Hampshire indicate that an adult with one child must earn \$15.72 per hour to get out of poverty. Taking into account the level of income needed to support a family, participation in education and training is imperative before a welfare recipient can move toward becoming economically self-sufficient.

* Work Requirements. Reauthorization must keep work requirements at 30 hours per week and should allow education to count as work as long as progress is being made in the educational program. In this way, students will move through the educational process in a timely manner and will be better and sooner prepared for higher paying jobs that create economic self-sufficiency.

Employment is only possible when barriers have been successfully resolved. Reauthorization must allow at least one year for TANF recipients to resolve barriers such as domestic violence, substance abuse, and mental illness.

* Support services. Wages and work are not the only factors that contribute to economic self-sufficiency. Recipients who are the sole support of families need funds for adequate childcare.

transportation, health care and realistic housing allowances. Not providing adequate coverage for childcare puts children in danger and at risk. New Hampshire is primarily a rural state, and public transportation is inadequate or non-existent in many areas. In addition, there is very limited low-income housing in the state. Grants need to take these factors into consideration when considering how best to move TANF families toward economic self-sufficiency.

* Simplify eligibility requirements. Present requirements are too complex and confusing to recipients, social workers and agencies who provide assistance to TANF clients.

* Provide benefits for legal immigrants. As legitimate residents of this country, legal immigrants should be eligible for TANF benefits. President Bush's proposal includes provisions to strengthen families. There are specific provisions to encourage healthy marriages and two-parent married families as a goal. As written, these provisions are inadequate.

* Broaden family definition and coverage. While promoting healthy families is a worthwhile goal, we believe that families must be defined in a much broader sense than the two parent married family. We support marriage for those people who choose it and we think that helping people have healthier relationships is beneficial. However, we do understand that marriage is not an option for everyone. For many women, leaving an abusive marriage is the healthiest decision for the family. It is precisely at this time that these families most need assistance and support. Additionally, for people who are not heterosexual, marriage is not an option.

TANF can best support the formation of healthy families by providing income support and services that reduce the financial sources of marital stress and instability. Likewise, an agenda that focuses on the formation of two-parent families must not be pursued at the expense of single-parent families. In other words, benefits for single-parent families must not be cut and TANF programs must show no preference for two-parent families.

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March 25, 2003

**Statement to the Senate Finance Committee Regarding TANF
Reauthorization, Hearing Held March 12, 2003**

The Colorado organizations signed onto this statement, representing many thousands of concerned Coloradans, would like to share with you some of our concerns and recommendations regarding issues related to TANF reauthorization.

I. Child Care and Work Supports

Child care and other work supports must be expanded and fully funded. Colorado TANF participants report numerous obstacles that negatively impact their ability to secure and retain employment. Colorado families return to welfare at a rate of about 20% within 12 months. Focus on immediate employment is likely to mean only short term success for many families unless issues standing in the way such as health and mental health, child care, transportation, and job retention are addressed.

Chief among obstacles facing Colorado families is the lack of available quality, affordable child care. In Colorado's devolved TANF system, counties have had to use TANF dollars to fill in the gap where child care funding has fallen short. In the last year, many Colorado counties have had to cut back on the number of families that can receive a child care subsidy. Counties have had to lower income eligibility, eliminate child care assistance for parents in education and training programs, freeze enrollment and start waiting lists, and cut reimbursements to child care providers. All of these steps mean less child care assistance for low-income Colorado families, including but not limited to families participating in the Colorado Works TANF program.

As an expense, child care can be one of the most costly for a family, particularly as parents are trying to become stable in their jobs. For a family with two young children, child care costs can amount to almost \$800 per month or more. Just as families get into the work world, and increase their hours and wages, they risk losing the subsidy, and then they are faced with an impossible situation. TANF reauthorization must include increased funding for child care so that parents can meet their responsibilities at home and on the job. If adequate additional funding for child care is not provided, families will return to the welfare system, thus defeating one of the major purposes of welfare reform.

II. Work Participation Rates and Work Requirements

Work participation rates and work requirements must not be increased, particularly at a time when unemployment has increased and welfare caseloads have risen, both of which are the case in Colorado. In the current economic downturn, TANF participants are forced to compete for scarce jobs with laid-off workers who often have much higher levels of skills, education, and job experience.

Increasing work requirements would place much higher burdens on families while they care for their children. In Colorado, over 70% of those who have left TANF work in service and retail jobs. The current standard in retail and service jobs is to provide fewer than 40 hours per week for employees and few, if any, benefits such as health care. Increasing work hour requirements could require parents to work multiple jobs, casting aside the value of parent-child bonding and care, to say nothing of the stress and chaos this would cause. Families have moved from welfare to work in record numbers. Colorado has one of the highest caseload reductions in the nation, despite recent setbacks. The next step needs to be helping families earn a family-supporting income with health care and other benefits so that they do not need to rely on government assistance. It does not need to be further tying the hands of states like Colorado.

Proposals to increase work participation rates and work requirements also don't take into account the many challenges faced by TANF participants such as lack of education and work experience, domestic violence, physical and mental disabilities, or caregiving responsibilities for young children and/or family members with disabilities. As Colorado TANF caseloads decreased, the portion of participants facing multiple obstacles has increased. TANF reauthorization must increase state flexibility to exempt people from work requirements who have serious barriers to employment or special caregiving needs.

Proposals to increase work participation rates and work hour requirements also fail to take into account the concerns of the states regarding their ability to find or make work for longer hours for increased numbers of TANF participants.

III. Education and Training

TANF reauthorization must increase education and training opportunities for participants who are trying to leave welfare for work. Restrictions and/or disincentives must be eliminated for parents to obtain vocational education, post-secondary education, GED preparation and ESL classes.

It has long been established that education is an indicator of economic success. The employment rate for those with no diploma is 43%, for those with high school or GED the rate of employment is 59% and for those with some college the rate is 71%. Earnings are 31% higher for those with a high school diploma and even higher for those with further education.

Allowable work activities must be expanded to encourage these proven, successful ways for some parents to obtain family-supporting jobs that could end their dependence on public assistance.

IV. TANF Funding Levels

At a minimum, current TANF funding levels must be maintained and a yearly increase for inflation must be added. In real dollars, the TANF block grants have lost 13% of their value since 1996. If there is no adjustment made for inflation, the block grants will have lost almost a quarter of their value in another five years.

In Colorado, the caseload of families receiving TANF cash assistance has risen over 14% in the last fiscal year, and many other families are still accessing benefits such as diversion grants and child care which are funded by the TANF program even though they aren't counted in the caseload numbers.

To support work, federal resources will have to be adequate to do two things – to do the best job of getting those families who can out of poverty and to support those working families struggling to make ends meet in low-wage, no benefit jobs. In addition, states are now faced with serving those with the most barriers and the most need, which will mean higher costs.

V. Safety Net

Arbitrary TANF time limits and extension percentages must be eliminated. Families who are playing by the rules and doing everything that is required of them should not be penalized if they still need supports to meet their basic needs.

Parents facing multiple barriers to employment, who are making up a growing portion of the TANF caseload, should be able to receive supportive services without triggering a timeclock. A safety net must be provided for those families that will never be self-sufficient.

Benefits must be restored to immigrants – nationally, every year legal immigrants contribute approximately \$50 billion more to our nation in taxes than they receive in government support. We are one nation, one people and we deserve one strong safety net. At a minimum, states must be allowed the flexibility to restore benefits for documented immigrants.

VI. Diversion of TANF Funds

TANF funds must not be diverted to experimental marriage promotion and family formation schemes. Limited resources should not be shifted from methods proven to assist families in achieving economic security into unproven programs that meddle in their personal lives. If the TANF program invests in families by providing adequate funding for the child care, education, training, and employment supports that we know work, women will have the resources, skills and support they need to make the best decisions regarding relationships for themselves and their children, free of government interference or coercion.

VII. Poverty Reduction

Lastly, the goals of the TANF program must include ending poverty and enhancing family well-being as clearly stated objectives. The specific provisions of any bills under discussion can then be evaluated in regards to their effectiveness in achieving these goals. The focus should be on improved outcomes for families.

We hope that you will consider these factors as you deliberate on the bills and issues related to TANF reauthorization. Thank you for taking the time to hear and consider our concerns.

Respectfully submitted by
Linda Meric, Organizer / Executive Director
9to5, National Association of Working Women – Colorado Chapter
on behalf of all the Colorado organizations listed below:

9to5, National Association of Working Women – Colorado Chapter
Colorado Anti-hunger Network
Colorado Center on Law and Policy
Colorado Chapter – National Association of Social Workers
Colorado Coalition Against Domestic Violence
Colorado NOW
Colorado Progressive Coalition
Colorado Women's Agenda
Denver Area Labor Federation, AFL-CIO
Denver Department of Human Services
Denver Urban Ministries
Denver Women's Commission
League of Women Voters of Colorado
Lutheran Office of Governmental Ministries – Colorado
Metro CareRing
People United For Families
Posada – Pueblo
Project WISE
Women's Lobby of Colorado

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**TESTIMONY OF
NOW LEGAL DEFENSE AND EDUCATION FUND
ON "WELFARE REFORM REAUTHORIZATION"**

SUBMITTED TO THE UNITED STATES SENATE FINANCE COMMITTEE

**Hearing on "Welfare Reform Reauthorization"
held on March 12, 2003**

**Sherry Leiwant
Senior Staff Attorney**

**TESTIMONY OF NOW LEGAL DEFENSE AND EDUCATION FUND ON
WELFARE REFORM AND MARRIAGE INITIATIVES**

NOW Legal Defense and Education Fund ("NOW Legal Defense") appreciates the opportunity to submit this testimony on the issue of TANF Reauthorization and building stronger families.¹ We adhere to our long held belief that anti-poverty efforts must focus on initiatives that will empower individuals to become economically self-sufficient and permanently free them from poverty.

NOW Legal Defense is a leading national not-for-profit civil rights organization with a 31-year history of advocating for women's rights and promoting gender equality. Among NOW Legal Defense's major goals is securing economic justice for all. Throughout our history, we have used the power of the law to advocate for the rights of poor women. We have appeared before the Supreme Court of the United States in both gender discrimination and welfare cases, and have advocated for protection of reproductive and employment rights, increased access to child care, and reduction of domestic violence and sexual assault.

NOW Legal Defense addresses welfare reform reauthorization from the perspective of ending women's poverty. To this end, we have convened the Building Opportunities Beyond Welfare Reform Coalition (BOB Coalition), a national network of local, state, and national groups, including representatives of women's rights, civil rights, anti-poverty, anti-violence, religious and professional organizations. The House has recently passed a TANF reauthorization bill which largely incorporates the Administration's proposals. We strongly oppose H.R. 4's changes in the TANF work rules because they discourage participation in education and training, impose expensive new unfunded mandates which could lead to cuts in basic economic supports, and do not assure the availability of appropriate child care. However, our testimony today focuses on the H.R. 4 marriage promotion provisions which are rightfully controversial and pose special issues for women who are poor.

Our testimony focuses on why, from a policy perspective, government involvement in personal issues of family formation would not reduce poverty, but would create a dangerous precedent for the individual liberty of all Americans. First, emphasis on marriage and family formation sidesteps the underlying causes of poverty, particularly the poverty of women and children -- such as lack of job training and education, ongoing sex and race discrimination, violence and lack of child care. At a time of huge budget deficits and high unemployment it is irresponsible to focus over a billion dollars on untested, unproven marriage promotion programs. Second, government involvement in highly personal decisions such as marriage is a departure from our most basic principles, a threat not just to poor women, but to all citizens who believe that liberty entails making fundamental personal decisions without

governmental interference. In addition, because of the prevalence of violence among women forced to turn to public assistance, promotion of marriage can raise particular and severe dangers.

Poll after poll shows that most Americans are against the government's involvement in individual decisions regarding marriage and oppose use of scarce public dollars to promote marriage among the poor. This is not surprising as Americans value their personal privacy and their right to make personal decisions free of government intrusion, and most adults who have experience with intimate relationships are rightfully skeptical that the government can or should try to influence them. Opposing use of scarce public dollars for this purpose is not the same as being "anti-marriage," but rather recognizing that there are some issues that should not involve government. In addition, it is important for those in Congress to remember that there are currently more non-marital families than married families in America. These include single, separated, divorced, widowed, cohabitating, gay and lesbian, and extended families, among others. Members of Congress are elected by members of these families as well as by those in traditional nuclear families and should care about supporting the well-being of all families, regardless of how they are constituted.

I. Federal and State Marriage Proposals

Both Federal and State initiatives with respect to marriage are alarming in their invasion of personal privacy and, at the same time, raise serious questions about the effective use of scarce government funds and the competence of government to administer programs dealing with intimate decisions such as marriage. We are particularly concerned that TANF funds will be diverted away from desperately needed economic supports, child care and job training into questionable programs unlikely to have any positive effect in reducing poverty.

Federal Initiatives:

Current law allows but does not require states to use TANF funds for marriage promotion and for initiatives aimed at decreasing out of wedlock births. The Administration's plan, embodied in H.R. 4, which passed the House of Representatives last month by a party line vote of 230-192, includes significant funding for marriage promotion initiatives. H.R. 4 has four main marriage promotion provisions. First, it creates a dedicated marriage promotion funding stream of between \$300 - \$320 million a year. Second, it mandates that all states establish marriage promotion programs. Third, it authorizes use of TANF funds for marriage promotion programs targeting the general population, not just the needy. Fourth, it expresses opposition to discrimination against married couple families, but not to discrimination against unmarried couple or single parent families.

The funds committed to marriage promotion in H.R. 4 are significant. Although H.R. 4 includes no new TANF funding for economic support, it authorizes \$100 million a year in specifically dedicated federal TANF funding for a Marriage Promotion competitive

grant program. (§ 103). States would be required to match the \$100 million and would be allowed to use their basic federal TANF allocation to do so, thus potentially diverting an additional \$100 million of TANF funds from economic support to marriage promotion. H.R. 4 also authorizes an additional \$100 million a year for new TANF demonstration project funding to “be expended primarily” on “Healthy Marriage Promotion Activities.” (§§115, 103). And H.R. 4 also creates a fatherhood program funded at \$20 million a year “to promote and support involved, committed, and responsible fatherhood, and to encourage and support healthy marriages.” (§ 119).

H.R. 4 also adds new requirements that in order to participate in TANF, states must have a program to “encourage the formation and maintenance of healthy 2-parent married families” and must set “specific, numerical, and measurable performance objectives” for promoting such families. (§ 115). This language suggests that in order to qualify for any TANF funding, states might have to set numerical goals for increasing the state marriage rate and reducing the state divorce rate.

The Department of Health and Human Services has already issued a “Compendium” of approaches for achieving these goals, which is a likely indicator of the recommendations it would make to states for spending marriage promotion funds were such spending to be required. This Compendium suggests that states consider completely unproven and coercive methods, such as paying a \$2,000 cash bonus to poor couples who marry and reducing welfare payments to poor couples who choose not to marry. (“Strengthening Healthy Marriages: A Compendium of Approaches,” U.S. Department of Health and Human Services (August 2002), available at <http://www.acf.hhs.gov/programs/region2/index.htm>.) The Compendium includes marriage promotion organizations that clearly should not receive large grants of tax dollars. Some of these organizations recommend reducing the divorce rate by restricting the right to divorce. Some teach that the husband should be the leader/breadwinner, and the wife the follower/homemaker. Several are for-profit commercial ventures which claim that they can help couples avoid divorce for a substantial fee. Legislators should pause before enacting a program that threatens to divert government money intended to help the poor to fund the untested programs of such organizations.

State Initiatives:

As noted above, since the Personal Responsibility and Work Opportunities Reconciliation Act (PRWORA), states have been free to use TANF dollars to support marriage and two-parent families, although most states have not done so. States have instituted programs that range from a simple waste of public dollars to outright discrimination against struggling single parent families. These examples should give legislators pause about pushing states to do more to promote marriage. For example:

- In Oklahoma, former Governor Frank Keating earmarked 10 percent of the state’s TANF surplus funds to fund the \$10 million Oklahoma Marriage initiative, which includes pre- and post-marital counseling to Oklahoma families, a marriage resource center, a marriage mentor program, and the creation of a Marriage

Scholars-in-Residence.ⁱⁱ The initiative also contains a specific “religious track” under which the state’s religious leaders sign a marriage covenant, thereby committing themselves to encourage pre-marital counseling for couples in their house of worship. A few months after Keating made his proposal, the state hired a pair of “marriage ambassadors” with a \$250,000 a year salary to give “relationship rallies” on school campuses as well as meeting with ministers and set up a research project. Last September the state spent \$16,000 flying in pro-marriage speakers from around the country for a two-day conference. It also developed a workshop called Prevention and Relationship Enhancement Program (PREP) that is offered in schools and community centers.ⁱⁱⁱ Three years after Oklahoma implemented its marriage promotion programs, the state’s divorce rate has remained unchanged.^{iv}

- West Virginia’s state TANF plan adds a \$100 marriage incentive to a family’s benefits if there is a legal marriage in a household where both individuals receive welfare assistance payments. Since West Virginia’s monthly TANF benefit for a family of three is \$328, this \$100 per month bonus makes a significant difference in economic support and gives children in poor married families a significant economic advantage over children whose poor single mothers have been unable or unwilling to marry.

Programs such as those described above divert funds from direct support of poor families or provision of services needed to support employment. Programs like that in West Virginia discriminate directly against poor single parent families. Endorsing or increasing funding for such programs is bad public policy.

II. Welfare Reform Reauthorization Should Not Focus on Marriage

Welfare reform reauthorization should focus on ending poverty. In order to accomplish that goal, we must focus on the barriers to economic self-sufficiency rather than marriage by investing in education, training and work supports to help families and individuals get to a point where they can survive and prosper, whether married or not.

A. The American Public Overwhelmingly Rejects Governmental Involvement in Personal Decisions to Marry. According to the PEW Forum on Religion & Public Life opinion poll, there is broad opposition to government programs aimed at encouraging marriage. Nearly eight in ten Americans (79%) want the government to stay out of this area, while just 18% endorse such pro-marriage programs. While those with a high level of religious commitment are more likely to favor these programs, fully two-thirds (66%) in that category do not want the government to get involved.^v

In addition, Americans also strongly reject any proposal that would divert welfare resources for the poor into marriage promotion programs. A recent poll conducted on behalf of the National Campaign for Jobs and Income Support shows that a mere five

percent of those surveyed select marriage promotion as the number-one welfare priority for Congress, while fully 62% cite work support for people moving from welfare to good jobs as the top priority.^{vi} Similarly, a poll conducted for the Ms. Foundation found that less than three percent of Americans believe the principal goal of the welfare system should be to promote marriage and discourage out-of-wedlock birth.^{vii} By contrast, giving people the skills needed to achieve self-sufficiency received the most support. Most recently, a survey conducted for the Annie E. Casey Foundation also found that proposals to promote marriage through welfare programs do not meet with even superficial public support. A solid 64% of those surveyed reject proposals to provide financial bonuses to mothers on welfare who marry the father of their children, and over 70% believe pushing people to get married is the wrong priority for Congress.^{viii}

B. Reauthorization Should Not Coerce Low-Income Women into Giving Up Their Fundamental Rights to Privacy. The Supreme Court has long recognized an individual's right to privacy regarding decisions to marry and reproduce as "one of the basic civil rights of man, fundamental to our very existence and survival."^{ix} Significantly, this constitutional right equally protects the choice *not* to marry.^x Reproductive privacy, initially honored as a right of marital privacy,^{xi} has been firmly established as a protected right of the individual, irrespective of marital status.^{xii} According to the Supreme Court, "if the right of privacy means anything, it is the right of the individual, married or single, to be free from unwarranted governmental intrusion into matters so fundamentally affecting a person as the decision whether to bear or beget a child."^{xiii} Furthermore, the U.S. Supreme Court has specifically rejected the use of the welfare system to try to influence the marriage decisions of a child's parents. In National Welfare Rights Organization v. Cahill, 411 U.S. 619 (1973), a New Jersey welfare provision that limited benefits to families where there were two adults "ceremonially married to each other" was struck down as a violation of the Constitution's Equal Protection Clause. The Court held that penalizing children by restricting welfare benefits to them because of the marital decisions of their parents "is illogical and unjust."

Government programs promoting marriage may invade this right to privacy and may encourage the kind of differential treatment of children in non-marital families that the Supreme Court condemned in NWRO v. Cahill. They certainly pose concerns regarding voluntariness and coercion. It is critical that Congress must neither require nor encourage incentives for states to coerce low-income women into trading away their fundamental rights to marry or not to marry. As such, federal mandates on states to set numerical goals are not appropriate. Obviously, voluntariness is key to a non-coercive program. However, it is hard to conceive of provisions that would genuinely protect voluntariness in a program that supplies a lifeline to desperate families in need of help in supporting their children. Nevertheless, any consideration of programs that would promote marriage or family formation must include explicit protections safeguarding voluntariness and prohibiting penalties or sanctions for refusal to participate in such programming.

Finally, states must not be permitted to discriminate based on marital status or family formation. To that end, TANF reauthorization should include language that prohibits states from treating equally needy families differently based on marital status or family formation. This will correct discriminatory policies and practices against married families, without swinging the pendulum to permit discrimination against single or cohabitating families.

C. The Staggering Prevalence of Domestic Violence Among Women on Welfare Presents an Insurmountable Challenge to “Healthy Marriage” Promotion within TANF. When considering marriage promotion within the context of TANF, Congress must face the reality that violence is one of the main causes of women’s poverty. Domestic violence makes women poor and keeps them poor. Study after study demonstrates that a large proportion of the welfare caseload (consistently between 15% and 25%) consists of current victims of serious domestic violence.^{xiv} Between half and two thirds of the women on welfare have suffered domestic violence or abuse at some time in their adult lives.^{xv} Moreover, by an overwhelming margin, these women’s abusers are most often the fathers of their children.

For these women and their children, marriage is not the solution to economic insecurity. For them marriage could mean death or serious injury; it will almost undoubtedly mean economic dependence on the abuser. In the population as a whole, many battered women are economically dependent on their abusers; 33-46% of women surveyed in five studies said their partner prevented them from working entirely.^{xvi} Those who are permitted to work fare little better. Ninety-six percent reported that they had experienced problems at work due to domestic violence, with over 70% having been harassed at work, 50% having lost at least three days of work a month as a result of the abuse, and 25% having lost at least one job due to the domestic violence.^{xvii} Thus, battered women are overwhelmingly either economically dependent on the abuser or are economically unstable due to the abuse.

Those who would promote marriage in every circumstance sometimes claim that marriage decreases domestic violence. This idea ignores many realities of domestic violence. First, some women date or cohabit with abusers but do not marry them. Second, married survivors are less likely to report the abuse. Third, separation and divorce frequently incite batterers to increase the frequency and level of violence.^{xviii}

Congress itself has repeatedly recognized that domestic violence is a serious national problem and has made efforts to minimize the severe risk to women and children from that violence, most recently by reauthorizing the Violence Against Women Act in 2000. Marriage promotion for TANF recipients ignores the reality of domestic violence. First, proponents’ assertions that they intend to promote only “healthy marriages” lose credibility in the face of the reality that as many as two-thirds of TANF recipients report incidents of domestic violence. Surveys of low-income women in several cities show that two of the four main reasons for not marrying are fear of domestic violence and fear of a power imbalance.^{xix} Safeguards assuring that programs funded to promote marriage consult with domestic and sexual violence

experts and child advocates on the development and implementation of policies, procedures, and training necessary to appropriately address domestic and sexual violence and child abuse issues will provide some security. But they will not make marriage promotion within TANF safe. H.R. 4 lacks even the most rudimentary protections for domestic violence victims; domestic violence is not mentioned in the legislation and, therefore, use of marriage promotion dollars to keep women in abusive marriages or to help persuade them to marry their abuser is a very real threat.

The reality is that most women who are victims of violence are ashamed and afraid. They often fear the potential consequences of acknowledging the abuse: the stigma of being a domestic violence victim; the very real possibility of losing their children to child welfare agencies; the potential that disclosure of violence will escalate the abuse. Marriage promotion programs, no matter how "sensitive" to domestic violence on paper, cannot change the fact that those promoting marriage will probably not know about violence in the relationship they are trying to make legally permanent. Thus, programs that push poor women into marriage with the fathers of their children may inadvertently legitimize abusive situations; similarly, programs that discourage divorce may increase the already deep shame and social pressure to remain with the abuser that women who are married and are being abused often feel. A governmental message to poor women who are violence victims that there is something wrong with being unmarried will make it even more difficult for women who are trying to leave an abusive relationship to do so. The complexity of domestic violence and the danger to women who stay in or formalize abusive relationships make any government-sponsored marriage promotion program extremely problematic.

TANF currently includes a Family Violence Option (FVO) allowing states to confidentially screen for domestic violence, refer to services, and modify or waive program requirements that would be unsafe or unfair to victims of domestic violence. Although nearly all states have adopted some version of the FVO, not all states have done so. With such an overwhelming correlation between violence and poverty, it is both troubling and illogical that Congress would consider mandating marriage promotion and providing significant financial incentives (including modification to the MOE) while not requiring states to address domestic violence through the FVO. At a minimum, Congress should require all states to screen for domestic violence and refer individuals to services and should invest TANF dollars in case worker training, a study of best practices with respect to addressing domestic violence in TANF, and dissemination of those best practices to all states to help them address this very real barrier to economic security.

We urge you to reject marriage and family formation proposals that ignore the very real risks of violence. Precious federal dollars should not go to programs that may contribute to the problem of violence against women that this Congress has taken such great strides to ameliorate. If Congress does go forward with a demonstration project on marriage or family formation, it must include safeguards, require the

involvement of domestic violence coalitions or experts in any project approval, and require states to address domestic violence issues through the FVO.

D. Marriage Does Not Address the Root Causes of Women's Poverty and Is Not a Reliable Long-Term Solution to Women's Poverty. Common sense tells us that two incomes are better than one and thus more likely to move people off of welfare. But a closer look at the facts shows that marriage is not the simple solution to poverty that it is made out to be.

First, forming a two-parent family does not guarantee economic security. Forty percent of all families living in poverty are two-parent families. Thus, two-parent families are not immune to poverty or the economic stresses single parent families face.

Second, due to death and divorce, marriage does not ensure women's economic security. Approximately 40% of marriages end in divorce^{xx} and 12% end due to the husband's death.^{xxi} Among women currently on welfare, about 40% are married or were married at one time: 18.4% are married; 12.3% are separated; 8.3% are divorced; and about 1% are widows. A significant number of divorces and separations are due to domestic violence. In these cases it is futile to claim that marriage would provide security, economic or otherwise. Indeed, there is no simple causal relationship between single motherhood and poverty.

The reasons that women, more than men, experience an economic downfall outside of marriage include: primary care giving responsibility for children which -- without attendant employment protections and due to lack of quality, affordable, accessible child care -- makes unemployment or underemployment inevitable; discrimination in the labor market; and domestic violence. Without addressing the factors that keep women from being economically self-sufficient, marriage and family formation advocates are merely proposing to shift women's "dependence" from the welfare system to marriage. That certainly does not promote individual responsibility, nor is it a policy solution for genuine, reliable, economic security.

On the other hand, a policy that invests in education, training and work supports empowers individuals to true security. In 2000, only 1.2% of single mothers with a college degree who worked full-time year round lived in poverty. Less than eight percent of single mothers with some college working full-time lived in poverty.^{xxii} This is by far the best poverty reduction statistic; a far better poverty reduction statistic than marriage.

In fact, the approach to marriage advocated by H.R. 4 has it backwards. Economic security is more likely to lead to successful marriage than is marriage likely to lead to economic security. The outcomes of the Minnesota Family Investment Program (MFIP) support this conclusion. MFIP reached welfare-eligible single and two-parent families and focused on participation in employment services for long-term welfare recipients combined with financial incentives to encourage and support

work. These work supports include child care, medical care, and rewarding work by helping the family to develop enough earning power to survive financially without cash assistance before cutting off their benefits. A study comparing the economic progress of those in the standard AFDC welfare program with MFIP participants found that only 14% of AFDC recipients compared with 25% of families in the MFIP program were out of poverty within 2-¼ years and the MFIP families had on average \$1400 more in annual income. After 36 months MFIP participants were 40% more likely to be married than participants in the standard AFDC program, and nearly 50% less likely to be divorced after five years. The outcome of the MFIP program shows that allowing families to combine welfare and work, and providing work supports to help individuals become economically secure, actually strengthens marriage and reduces divorce.^{xxiii}

Thus, investments in education, training and work supports can both empower women to achieve economic security (thereby economically empowering couples as well) and strengthen marriages. If Congress takes this approach it can enable individuals to achieve their own goals, without invading their privacy or endangering their families.

III. Welfare Reform Reauthorization Should Focus on Ending Poverty

Reducing poverty should be Congress' overarching goal in reauthorizing TANF. In order to achieve that purpose, Congress must first make access to education a reality for individuals on TANF. This means including the full range of education as a work activity without arbitrary caps or impractical time limits. It also means access to training for jobs that pay a living wage. Without an emphasis on non-traditional and living wage jobs, individuals on TANF will continue to move into low wage, no benefit jobs that will not move their families out of poverty. Such jobs will decrease the likelihood that they will marry and will increase the likelihood of divorce. Moreover, they will continue the cycle of poverty.

Second, Congress must pay appropriate attention to child care. If Congress is truly concerned about family and a proper start for all children, mothers should not be subjected to increased work participation requirements without quality, affordable child care, or at the expense of time spent with their own young children. This requires not only sufficient child care funding, but enhanced child care protections for parents of young children, children in need of after school care and children with special needs and realistic approaches to increased work requirements for parents. (For example, it is disingenuous to suggest that a single mother can work 24 hours, go to college 16 hours, study, and have time to invest in her children as well as herself.)

Third, Congress must make a serious commitment to addressing barriers to economic security. A significant portion of the individuals on TANF face multiple barriers, including domestic violence, substance abuse, mental health issues, disability, low literacy levels, and limited English proficiency.^{xxiv} As a result, many leave TANF or are sanctioned off, but are unable to sustain employment and are forced to return to the rolls.

Congress must ensure that TANF workers screen for barriers to economic security, offer appropriate services and the time needed to use those services, and modify or waive program requirements as needed. Moreover, and especially in light of the increasing emphasis on marriage, Congress must adopt the foregoing policy suggestions with respect to the Family Violence Option (i.e., ensuring that all states address domestic and sexual violence, and have the benefit of caseworker training as well as the best practices that have been developed over the last five years).

Finally, Congress must ensure that anti-discrimination policies are the cornerstone of TANF law, policy and practice, taking special care to prohibit discrimination against TANF recipients based on their marital status. It must eradicate barriers to TANF access for legal immigrants.

Conclusion

The solution to poverty is not to interfere with basic privacy rights of poor women but rather to focus on economic self-sufficiency. Decisions regarding marriage and childbearing are among the most private decisions an individual can make. Congress must not use women's economic vulnerability as an excuse for attempting control their decisions regarding marriage and childbearing. Fighting poverty and promoting family well-being will depend on positive governmental support for proven policies that support low income parents in their struggle to obtain and retain good jobs, while at the same time providing the best possible care for their children. Government resources should be devoted to the reduction of poverty, not wasted on unproven, intrusive policies that interfere with personal family formation decisions.

APPENDIX

**A BLUEPRINT FOR SOLUTIONS TO WOMEN'S POVERTY
GOALS FOR REAUTHORIZATION**

Welfare Reform Reauthorization Should Insure Family Privacy

- Eliminate promotion of marriage as an anti-poverty goal.
- Recognize that marriage is not the solution to poverty and focus on empowering individuals to have the economic freedom to choose whether or not to marry.
- Ensure that welfare reauthorization does not discriminate against different family configurations.
- Eliminate the family cap in all states.
- Replace "Abstinence-Only" programs with comprehensive sex education programs.
- Repeal the "Illegitimacy" Reduction Bonus.
- Make paternity establishment voluntary, not required.
- Support child support and EITC reforms.

Welfare Reauthorization Should Address the Causes of Women's Poverty

Insure Movement Into Jobs That Will Lift Families Out of Poverty, Employment Rights, and Workplace Protections by:

- Insuring use of the Self-Sufficiency Standard to measure outcomes for welfare leavers.
- Targeting good jobs that are available in the local economy and provide education and training necessary to obtain and retain those jobs.
- Allowing education and training to count as work participation under TANF.
- Protecting basic employment rights for TANF recipients.
- Stopping the time limit clock for working families who still need income support.

Address Violence in the Lives of Poor Women by:

- Mandating that all states implement the Family Violence Option.
- Providing incentives for successful implementation of programs for victims of domestic and sexual violence.
- Prohibiting sanctions against victims of domestic and sexual violence.
- Encouraging use of emergency assistance for victims of domestic and sexual violence.

Insure Adequate Child care and That No Family Suffers for Lack of Child Care by:

- Strengthening provisions protecting families from sanctions if they do not have child care.

- Strengthening procedures to get child care subsidies to TANF families and welfare leavers.
- Limiting child care co-fees for poor parents.
- Stopping the clock for families who cannot find appropriate child care.
- Increasing child care funding.

Value caregiving of children as real, socially important work by:

- Allowing the full-time parenting of pre-school age or disabled children to count as work participation under TANF.
- Making the child tax credit refundable.
- Specifically authorizing states to provide in-home caregiving allowances.
- Raising rates for child care providers.

Reform child support collection and distribution by:

- Making child support cooperation requirements voluntary.
- Insuring appropriate levels of obligation for non-custodial fathers.
- Insuring that families on welfare receive some of the money paid by the fathers.
- Disregarding any child support payments passed through to a family receiving benefits.
- Insuring that families that have transitioned off welfare receive all child support they are owed before the state reimburses itself for past assistance.

Employ a comprehensive high performance bonus that rewards states for moving families out of poverty, not off the welfare rolls.

ⁱ The authors would like to thank Shawn Chang for his invaluable assistance in completing this testimony.

ⁱⁱ *Supra* Note 156.

ⁱⁱⁱ Tyre, Peg. "Oklahoma is fighting its sky-high divorce rate with controversial, state-funded "marriage ambassadors." *Newsweek*, Feb. 18, 2002, U.S. Edition.

^{iv} Ross, Bobby Jr. "Divorce rate stays steady, study shows" *The Daily Oklahoman* (2/10/2002). Citing that for every 100 marriage licenses issued in 2001, the state granted 76 divorce petitions.

^v The PEW Research Center for the People & the Press and the PEW Forum on Religion & Public Life. "American Struggle with Religion's Role at Home and Abroad," News Release, March 20, 2002, at 3.

^{vi} Peter D. Hart Research Associates. "TANF/Welfare Survey Findings." National Campaign for Jobs and Income Support Memo, April 12, 2002, at 1.

^{vii} Ms. Foundation for Women. "Americans Say Welfare Should Provide Self-Sufficiency Skills, Move People Out of Poverty – Not Promote Marriage." (February 6, 2002) at 1.

^{viii} Peter D. Hart Research Associates, Inc. "Memorandum to Advocates for Low-Income Families."

^{ix} *Skinner v. Oklahoma ex rel. Williamson*, 316 U.S. 535, 541 (1942).

^x *Loving v. Virginia*, 388 U.S. 1, 12 (1967).

^{xi} *Griswold v. Connecticut*, 381 U.S. 479, 495 (1965).

^{xii} *Eisenstadt v. Baird* 405 U.S. 438, 453-54 (1972).

^{xiii} *Id.* at 453.

^{xiv} See Jody Raphael & Richard M. Tolman, Taylor Inst. and the Univ. of Mich. Research Dev. Ctr. on Poverty, Risk and Mental Health, *Trapped by Poverty, Trapped by Abuse: New Evidence Documenting the Relationship Between Domestic Violence and Welfare*, 12 (1997).

^{xv} See Mary Ann Allard, et al., McCormack Inst., *In Harm's Way? Domestic Violence, AFDC Receipt and Welfare Reform in Mass.*, 12, 14 (1997) (64.9% of 734 women); Ellen L. Bassuck, et al., *The Characteristics and Needs of Sheltered Homeless and Low-Income Housed Mothers*, 276 *JAMA* 640 at 12, 20 (1996) (61.0% of 220 women); William Curcio, *Passaic County Study of AFDC Recipients in a Welfare-to-Work Program: A Preliminary Analysis*, 12, 14 (1997) (57.3% of 846 women).

^{xvi} See United States General Accounting Office, Report to Congressional Committees, *Domestic Violence: Prevalence and Implications for Employment Among Welfare Recipients*, 7 (1998).

^{xvii} See Joan Zorza, *Woman Battering: High Costs and the State of the Law*, 25 *Clearinghouse Rev.* 421 (1991).

^{xviii} See Einat Peled, *Parenting by Men Who Abuse Women: Issues and Dilemmas*, *Brit. J. Soc. Work*, Feb. 2000, at 28.

^{xix} Kathryn Edin, Joint Center for Poverty Research Working Papers, *What Do Low-Income Single Mothers Say About Marriage?*, Aug. 9, 2001, available at http://www.jcpr.org/wpfiles/edin_WP_ediforweb1-31.pdf.

^{xx} the National Marriage Project, *Annual Report: the State of Our Unions: the Social Health of Marriage in America, 2000* (June 2000), available at <http://marriage.rutgers.edu/NMPAR2000.pdf>.

^{xxi} United States Census Bureau, Current Population Reports, Series No. P20-514, *Marriage Status and Living Arrangements: March 1998 (Update)* (2000), available at <http://www.census.gov/prod/99pubs/p20-514u.pdf>.

^{xxii} Neil G. Bennett, et al., National Center for Children in Poverty, *Young Children in Poverty: A Statistical Update*, June 17, 1999, available at <http://cpmnet.columbia.edu/dept/nccp/99uptext.html>.

^{xxiii} Manpower Demonstration Research Corp. (MDRC), chap. 6, available at <http://www.mdrc.org/Reports2000/MFIP/MFIP-Vol-1-Adult.pdf>.

^{xxiv} U.S. General Accounting Office, *More Coordinated Federal Effort Could Help States and Localities Move TANF Recipients With Impairments Towards Employment* (GAO-02-37), at 3-4.

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TESTIMONY OF

**THE OKLAHOMA COALITION AGAINST
DOMESTIC VIOLENCE AND SEXUAL ASSAULT**

ON "WELFARE REFORM REAUTHORIZATION"

SUBMITTED TO THE UNITED STATES SENATE FINANCE COMMITTEE

**Hearing on "Welfare Reform Reauthorization"
held on March 12, 2003**

Contact:

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**TESTIMONY OF THE OKLAHOMA COALITION AGAINST
DOMESTIC VIOLENCE AND SEXUAL ASSAULT ON
WELFARE REFORMS AND MARRIAGE INITIATIVE**

The Oklahoma Coalition Against Domestic Violence and Sexual Assault appreciates the opportunity to submit this testimony on TANF Reauthorization and strategies for building stronger families. While there are many TANF reauthorization issues upon which we could comment, this testimony will focus on our concerns related to proposed marriage promotion initiatives, your opportunity to enhance States' response to domestic and sexual violence within the TANF program, and our support for education and training for TANF recipients, child support reforms, and adequate funding for child care.

The Oklahoma Coalition Against Domestic Violence and Sexual Assault is Oklahoma's professional membership organization of certified domestic violence and sexual assault programs. Membership includes twenty-six of twenty-nine certified programs, the Oklahoma Native American Domestic Violence Coalition and several tribal programs. Coalition membership meets the needs of individuals affected by domestic violence and sexual assault by providing safe shelter, crisis hotlines, emergency transportation, legal advocacy, sexual assault advocacy, hotline response, child advocacy, counseling, transitional living and a myriad of outreach, prevention and educational activities. The State Office of the Coalition facilitates the service providers commitment of collaboration with local, state and national groups whose programs have the potential to impact individuals who have been victimized or have the potential to be victimized by domestic violence, sexual assault and stalking. The Coalition serves as a platform for local programs to share ideas and resources and to strategize public policy so that the outcome for all victims is safety, empowerment and self-sufficiency.

We join others in urging you to ensure that TANF reauthorization responds to the reality of sexual and domestic violence and supports the safety and self-sufficiency of all TANF recipients. TANF remains an essential bridge for many women in Oklahoma seeking to leave violent relationships and become economically self-sufficient.

In national studies, over half of the women receiving welfare have experienced physical abuse by an intimate partner at some point during their adult lives, with as many as 30% of these women reporting abuse in a current relationship. A significant number of women receiving welfare also report physical and/or sexual abuse in childhood.¹ In Oklahoma as in other parts of the country, we have found that most battered women work or want to work *if they can do so safely*. In fact, many women use welfare and work as a way to escape an abusive relationship.²

Abusive partners often sabotage women's efforts to become more financially self-sufficient – abusers start fights before key events, such as tests or job interviews; threaten or harass partners at work or prevent them from going to work or school; destroy books and homework assignments; give their partners black eyes or other visible injuries to make them embarrassed to go on job interviews or to their job; flatten car tires, destroy bus passes; threaten to kidnap the children; and fail to provide promised child care or transportation.³ More than half of battered

women in one survey stayed with their abusive partner because they felt unable to support themselves or their children.⁴

Given the high numbers of TANF recipients who are victims of abuse, we urge you to give priority consideration to the following issues and concerns.

Enhance the Family Violence Option

All but five States have adopted the Family Violence Option (FVO) included as part of the 1996 welfare reform bill or enacted similar provisions to address domestic violence, including exempting victims of violence temporarily from work requirements while they receive services and take other steps toward self-sufficiency.⁵ For some women, these waivers have kept them from being sanctioned when an abusive partner interfered with their ability to keep appointments or attend class. For other women, waivers, accommodations, or services gave them the time, flexibility and support they needed to address the violence or recover from its effects.⁶

We urge Congress to support the safety and self-sufficiency of TANF clients by requiring every state to certify in its TANF State plan that it has established and is implementing standards and procedures to address domestic and sexual violence.

Given its prevalence within the TANF population, it should no longer be a State option whether or not to address intimate violence and the barriers to self-sufficiency this violence creates. *The specifics of program design and implementation should appropriately be left to the States*, but each should be required to describe in their State plans how trained caseworkers will screen individuals, assess their safety risks, and refer victims to services. States should also provide notice, ensure confidentiality, and modify or waive program requirements that place clients at risk for continued violence or make it more difficult to escape violence. The funding of demonstration projects to develop and disseminate best practices in addressing domestic and sexual violence will help provide states the necessary resources and guidance.

Oklahoma has much room for improvement. To better educate the public about domestic violence, the OKDHS Family Support Services Division began Safe Town, a domestic violence awareness course. Safe Town offers a deeper level of insight into domestic violence, its warning signs, how it affects families and how to help. While this is an outstanding educational program for professionals who might have the opportunity to come in contact with individuals impacted by domestic or sexual violence, it has not been made mandatory for local cases workers. Beyond this, support is weak.

We also urge that you ensure that all states are required to give oral and written notice to individuals who have been sanctioned or are at risk of being sanctioned for violating welfare program requirements that those requirements may be waived if domestic or sexual violence has contributed to non-compliance.

Oppose marriage promotion proposals

Marriage promotion initiatives, as included in H.R. 4, divert federal and state welfare funds away from the provision of basic economic supports, fly in the face of the public opinion, intrude on fundamentally private decisions, and will place women with abusive partners or ex-partners at increased risk. The marriage promotion programs contemplated by H.R. 4 have not been fully evaluated and there is a lack of evidence that these programs are effective in reducing poverty, increasing child well-being, building healthy relationships and stable families, or responding adequately to issues such as domestic and sexual violence and child abuse.

We remain unconvinced that marriage promotion programs are the best investment of limited TANF dollars. However, should such programs become a part of TANF over our objections, there are some protections that may minimize the harm. It may not be possible for these marriage promotion programs to meet what we call a “do no harm” threshold, but there are clearly some steps the Senate can take that would help.

- **There must be no coercion, economic or otherwise, with respect to any family formation efforts.** Participation in any types of family formation programs must be voluntary and without threat of penalty for nonparticipation. It must be recognized that financial incentives are a form of coercion for desperately poor women and such incentives must never be offered to entice women to marry or remain in difficult or dangerous relationships.
- **There must be no discrimination against children or families due to the marital status of the parent.** No child or parent should ever be discriminated against or disadvantaged because of the marital status of the parent or because of the parent’s refusal to participate in a marriage promotion program. Nontraditional families should be respected.
- **States (and local communities) must not be required to spend welfare program funds or other money on marriage promotion programs.** Alternative approaches to enhancing child well-being and strengthening families should also be supported. The funds committed to marriage promotion in H.R. 4 are significant. Although H.R. 4 includes no new TANF funding for economic support, it authorizes \$100 million a year in specifically dedicated federal TANF funding for a Marriage Promotion competitive grant program (§ 103). States would be required to match the \$100 million and would be allowed to use their basic TANF allocation to do so, thus potentially diverting an additional \$100 million of TANF funds from economic support to marriage promotion. H.R. 4 also authorizes an additional \$100 million a year for new TANF demonstration project funding to be expended primarily on “Healthy Marriage Promotion Activities” (§§ 115,103). And, H.R. 4 also creates a fatherhood program funded at \$20 million a year to promote and support involved, committed, and responsible fatherhood, and to encourage and support healthy. The Oklahoma Coalition Against Domestic Violence and Sexual Assault is opposed to funding these initiatives that threaten to divert scarce public dollars intended to help the poor.

The Oklahoma Marriage Initiative (OMI) and the Oklahoma Coalition Against Domestic Violence (the Coalition) have managed to develop a very honest, stable and productive working relationship. From the implementation of the initiative the OMI has paid attention to issues of family violence, including reaching out to the Coalition for information, training, and planning in the area of violence against women. It is the opinion of the Coalition that the OMI has done an admirable job of considering the safety needs of victims of domestic violence and their children. However, the Oklahoma Coalition Against Domestic Violence and Sexual Assault is adamantly opposed to the diversion of any additional TANF funds to fund these projects.

- **Domestic violence issues must be addressed in any family formation initiatives funded by the government.** To ensure that intimate violence is appropriately addressed and guarded against in any family formation program – whether focused on strengthening relationships, improving parenting skills, promoting responsible fatherhood, or supporting strong and healthy families – grantees should be required to consult or contract with state and local domestic violence programs (unless the grantee itself has demonstrated such expertise).
- **Family formation initiatives must be carefully evaluated, with particular attention to unintended negative consequences.**

There are currently more non-marital than married families in America. These include single, separated, divorced, widowed, cohabitating, gay and lesbian, and extended families, among others. If enhanced child well-being is the primary goal, what is being done to help children when their parents have good reasons not to get married? Many women are victimized by the fathers of their children and are in need of protection *from* them, not increased contact *with* them. We urge you to support the economic security and well being of all families, regardless of their marital status or family composition.

Allow states to count services to victims of domestic and sexual violence as a work activity

Welfare recipients often face multiple barriers, such as substance abuse, physical disability, mental health issues, and domestic and sexual violence. These barriers often prevent recipients from meeting TANF program requirements, including finding and keeping a job. Welfare recipients who face such barriers often require specialized services before they are able to achieve self-sufficiency. In light of this fact, Congress should allow States to count as work activities those services that help recipients overcome barriers such as domestic and sexual violence. In addition, States should be allowed to exceed the 20 percent hardship exemption in order to ensure the safety of welfare recipients who cannot comply with program rules because they are victims of domestic and sexual violence.

Support education and training for TANF recipients

Quality education and training programs can substantially increase recipients' chances of securing employment that will lift them out of poverty. Given that many women use work as a way to escape an abusive relationship, TANF programs should support education and

training opportunities that will increase recipients' ability to find well-paying jobs. Thus, we urge Congress to remove current limits on educational activities. Specifically, Congress should remove the 12-month limit on vocational training and allow post-secondary education to count towards State work participation rates. In addition, Congress must understand that any increase in required work hours or State work participation rates will have a negative affect on education and training programs. In welfare reauthorization, Congress must recognize that welfare recipients achieve greater economic security and safety when they are given the opportunity to gain new skills and knowledge.

Institute Child Support Reforms

The Oklahoma Coalition Against Domestic Violence and Sexual Assault urges your support of child support reforms that: (1) ensure appropriate levels of obligation for non-custodial parents; (2) ensure that families on welfare receive a substantial amount of the money paid by non-custodial parents; (3) disregard any child support payments passed through to the family receiving benefits; and (4) ensure that families that have transitioned off welfare receive all child support they are owed before the state reimburses itself for past assistance.

Ensure Adequate Child Care Funding

It has been reported that married couples with children who work night and rotating shifts are at higher risk of separation and divorce. The absence of affordable and reliable child care forces many parents who would prefer a normal workday to work split shifts solely to make sure that a parent is home with children,⁷ and forces many women to rely on childcare provided by an abusive partner.⁸ Increasing funding for reliable, safe, quality childcare should be an important priority of TANF reauthorization.

Conclusion

In conclusion, the Oklahoma Coalition Against Domestic Violence and Sexual Assault supports providing supportive services to all families, regardless of their marital status or family composition, including services to help improve employment opportunities, promote non-violent behavior, improve relationships, and provide financial support to children.

Endnotes

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⁴ Lyon, E. 1997. *Poverty, Welfare and Battered Women: What Does the Research Tell Us?* Harrisburg, PA; National Resource Center on Domestic Violence.

⁵ See Fact Sheet on FVO prepared by NOWLDEF (1/02).

⁶ See Lein, L. S. Jacquet, C. Lewis, P. Cole, & B. Williams. 2001. With the best of intentions: Family violence option and abused women's needs. *Violence Against Women*, 7: 193-210; and Lyon, E. 2000. *Welfare, Poverty, and Abused Women: New Research and Its Implications*. Policy and Practice Paper #10, Building Comprehensive Solutions to Domestic Violence. Harrisburg, PA; National Resource Center on Domestic Violence.

⁷ Ooms, T. (2002). Marriage Plus. *The American Prospect*, 13 (7). www.prospect.org/print-friendly/print/V13/7/ooms-t.html

⁸ See Tolman & Raphael at 1; see Lyon at 1.

**TESTIMONY OF PENNSYLVANIA COALITION AGAINST RAPE
ON TANF-FUNDED ACTIVITIES TO REDUCE AND PREVENT TEEN
PREGNANCY AS IT RELATES TO STATUTORY RAPE**

The Pennsylvania Coalition Against Rape (PCAR) appreciates the opportunity to submit testimony on TANF Reauthorization and strategies for building stronger families. While there are many TANF reauthorization issues upon which we could comment, this testimony will focus on the critical services and support that address the TANF program's Federally-specified goals, namely, the reduction and prevention of out-of-wedlock pregnancies as it relates to statutory rape.

As a point of introduction, PCAR is the oldest and most seasoned sexual assault coalition in the nation. It is widely respected for its leadership and initiative in working to prevent sexual violence at the state and national levels. Since its inception, PCAR has been at the forefront of the anti-sexual violence effort, utilizing its voice to advance the rights of countless victims and to effect critical change through its active role in policy, education, and prevention.

During fiscal year 2001-2002, sexual assault centers in Pennsylvania served 37,269 individuals providing over 232,000 hours of direct service to victims and their families. Prevention educators reached 547,707 students via 24,236 school programs; they also presented over 3,600 community programs which reached another 114,248 Pennsylvania residents. PCAR's reach is as expansive as it is deliberate – for we know all too well that every woman, man and, especially, child is a potential target for sexual violence.

Within Pennsylvania and throughout the nation, PCAR is best known for its role as an innovator and is recognized for its award-winning prevention initiatives. Our prevention campaigns and collateral materials are commonly replicated or utilized by other states and are further recognized for their model prevention strategies by the Centers for Disease Control and Prevention, other State Departments to include Health & Welfare, and allied providers of sexual assault services.

National statistics report that one in four females and one in six males will be the victim of sexual violence before the age of 18. We also know that adolescents are most likely to be the victim of sexual violence and that younger teenagers are especially vulnerable to coercive and non-consensual sex. In fact involuntary sexual intercourse was found for 74 percent of sexually active girls younger than 14 and 60 percent of those younger than 15. With respect to statutory rape, it was reported by *Family Planning Perspectives* (1995) that 65% of teenage girls (ages 15 through 19) gave birth to babies fathered by adult men (ages 20 or older). In the subsequent year, a study by the *American Journal of Public Health* found that two-thirds of the births to girls 18 and under were fathered by men over the age of 20. In another study focusing on Nevada, it was revealed that adult men (20 and older) fathered 47 percent of births to 15-year-olds.

At the core of this issue is the need to retain TANF funding that continues to address the issue of statutory rape for we know that the risks of teen pregnancy are high as teen mothers are far less likely to graduate from high school, they possess a 75 percent likelihood of welfare dependency

at some time in their lives, suffer more health consequences with pregnancy, and are less likely to enter a stable marriage. Children of teen mothers are more likely to abuse alcohol or drugs, they do poorer in school and are more likely to drop out. They suffer more health consequences at birth and are three times more likely to serve prison time and more likely than others to become teen parents themselves. (Nevada Public Health Foundation)

PCAR is under contract with the Pennsylvania Department of Public Welfare (DPW) to reduce the incidence of teen pregnancy; particularly those that result from the sexual victimization of young girls by older men (statutory rape). In harmony with the overarching goal to reduce teen pregnancy by reducing the incidence of statutory rape, PCAR and its 52 rape crisis centers primarily utilize TANF funding to support prevention education activities that target middle, junior high, and high school aged children. In recognizing that teen pregnancy and statutory rape result from a multitude of societal and interpersonal factors, PCAR and its rape crisis centers have established the pre-teen and adult populations as their secondary target audiences. To support this end, TANF funding is utilized at the state level to develop and implement a public awareness/information campaign to address the issue of statutory rape through an award-winning Teen Sexual Violence Prevention Campaign which utilizes popular culture and outreach strategies to engage teens and inform them about self-esteem, healthy relationships and statutory rape/sexual violence awareness and prevention. The campaign includes the following elements:

- TEENEsteem – a magazine for girls focuses on relationships, music and fashion. Featured articles include “*All the Rave: What You Need to Know about Club Drugs*,” which exposes the drugs’ dangers; “*How to Talk with Your Parents about Sex*,” listing ten painless approaches; and “*True Story: Life of the Party*,” about a drug-facilitated acquaintance rape. Mirroring other popular teen magazines, TeenEsteem also includes an advice column, horoscopes, and a quiz. The magazine provides realistic advice and useful information that serves to educate and empower teens on issues of statutory rape and other forms of sexual violence awareness and prevention. Since campaign inception in November 2001 through December 30, 2002, over 104,000 magazines have been distributed statewide.
- Xpose – Compilation music CD featuring original music from ten Pennsylvania artists and bands ranging in age from sixteen to twentysomething. Music varies from rap to hip-hop to R&B and heavy metal. While directed towards teenagers, music reaches across all generations. Lyrics focus on healthy relationships, self-esteem, statutory rape/sexual violence awareness and prevention. Since campaign inception in November 2001 through December 30, 2002, over 82,500 CDs have been distributed statewide.
- “Gonna Make It” Music Video – Originating as a song track for inclusion on Xpose, this powerful song written, produced and performed by Joel Miranda (J-Saint) and featuring Kelly B (both PCAR employees) was produced into a MTV-style music video. This collaborative project funded in part by the Pennsylvania Commission for Women is gaining national attention for its powerful message and is further hailed by educators as a remarkable tool in reaching teens and young adults to increase awareness of sexual violence, encourage victims to seek help, and motivate others to

take responsibility for its prevention. Since campaign inception in November 2001 through December 30, 2002, over 4,500 videos have been distributed statewide.

- teenpcar.com – This innovative venture (the actual site was not officially launched until this fiscal year but the creative and conceptual development of the site occurred during the last fiscal year) features the latest interactive technology to capture the attention of teens (males and females) and provide ongoing opportunities for teens to voice their opinions and obtain feedback in response to culture, influences, current issues and promote featured campaign vehicles (Xpose, TeenEsteem, “Gonna Make It” video). Ultimately, the goal of this site is to inform and educate teens about sexual violence awareness and prevention and to provide resources to assist teens in seeking help. This web site also includes an invitation for youth to join as teenpcar club members, an interactive ‘club’ designed to actively engage teens in our mission to end sexual violence.

In reference to our TANF-funded efforts for the remainder of the current fiscal year, PCAR is actively working on the following activities:

ROAR (Rappers and Rockers Organized Against Rape) –

ROAR is the newest component of the coalition’s highly acclaimed campaign. Its official statewide launch occurred in September 2002. Described as “innovative, dynamic, and entertaining” (from test pilots of selected schools within Pennsylvania) this 75-minute program blends a variety of techniques to include live musical performances by ROAR musicians, an MTV-style music video (Gonna Make It), breakout sessions and discussion to deliver campaign messages through popular culture and young artists. An evaluation is presented to participating students, via classroom instructors, in order to collect student feedback.

Through the implementation of ROAR activities, PCAR utilizes both music and presentation to effectively counter negative influences that threaten to destroy our youth. Beyond their musical and visual appeal, ROAR activities provide education about sexual violence that serves to influence healthy choices while further promoting male responsibility for ending sexual violence.

ROAR is perceived as a critical vehicle in engaging students/youth to become activists, leaders and peer educators through a variety of activities to include:

- Establishing a *Statewide Teen Advisory Committee* for the purpose of imparting insight, culture, opinion, and vision in framing campaign direction and enhancing campaign vehicles (i.e. teenpcar, etc.). Moreover, this committee will utilize its peer leadership structure and influence in developing school and community-based responses to sexual violence prevention, specifically as it relates to creating awareness of statutory rape/sexual violence and developing/changing attitudes and behaviors that contribute to its existence.

Teenpcar.com (new site enhancements):

- **Ask Me:** Provides teens with a venue to ask their questions in order to obtain essential information and resources (community) in order to address questions, concerns and further enable referral to area rape crisis centers for appropriate services.
- **Spotlight:** Provides venue for teens to submit art, writings, music or video productions relating to self-esteem, healthy relationships and statutory rape/sexual violence awareness and prevention.

Survival Story: The Video – Utilizing the track from the Xpose CD, PCAR is working with Bang! Productions, a cutting-edge Philadelphia production company recognized for its creative music videos, commercials, DVDs and web sites targeting teens/youth. This shoot (to occur in March 2003) will utilize settings at Eastern State Penitentiary in Philadelphia and the Crispus Attucks Community Center of York. Toward this end, PCAR will be featuring students from its Charter School and YouthBuild Program to support the development of the video.

Sexual Violence: It Stops with Us – As a sequel to Gonna Make It PCAR is developing a new single for release during Sexual Assault Awareness Month in April 2003. This song will blend a variety of hip hop, rap and R&B artists in a style that appeals to teens as it carries a strong message about statutory rape/sexual violence awareness and its prevention.

Evaluation – PCAR has undertaken activities to evaluate the impact of its TANF/Teen Sexual Violence Prevention Campaign. Toward this end, PCAR has recruited a doctoral candidate in Education Policy from the University of Pennsylvania who possesses a primary concentration in program evaluation as it relates to Sexual Abuse Education.

In closing, it is obvious that TANF funding is an essential component in furthering PCAR's efforts to reach a most vulnerable population. As such, we urge our esteemed members of Congress to provide for the reauthorization of TANF to enable PCAR and other service providers throughout the nation in remaining responsive to the expressed needs of our – *and your* – constituents.

We join others in urging you to ensure that TANF reauthorization responds to the reality of sexual and domestic violence and supports the safety and self-sufficiency of all TANF recipients. TANF remains an essential bridge for many welfare dependent women and children in Pennsylvania is essential in educating youth, especially teens about teenage pregnancy resulting from statutory rape.

We are a vulnerable nation – terrorism has redefined our very existence and has served to weaken the foundation upon which we stand – our national security. Yet, in the face of such an ominous reality, we stand united and stronger than ever before. As we defend our borders from those who are intent upon destroying our nation, let us not forget our obligation to protect our families, our homes and our communities from sexual/domestic terrorism and intimidation. Let

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us compassionately exercise our individual and collective responsibility to defend and protect our children, our families and our communities from the wrath of sexual violence and its resulting implications.

Respectfully Submitted,

Delilah Rumburg
Executive Director

To: United States Senate Committee on Finance
From: Philadelphia Citizens for Children and Youth
Date: March 20, 2003
Re: Written Statement for the Record

Hearing Subject: "Welfare Reform: Building on Success"
Hearing Date: March 12, 2003

As the Finance Committee prepares to reauthorize TANF and CCDBG, the continuing need for child care provisions deserves consideration. Welfare reform's goals of reducing rolls and encouraging workforce participation depend upon a sufficient child care funding for TANF recipients and low-income parents. Yet across the nation, working families cannot get the help they need. Ultimately, the success of welfare reform must not be judged by just caseload reduction, but by the economic self-sufficiency of families. To this overarching goal, Congress should support low income working families with generous child care subsidies.

Current funding for child care clearly cannot meet families' needs. In Pennsylvania, waiting lists for child care subsidy are growing. As of November 2003, 2,484 low income families were waiting for help. How does the waiting list impact children and parents? This written statement includes comments from three Pennsylvania mothers currently on the waiting list. Their stories of hardship, mounting bills, and frustration are indicative of the great need for increased child care funding:

- Yolanda Rochester
Mother of 2 year old Autumn
Yeadon, Pennsylvania
- Shante Collins
Mother of Marcus, 5, Breanna, 4, and Michelle, 14mos.
Philadelphia, Pennsylvania
- Michelle Wisniewski
Mother of a 1 year old and 5 year old
Philadelphia, PA

As these stories tell, child care costs make up a substantial portion of low income family budgets. Without subsidy, a Philadelphia single parent with two young children would need to earn \$18 an hour to cover basic costs. When families like these receive child care subsidy, however, hourly earnings necessary for wage adequacy drop by nearly 25%.

Consider as well the impact that CCDBG funding has on children from low income families. Sufficient subsidy funding can help parents afford quality child care. Instead of days spent in custodial care, children could be enrolled in early learning programs that teach and enrich. Research has shown that high quality early education programs can break the cycle of poverty, making it critical for low income parents to have access to quality care.

Congress needs to do more to support working families by adequately funding CCDBG: Currently, only one in seven eligible children receives subsidy. The reauthorization of TANF and CCDBG could rectify this situation by funding child care subsidies with an investment of \$11.25 billion over five years. We urge the Committee to weigh the needs of working families during this hearing on welfare reform: an increase in child care funding is integral to future success.

Sincerely,

Sharon Ward
Child Care Policy Director
Philadelphia Citizens for Children & Youth

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To: United States Senate Committee on Finance
From: Philadelphia Citizens for Children and Youth
Date: March 20, 2003
Re: Written Statement for the Record—"Welfare Reform: Building on Success"

February 4, 2003

To Whom It May Concern,

My name is Shante Collins. I am twenty-three years old with three children. Marcus is 5, Breanna is 4, and Michelle is 14 months old. I work for McDonald's. I like to work and I rather work than to be on welfare. But, it is getting very hard for me to keep my job due to not having a babysitter that I can afford on my salary.

I work night shift so I can spend time with my children during the day. At night they are sleeping so I'm not missed. My hours are from 5 pm to 12 midnight. My take home pay is about three hundred every two weeks and most of that goes to transportation and a babysitter. I feel like I am going to work just to pay the babysitter. If I had help with childcare funding my life would be peaceful. Once again I say "I'd rather be working than to be on welfare." Welfare is not the life I want for myself or my children.

Therefore, I pray that this letter gets heard and I pray that funding will be released to all working parents in need of childcare.

May God Bless You,

Shante Collins
2018 S. Beechwood Street
Philadelphia, PA 19145
(215) 551-1770

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To: United States Senate Committee on Finance
From: Philadelphia Citizens for Children and Youth
Date: March 20, 2003
Re: Written Statement for the Record—"Welfare Reform: Building on Success"

I'm writing this letter not only as an Assistant Director of a Child Care Center, but as a client that is on the waiting list for child care. I have two children, a one year old and a five year old who will need child care come June. I cannot afford full time child care even with a discount. I also have a staff member who is also on the waiting list for child care. We may be losing her due to the high cost of care. Many potential clients have come to us who are on the list but have had to make other arrangements with family members or neighbors who are willing to do so. The waiting list is putting many families' lives on hold. Children need to socialize with each other and prepare themselves for what lies ahead. We need to think of our children who is benefiting from the "waiting list."

Sincerely,

Michele Wisniewski
Assistant Director
St. Andrew's Child Care Center
500 Somerton Ave.
Philadelphia, PA 19116

To: United States Senate Committee on Finance
From: Philadelphia Citizens for Children and Youth
Date: March 20, 2003
Re: Written Statement for the Record—"Welfare Reform: Building on Success"

February 5, 2003

My Battle with Subsidized Day Care

My name is Yolonda Rochester and I live in Yeadon, PA., in Delaware County. I am 23 years old, and the proud mother of a two year old daughter named Autumn. Currently, I work part-time at Strawbridge's in the restaurant. In order to qualify for subsidized day care for Autumn, I have to work a minimum of 25 hours per week. At the present time, I am paying a private rate at day care in the amount of \$130 per week. Just this week the cost of day care increased by \$10 per week, it was \$120. With my last paycheck from Strawbridges, my entire check, in the amount of \$112 went to day care, plus \$18 from my transportation money had to go towards this week's day care fee.

Working the minimum of 25 hours per week, and taking care of Autumn keeps me very busy. I am also a new student at the Art Institute of Philadelphia, for Culinary Arts. Having to juggle work and school, and the care of my daughter, often does not allow me the time to do my homework and study. I am going to school so that I can better my skills, and am able to get a better paying job in the Food Industry.

Autumn has been on the waiting list for subsidy since the summer in 2002. Up until this month, I've had to scrape and borrow the funds to pay for her day care. The monthly total was \$480. I make \$6 an hour at Strawbridge's. Last week, I was happy to receive a letter from the County, stating that I was at the top of the waiting list. Since last week, I have been calling to meet the deadline of February 3rd, so that I can remain at the top of the waiting list. So far, I have left messages on voicemail, and have not had my calls returned. This makes me nervous because if I don't talk to them soon, I will have to pay \$130 next week for day care, which I cannot afford.

Autumn attends the Caring Heart Day Care Center, right near my house in Yeadon. She receives excellent care at the center, but it's very expensive. When Autumn is sick and has to be at home, payment is still due on those days. If I have to keep Autumn home on a day that I work, I don't get paid. If I have to keep her home on a day that I have school, it affects my grade at school; we have a strict attendance policy.

I have tried to keep Autumn in day care, so that she stays active and busy with children her age. Her vocabulary skills have improved and she likes going there for care. I try to continue paying the private rate, so that she won't lose her slot. Before when I lost my job, I had to take Autumn out of the center, and when I went back two months later after starting another job, I had to reapply for subsidy.

I know other low-income parents have some of the same problems. Working with this system has been very frustrating and difficult. If a parent like myself has to work and go to school, the minimum work hours should be 20, and not 25 hours. I attend culinary school on Monday, Tuesdays and Wednesdays. I work on Thursdays, Fridays and Saturdays. On Saturdays my family members watch Autumn, and my only day off is Sunday. In order to tell my story today, I had to get permission from Chef Fuss to be excused. I hope something can be done to improve this waiting list subsidy dilemma. Thank you.

Compassion and Personal Responsibility Act, S.5.
Hearing: March 12, 2003

Prepared by:
Joanna K. Mohn, MD
Director of Research
Physicians Consortium
1240 North Mountain Road,
Harrisburg PA, 17112
Telephone: (612) 827-9552
e-mail: jklmohn@sprynet.com

Honorable Senator Grassley and Finance Committee members:

I am offering testimony regarding the \$50 million of abstinence funding included in the Compassion and Personal Responsibility Act, S.5.

The causes of the decline in teen pregnancy and birth rates that occurred during the 1990s has been intensely debated. New data has recently been presented in the article, "An Analysis of the Causes of the Decline in Non-marital Births and Pregnancy Rates for Teens from 1991 to 1995,"¹ published in the journal *Adolescent and Family Health*, (AFH) a peer-reviewed medical journal. Through the use of more sophisticated and comprehensive analyses than previously applied, the researchers demonstrate that:

- Abstinence accounted for **100%** of the decline in the **birth rate of single** females 15 to 19 years of age.
- Abstinence accounted for **67%** of the decline in the **single teen pregnancy rate**.
- The use of contraceptives by **sexually active single teens** contributed at most only 35% of the decline in **pregnancy rate of single teens**.

Single teen births deserve special attention because of their societal impact. In testimony given prior to the Welfare Reform Act of 1996, the Congressional Budget office reported that 77% of single teen mothers required welfare assistance within 5 years². Clearly, single teen births profoundly impact welfare spending. Abstinence accounted for at least 2/3 of the decline in single teen pregnancies from 1991 to 1995, providing ample justification for future funding of abstinence education.

Method of analyzing the decline in births and pregnancies of single 15 to 19 year old females.

¹ Mohn JK, Tingle LR, Finger R. "An Analysis of the Causes of the Decline in Non-marital Birth and Pregnancy Rates for Teens from 1991 to 1995," *Adolescent and Family Health*, Vol. 3, No. 1.

² Adams, G., & Williams, R. C. (1990, September). *Sources of support for adolescent mothers*. Washington DC, Congressional Budget Office.

The birth and pregnancy rates of the **single teen population** are the product of:

- The **proportion** of single teens who are **sexually active** –or conversely **abstinent**.
- The **birth** and **pregnancy rates** of the **sexually active** single teens.

To calculate the contribution of each factor, the effect of the change in that factor was calculated while holding all other factors at the original (1991) levels.

From 1991 to 1995 the percentage of **single** teens **abstaining** from sexual activity increased from 53.0 to 55.9%. If all other factors were held constant, this increase in teen abstinence would have produced 67% of the observed decline in the **single** teen pregnancy rate. The increase in abstinence was sufficient to reduce the birthrate 7 times the observed decline. But, the **single** teen **birth rate** did not actually drop to the extent predicted because the **birth rate** among **sexually active single** teens actually increased from 95.3 to 100.8 births per 1000 sexually active singles. This increase negated much of the gain achieved by abstinence. While the **birth rate to sexually active singles** increased, their **pregnancy rate** actually decreased during this period, suggesting that the increase in birth rate is because more pregnancies are being carried to term – that is, there are fewer abortions. The decline in the **pregnancy rates to sexually active single teens**, from 203.7 to 196.9 births per 1000 teens, accounted for 35.3 % of the decline in the **single teen pregnancy rate**.

Comparison with other Reports:

Previous published reports have considered only the **pregnancy rates** of the **whole teen** population. The AFH study attributed the **overall decline in teen pregnancies** to the following factors in the following amounts: (The total does not equal exactly 100% as some pregnancies would have been prevented in multiple ways.)

- Increased teen **abstinence**: 39% of the overall decline.
- Decreased **pregnancies to sexually active single** teens (an indirect indicator of contraceptive use): 21% of the overall decline.
- Decrease in the number of teens **married**: 24% of the overall decline.
- Decreased **pregnancies to married** teens(an indirect indicator of contraceptive use): 21% of the overall decline.

The Alan Guttmacher Institute (AGI) has attributed 20 % of the decline in teen pregnancies to increased abstinence with the remaining 80% being due to improved contraceptive use³. The findings of the AFH paper differ from that study for the following reasons.

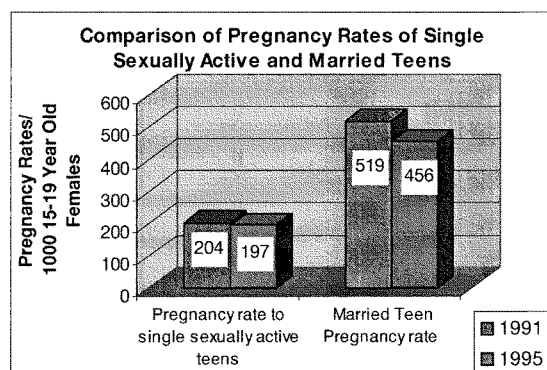
- The comparison years in the AFH study are 1991 and 1995 because 1991 was the peak year for the teen birthrate. In contrast, the Guttmacher study compared 1988 to 1995.

³ Saul, R. (1999). Teen pregnancy: Progress meets politics. *The Guttmacher Report on Public Policy*, 2.

- The AFH study differentiated between married and single teens since births to the two groups have very different societal impact; and single and married teens have different demographics.
- AGI assumed that improved contraception accounted for all pregnancy reductions not directly attributable to abstinence. This assumption is seriously flawed as it fails to consider other factors that impact teen pregnancy statistics, most notably changes in the married teen population.

Although **married** teens constituted only 4.7 % of the 15-19 year-old **population** in 1991, they contributed **21%** of the teen **pregnancies**. Due to the disproportionately high pregnancy rate in this small population, the decline in the number of married teens between 1991 and 1995 accounted for **24%** of the **decline in total teen pregnancies**. Since the AGI report fails to differentiate between single and married teens, it incorrectly attributes this decline to improved contraceptive use.

During the same time period, the pregnancy rate for married teens fell ten times faster than for sexually active single teens (see graph) further contributing to the decline in the overall teen birth rate. This decline is likely due to improved contraceptive use, but it is not occurring in the high risk single population.



Conclusion

The 15-19 year old female teen population is not a homogeneous group. As of 1995, **54%** of them had been **sexually abstinent** for the past year with no births and pregnancies. Another **42%** were **single and sexually active**, with a pregnancy rate of 197 / 1000. And **4%** of 15 to 19 year old females were **married** with a pregnancy rate of 456 / 1000. Evaluating the separate changes within and movement between each of these groups reveals a more complete picture of the dynamics effecting the overall teen birth and pregnancy rates. In seeking to reduce welfare spending, it is most useful to determine which factor has lowered the birth and pregnancy rates among single teens. Contributing **76%** of the decline in single teen pregnancies and **100%** of the decline in single teen births, increased teen abstinence is that one factor. To support education that

enables teens to choose to be abstinent, is to promote sex education which can further decrease teen births and welfare costs, as well as promote sexual health.

PPL

Project for Pride in Living
2516 Chicago Avenue South
Minneapolis, MN 55404

March 26, 2003

Senate Finance Committee
United States Senate
Washington, D.C. 20510

Dear Senate Finance Committee Members:

Project for Pride in Living (PPL) has been helping Minnesotans in the Twin City area become self-sufficient for 30 years. In line with this mission and with the welfare system reform, PPL became an "Employment Service Provider" in Minneapolis in 1997. We chose to take this role through our Connections to Work program because we saw the opportunity to foster participants' dignity while taking steps toward self-sufficiency, and to help families make real changes that would lead to a future of economic independence and stability. PPL has helped 700 families transition off of welfare.

Based on our experience, some of the proposed changes to Temporary Aid for Needy Families (TANF) are contrary to what we know helps people become self-sufficient, and thus compromises the goals of the welfare program. Reduced flexibility for states, reduced flexibility for education and training, and any funding cuts for childcare will thwart self-sufficiency goals for many of the low-income people with whom we work.

In the fifth annual report to Congress February 11, 2003, Dr. Wade F. Horn, assistant secretary for the Administration for Children and Families, the agency responsible for the TANF program said, "States are taking advantage of the flexibility built into the program to target an increasing portion of welfare dollars to help individuals retain and advance in their jobs."

Some welfare recipients may, at most, be able to gain a low-wage job at the time of their initial entry into the welfare program. This job is very unlikely to yield sufficient income to help a family work off of public assistance. PPL believes that it is important for welfare recipients to be able to access training programs that match their interests with an employment path that can help their family transition off of public assistance.

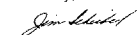
Mandating 40 hours of work activity each week does not leave enough flexibility for many TANF recipients to address their barriers to work. They need training options, including full-time training options, to prepare them for employment with a high enough wage to support themselves and their families.

These training programs can range in length from several weeks to over a year. Proposed changes at the federal level right now include weekly requirements of at least 24 hours working and up to 16 hours in counseling, rehabilitation or education. These requirements would add an inordinate amount of stress on families, many of which are single-parent households who must also care for their families while engaging in intense education and training. We anticipate that this change could submerge the stepping stone of training and may well lead to many more people failing in this important move toward self-sufficiency.

We're also concerned that childcare funding be adequate to support families transitioning off of public assistance. At current levels many parents are barely balancing their household budget. Having to pay more for childcare would force them to return to public assistance because childcare would cost more than they could earn.

We hope you will consider these points as you shape this year's budget and TANF reauthorization bills. Please read the attached true PPL stories for a deeper understanding of these issues. Feel free to call Becky Stewart at (612) 813-3208 with any questions.

Sincerely,



Jim Scheibel
PPL Executive Director

CC: Sen. Norm Coleman
Sen. Mark Dayton

Education and work: One couple's plan to achieve self-sufficiency

Project for Pride in Living (PPL) participant story

In September 2002, Dyenese and Tyquan spent two weeks in a homeless shelter with their one-month-old daughter, Yashae. Dyenese said she feels blessed they found housing assistance funds through a fathers' program and a PPL apartment before winter's bitter cold descended.

Soon after moving in, Dyenese and Tyquan began meeting with Neeraj Mehta, PPL Family Housing Specialist. Neeraj worked with the couple to establish a plan to work their way off of public assistance. Tyquan will begin an 18-week training course in carpentry at Summit Academy OIC in March 2003. Summit Academy also has a job placement program to help Tyquan find a job. Dyenese will participate in PPL's month-long Train to Work hospital education program. PPL will help place Dyenese in a job when she graduates from the program.

"By doing it this way we can have our life sort of mapped out," Dyenese said.

Dyenese has been searching for work since they moved into their apartment in October, but has been unable to find work that does not require a vehicle or is on a bus line. Dyenese said her two options are working in downtown Minneapolis or St. Paul or at the Mall of America, but wages are low and there are few openings because of the large labor pool looking for work in these areas. Dyenese said there are jobs in the suburbs, but she cannot be sure public transportation will get her to and from work on a daily basis, especially if she works a second or third shift.

After Dyenese graduates from PPL's Train to Work program and gets a job, she said she will begin saving money for a house.

"When Tyquan gets out of school, he'll be saving more money," Dyenese said. "Two years will give us ample enough time to find jobs, save money and get out of the system. Then I can look back and say thanks."

Dyenese said she and Tyquan needed to find housing before they could begin looking for work and get back on their feet. They could not apply for jobs without an address to write on the applications or while they were worrying where they and their daughter were going to sleep at night.

Now, with a safe place to live, Dyenese and Tyquan are planning for their future. Dyenese said she would like to someday get more training and go into real estate.

Dyenese and Tyquan are on the road to self-sufficiency and are a model for other families working toward self-sufficiency.

PPL Welfare Reform Position Paper

PPL is a nonprofit organization working with low-income families to help them achieve self-sufficiency. As a provider of housing, employment readiness programs, and supportive services, we have learned that economic independence, family stability, and the ability to manage crises are vital components that must all be in place for ongoing self-reliance. For over 30 years, PPL has worked with thousands of families and seen inspiring successes achieved through peoples' own tenacious hard work and courage.

PPL's welfare-to-work program allows us to learn most directly what helps people transition from and stay off welfare. PPL, in collaboration with Goodwill/Easter Seals and Whittier Works, runs a Minnesota Family Investment Program (MFIP) employment service provider program. MFIP is Minnesota's program to administer federal Temporary Assistance to Needy Families (TANF) assistance for families in need.

As the debate over welfare reauthorizations continues, PPL participants and employees recognize that *housing*, *childcare*, and *education and training* are basic needs key in the movement of a family or individual towards self-sufficiency. If these needs are not addressed, the ability of a family to succeed in moving from welfare to self-sufficiency will be severely compromised. Therefore, PPL believes these critical elements should be included in all welfare legislation:

- 1) Target funds for affordable housing subsidies and dedicate funding sources for housing.
- 2) Invest sufficient funds in childcare subsidies to assist both families on welfare and low-income families working to stay off of welfare.
- 3) Provide education and training options for participants early in the welfare process and continue to give state and local flexibility in the design and implementation of welfare policies to provide such options.

Housing

Housing is the single largest cost for most families. The U.S. Department of Health and Human Services found that roughly 25% of families leaving welfare to participate in the workforce have trouble paying rent. Despite having jobs and income, many families are still unable to find or afford safe, quality housing. In many cases the lack of affordable housing creates a severe and sometime chronic barrier to finding and maintaining employment or reaching self-sufficiency. With a crisis in the supply of affordable housing in the Twin Cities and nationally, this issue needs to be central to the welfare reform debate.

For example, allocate TANF rental subsidies for working families immediately after departing public assistance as they struggle with entry-level and low-wage jobs. At the same time, encourage states to incorporate family housing needs into statewide TANF planning and implementation.

“Until I was able to find safe, affordable housing for myself and my kids I was unable to pursue any of my other goals. Once my housing need was met, it was then that I was able to enroll myself in education classes that will help me get a good paying job in the health careers field.”
 - *Teishica Bankston*
 Participant, PPL Connections to Work & Self-Sufficiency Programs

Childcare

Childcare assistance is vital in assisting a family leaving welfare for work. As families transition off welfare, the ability to pay for quality childcare can be challenging. Without assistance, working poor and low-income families can end up paying an excessive amount of their income for childcare alone. Sufficient funds should be invested in childcare assistance that will address issues of:

- ✓ Cost
- ✓ Availability
- ✓ Specials needs situations such as sick child and third shift working parents

Childcare assistance should be based on income and work status rather than simply on welfare status. This is needed not only to allow for the provision of quality childcare for all children, but also to effectively support working families in this era of welfare reform. For example, under the current system a low-income working individual in urgent need of child care assistance could be certain of receiving assistance by quitting work, and re-enrolling in MFIP. This undercuts the fundamental purpose of welfare reform.

“Childcare has been a constant struggle for me since leaving welfare, especially when crisis situations come up. Sick childcare costs a large portion of my income. People have even advised me to go back on welfare to help pay for this, but I don’t want to do that.”
 -*PPL participant*

Education and Training

PPL supports legislation that focuses on decreasing the number of families living in poverty, not just decreasing the number of people on welfare. While the “work first” method has successfully decreased the number of people on public assistance, it is unclear if anti-poverty goals are being met. Many families still live in poverty despite full-time employment because participants often obtain a low wage job, rather than a livable wage job. Most entry-level jobs simply substitute an individual’s welfare benefit with an equally low income, without room for wage advancement.

PPL staff members see this particularly in large, recent immigrant families who struggle with profound poverty despite working full-time.

To raise this earning capacity, the most successful welfare-to-work programs nationally have followed a “mixed” strategy approach that combines education and training options with job searching. A “mixed” strategy allows wage earners to develop skills through short-term education and training, which in turn strengthens their ability to obtain employment that will permanently move their family off welfare *and out of poverty*. Without this earning potential, families hover perilously close to returning to welfare rolls with any economic downturn or crisis event.

More specifically, education and training options should be explored during a participant’s initial assessment. Before looking for work, welfare recipients should have the option of improving their skills if that will assist them to get a job that will meet their housing, childcare, health care and other foundational needs. Our experience has shown that job retention staff and diversionary assistance monies designed to resolve crisis and prevent welfare re-enrollment do help keep former recipients on track to self-sufficiency.

Federal flexibility in TANF regulations has allowed states to pursue innovations such as the “mixed” strategy approach or job retention services. TANF reauthorization should continue to permit state and local flexibility in the design and implementation of welfare programs to allow such successful innovations to continue.

“Education and job training give Connections to Work participants an employable skill set, awareness of work culture, and greater capacity to move up the economic ladder. I see it everyday as we help families transition from welfare to work.”
-Arlene Raymond
Program Manager, Connections to Work

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Comment of the Utah Reauthorization Project (UREAP)

**Submitted to
Senate Finance Committee**

Welfare Reform Reauthorization: Refining for the Next Phase

March 26, 2003

**Utah Reauthorization Project (UREAP)
Shirley Weathers, Ph.D. and Bill Walsh, Staff
P. O. Box 270090
Fruitland, UT 84017-0090
435-548-2630
wrw@ubtinet.com**

The Utah Reauthorization Project (UREAP) has been studying welfare reform reauthorization since April 2001, seeking common ground modifications to the 1996 Welfare Reform Law for the next phase of welfare reform. UREAP is a statewide entity with 28 official member organizations (listed on page 8) and works through monthly meetings and electronic connections, including a website and an email list of over 400 Utahns. We followed and appreciated greatly the work of this Committee last year as the bipartisan working group engaged in careful and thoughtful study of what has been learned during the first phase of the new welfare system. We are honored as Utah citizens to work with Senator Orrin Hatch on this important matter that directly affects the lives of many vulnerable families in our state and across the nation and indirectly affects us all. We look forward to continuing to work for reauthorization measures that will build on successes to date, and that refine the welfare system on the bases of what is working and what still needs to be done.

In this comment, we will first discuss some key questions as this Committee embarks on drafting Welfare Reform Reauthorization legislation. We will follow that with discussion of some additional issues that we believe warrant consideration.

What is effective to move families into meaningful activities?

This is a central question for 2003 Welfare Reform Reauthorization. President Bush has proposed increasing work participation rates, narrowing the focus of what activities can be counted towards those rates, and increasing the number of hours per week parents must engage in those activities to be counted. Many states, including Utah, have indicated that this combination of changes may require them to change the directions they have chosen. There is widespread concern that the President's proposal would leave no choice but to divert a percentage of available resources to operate workfare programs. A workfare system runs contrary to what Utah has found to be helpful for families to reach self-sufficiency.

UREAP believes a better strategy to move families into meaningful activities involves a different combination of elements:

- **Maintaining the current commitment to state and local decision-making.** The 1996 Welfare Reform Law promised flexibility to enable states to seek the best ways to help their families become employed and self-reliant. States like Utah have used that flexibility to help families to move forward and succeed. Utah began decades ago to experiment with ways to help welfare families get into the workforce, culminating in 1993 with the Single Parent Employment Demonstration (SPED) Program. Due to its success, SPED was taken statewide in 1995. With the flexibility Congress allowed states in the 1996 Law, Utah has been able to continue with its proven approach and build on its long-standing success. This part of the 1996 law should not be lost with reauthorization.

- **Encouraging states to place families with barriers to employment in activities that result in progress towards employability.**

Before the 1996 Welfare Law passed, a handful of states including Utah had learned that welfare caseloads are made up of families in a variety of circumstances and conditions. As a result, Utah's SPED policy provided that individualized family Employment Plans would be developed to include activities designed to lead to employability. Some of the plans outlined a route directly to work, but others acknowledged that, due to multiple and often severe barriers of parent or family or both, success in the workplace would require other interventions on the way. Utah's TANF program, the Family Employment Program or FEP, has continued that approach. Since 1996, the Department of Workforce Services has commissioned research to build on existing knowledge of family barriers and to assist in the development of strategies that would facilitate the ability of those families to progress and succeed in the world of work. The studies found that a large percentage of families in the study who did not move off welfare quickly into work have health, mental health, or substance abuse problems; had disabilities themselves or a disabled child; lacked English proficiency, educational, or work skills or history; or included children with a variety of problems besides disabilities that needed to be solved if the parent were to be able to work. Often long-term families were found to have a combination of the above problems.

In a phase of the study that focused on members of this cohort who had left welfare, researchers found that a substantial percentage of these families were not working. These families were deteriorating. They tended to have failed to receive effective interventions for a variety of reasons. On the other hand, the research showed that, with effective interventions, other troubled families in the study group could and did ultimately succeed in the workplace. It is essential, we believe, that welfare reform reauthorization respond to the realities documented by Utah and other research over the past five years by including at least mental health and substance abuse treatment to the list of countable activities in the current law. This will be especially important if work participation rates are increased.

- **Allowing states to place families in activities that enhance their ability to achieve self-sufficiency.**

Many families—both on and off welfare—are working. However, research on TANF incomes makes it clear that jobs obtained by most TANF recipients pay too little for those families to truly become self-reliant. They therefore fall short of the an important goal of 1996 Welfare Reform Law. As noted above, Utah's experience with tailoring participation activities to the individual parent/family convinces us of the value and effectiveness of allowing a broad range of work-related activities to be components in Employment Plans. Some of those address barriers to work, as noted above; others help families move closer to a family-sustaining earning power. The consistently low wages and poor or non-existent benefit packages that have been available to families who have moved from welfare to work call for new strategies to raise their skill levels, enhance their earning power, and

help them move forward into more stable, family-sustaining jobs. To that end, we support the addition of substantially more months of education and training as countable activities—at least the 24 months included in the WORK Act of 2002—as well as Literacy and English Proficiency activities. Access to work-related education and training that allow parents to obtain better-paying, more stable jobs, will result in better outcomes for families.

- **Ensuring that the circumstances, capabilities, and barriers of TANF parents and families are known early on.**

UREAP supports the concept of universal engagement, coupled with early development by participant parents of Individual Responsibility Plans (IRPs), that was included in the WORK Act of 2002. This construct was another central component of the Single Parent Employment Demonstration (SPED) Program that has been carried forward in Utah's TANF program. The philosophy behind it was that almost everyone can be doing something to move towards greater self-reliance and beginning the process early on is helpful to families. The interaction between parents and employment counselors provides the opportunity for barriers to be identified and appropriate services to be arranged quickly after the family's time clock begins to tick.

One of UREAP's Principles for Welfare Reform Reauthorization is to "emphasize the care and well-being of children, as they are the majority of welfare recipients." In last year's WORK Act, this Committee's bipartisan group went beyond Utah's SPED and its TANF program by including a specific assessment of the well-being of children in the self-sufficiency planning process in the WORK Act. UREAP and many others have indicated concern that the well-being of children has been largely ignored during these first years of welfare reform. We encourage the Committee to carry forward the inclusion of an assessment of child well-being as a part of the IRP process into whatever legislation is prepared this year.

- **Rewarding states for what we value in Welfare Reform.**

Self-sufficiency through work is a clear aim of the 1996 Welfare Reform Law, yet under the current law states are rewarded for reducing caseloads. There is general agreement that the true success of welfare reform occurs when parents are able to become employed at stable jobs that pay family-sustaining wages and include the opportunity for advancement. However, only a portion of those who have left the welfare rolls did so due to employment. Research shows that families who are off welfare and not working are generally doing poorly and have little hope of reversing their circumstances. Additionally, as noted above, welfare leavers who are working may be doing better, but they are making below-poverty wages. They are still dependent on other government and private sector assistance, and often the jobs they get are unstable.

We can see now that the caseload reduction credit in the current law is not actually rewarding what we value, nor is it rewarding states for doing what works for a large group of families. UREAP therefore supports the elimination of the caseload reduction credit in favor of a standard that rewards states for helping families find employment, retaining employment, and increasing their incomes, not just for getting people off of welfare. Assisting families to obtain part-time work is also of value; therefore states should receive credit for the hours parents work, even if they are not able to find full-time work. This is important, not only because of the growing tendency of employers to shy away from full-time jobs or during times of job shortage, but also for people with disabilities who are able and anxious to work, but whose conditions may prevent them from working part-time.

- **Taking a cautious approach to increasing work hours.** There has been considerable discussion of increasing the number of hours a TANF parent must engage in countable activities to be counted towards a state's participation rate. We find the President's proposal and HR 4's provision to increase the required hours to count to 40 hours per week excessive and very burdensome for families. We do not believe it is positive to increase work hours beyond the current law.
- **Avoiding an increase in work participation rates at this time.** UREAP believes that progressively increasing work participation rates, as prescribed in HR 4, is unnecessary if an approach similar to the recommendations we outlined above are implemented. As noted above, many states have said that an increase in work participation rates as provided in HR 4 will force them to divert resources to operate workfare programs, an existing option that few states have found suitable to the goal of promoting self-sufficiency. Moreover, if work participation rates are increased in concert with other, related provisions of HR 4—increasing work hours and constricting countable activities—it seems doubtful that states can avoid making dramatic overhauls to their programs. Welfare Reform Reauthorization legislation should facilitate, not disrupt, state programs that are working.

What will it take to adequately fund what needs to occur during the next phase of welfare reform?

- **At least maintenance of the current TANF Block Grant funding level.** TANF Block Grant funding of \$16.5 billion per year is needed. Although caseloads have declined, there is still work to be done to enhance and accomplish successful self-sufficiency efforts by vulnerable families--both on and off welfare. This will require resources. In Utah, as elsewhere, over half of federal TANF dollars are spent on types of assistance other than monthly cash assistance, including supportive services for many of the families who are now off welfare and working at low-wage jobs. Additionally, economic weakness such as that we are currently experiencing exerts a negative impact on low-skilled workers. Caseloads in almost all states are going back up as low-end jobs are phased out. At least

flat funding from previous years will be important to states like Utah that are in serious fiscal crisis.

- **Extension of the Contingency Fund and Supplemental Grants** is also important, for reasons stated just above.
- **Restoring the original funding level of \$2.8 billion annually and 10 percent transferability for the Social Services Block Grant (SSBG)** will assist Utah to serve vulnerable populations including senior citizens, people with disabilities, poor families, and families with serious barriers.
- **An increase in funding for child care is critically needed** to provide care to a larger proportion of low-income eligible children not now being served, including children with disabilities. It is essential to be mindful of the inextricable connection between work requirements and child care funding. Going into Reauthorization discussions, some types of care—for ill children and those with disabilities, for children whose parents have shift or weekend work, and for infants—were beyond the ability of states to provide. As proposals to increase work requirements are put forward, it appears almost certain that needed gains in the area of specialized care are falling beyond reach. HR 4's provision for Discretionary Funds for the Child Care and Development Block Grant (CCDBG)—\$2.1 billion in FY 2003 with increases each year to \$3.1 billion by FY 2008 and \$2.9 billion annually in Mandatory Funds—is very far from adequate. Substantially greater funding increases are needed if children are to be safe while their parents work. We must be extremely cautious that war, homeland security, and tax cuts do not leave a large percentage of our nation's poor children more vulnerable to harm than they already are.

Additional issues

- **Designation of child care and transportation to “non-assistance.”** We support reclassification of child care and transportation to “non-assistance” and permission to states to draw down unobligated funds for a Rainy Day Fund, as were included in the bipartisan WORK Act.
- **Two-parent disincentives.** It only makes sense as we focus on family formation to ensure that we systematically remove disincentives to two-parent families needing help from government programs.
- **Family promotion.** We appreciate an approach to promoting healthy families that avoids funding set-asides or strategies that would harm families. We favor legislative encouragement of healthy marriages, support for teen pregnancy prevention efforts, and approaches that acknowledge the difficult reality of harmful marriages—including those involving domestic violence. Additionally, research shows that economic stress is a frequent source of marital discord. We believe that states should be allowed to expend

family promotion funding in ways that alleviate family poverty or help families meet basic needs.

- **Child support.** It is important and productive to increase child support pass-through to TANF families.
- **Sanctions.** Unfortunately, it is not uncommon for TANF parents with multiple barriers to manifest their personal and family difficulties through participation problems. In Utah since 1993, a carefully crafted "Conciliation Process" has been employed to help parents and employment counselors discover the source of participation problems and work together to find solutions. We recommend that Utah's sanction policy-specifically as it requires a very thorough and systematic conciliation process-be considered as a new requirement for states via reauthorization of the 1996 welfare reform law. We noted above in our discussion of the value of Individual Responsibility Plans that in a time-limited assistance program requiring work of many families with multiple and sometimes severe barriers, identifying barriers and providing effective services and interventions to address those barriers is essential-and the sooner the better. The first opportunity is through the initial assessment and IRP development stage. Many barriers, though, are difficult to recognize and some are of a nature that parents are reluctant or embarrassed to disclose. They may even be unaware of their nature. Therefore, the second opportunity to discover and intervene comes when a participation problem is perceived. In Utah, this triggers a closer look at parent and family circumstances, when possible involving a professional social worker who can spot hidden or unrecognized problems.

Sanctions have played an enormous, but thus far poorly understood, role in caseload reductions. As mentioned above, Utah researchers and others have found that many families who have been sanctioned are not faring well. To improve the sanction process so that it becomes a tool to help families attain self-sufficiency, rather than a policy that disconnects families from help, is a valuable addition to the current Law. Our suggestion starkly contrasts with what is provided in HR 4. HR 4 would mandate full family sanction on a set time schedule, thus forcing Utah to abandon this home-grown, effective policy that aims to resolve participation problems and help families move ahead. We believe the approach in HR 4 is a serious mistake, especially when Utah's research on sanctioned families indicates a high level of sanctioned family disintegration.

- **Immigrants.** Utah has continued to provide financial and employment assistance to legal immigrants after 1996 by using all state dollars. This has been done for a number of reasons, one of which is a belief that leaving immigrant families out when they need help will only cost our society more in the long term. There is a great human potential to be realized to the extent that all of our residents are able to meet their basic needs. Congress acknowledged this in its restoration of legal immigrant eligibility for Food Stamps in the Farm Bill of 2002. We believe a positive change to the 1996 Welfare Reform Law would be to allow states to expend TANF dollars to provide assistance to legal immigrants,

making it possible for Utah to devote more of its MOE dollars to other needed services. We also favor allowing state options to expend SCHIP and Medicaid monies on children and pregnant legal immigrants.

- **Tribes.** UREAP is on record supporting more resources for Tribal organizations, increasing the quality and types of services they can provide to their people and making it more feasible for them to operate their own welfare programs as the law allows. HR 4 allows access to more resources available to states. This is a welcome change. However, more resources that will facilitate gains in economic development are needed. The National Congress of American Indians (NCAI) has developed a set of recommendations that address concerns and propose solutions to improve TANF operations in Indian Country. UREAP supports those recommendations.
- **Maintenance of Effort.** We believe that states should continue their commitment to working families by extending the state contribution through the maintenance of effort (MOE) requirement.
- **Transitional Medical Assistance Program.** Utah was among the first states to recognize the critical nature of a mechanism to provide health care support to families trying to get off welfare through work. Then and now, it is the rare job welfare parents get that offers health care benefits. Utah's SPED included a waiver from the U.S. Department of Health and Human Services to provide Transitional Medicaid to clients whose cases closed due to earnings for two years and Utah's TANF program, the Family Employment Program, has been able to continue that practice. Any enhancements that can be made to Transitional Medical Assistance (TMA) services for these families are among the best investments that can be made in their chances for success. A parent with a medical need who cannot obtain care is at risk of having all of her gains short-circuited. We encourage consideration through reauthorization of lengthening eligibility to two years, as Utah has done.
- **Spending Flexibility.** We recommend that states be allowed to designate "Rainy Day Funds" and to have greater flexibility regarding carried-over funds. We also favor increasing state flexibility to transfer TANF funds to carry out existing transportation-for-jobs programs or reverse-commute projects.
- **Accountability.** We recommend that states be held accountable for outcomes, rather than such measures as participation rates. This would have an additional advantage of making TANF performance measures compatible with those of the Workforce Investment Act (WIA) which governs some of the training activities available to TANF participants.
- **Research of "what works."** UREAP recommends that funding be made available for longitudinal and other studies of family outcomes and well-being. Studies of the circumstances of leaver families are also important. Such studies should prove invaluable

as we continue to learn from and make adjustments to our welfare system and the families who utilize it.

We appreciate this opportunity to convey our views to the Committee during these early stages of your consideration of Welfare Reform Reauthorization in 2003. We would be happy to answer any questions or respond to any comments regarding what we have written.

Utah Reauthorization Project Member Organizations

Active Re-Entry, Price, (Southeastern Utah)
 Box Elder Family Support Center, Brigham City, (Box Elder County)
 Bringing Hope to Single Moms Foundation, Logan, (Cache and Box Elder Counties)
 Community Action Services, Provo, (Utah, Wasatch, and Summit Counties)
 Disabled Rights Action Coalition (DRAC), Salt Lake City, (statewide)
 Family Support and Children's Justice Center of Carbon and Emery Counties, Price
 Housing Authority of Salt Lake City, Salt Lake City, (Salt Lake City)
 International Rescue Committee, Salt Lake City, (statewide)
 JEDI for Women, Salt Lake City, (statewide)
 League of Women Voters of Salt Lake, Salt Lake City, (Salt Lake County)
 Legislative Coalition for People with Disabilities Salt Lake City, (statewide)
 Mental Health Association in Utah, Salt Lake City, (statewide)
 Multiple Sclerosis Society, Utah Chapter, Salt Lake City, (statewide)
 Options for Independence, Logan, (Northern Utah)
 Peace & Justice Commission, Catholic Diocese of Salt Lake, Salt Lake City, (statewide)
 People Helping People, Salt Lake City, (Salt Lake County)
 Salt Lake Community Action Program (SLCAP), Salt Lake City, (Salt Lake and Tooele Counties)
 Tri-County Independent Living Center, Ogden (Weber, Davis, and Morgan Counties)
 United Way Executive Directors Association (UWEDA), SLC, (Salt Lake County)
 Utah Children, Salt Lake City, (statewide)
 Utah Community Action Program Association (UCAPA), (statewide)
 Utah Issues, Salt Lake City, (statewide)
 Utahns Against Hunger, Salt Lake City, (statewide)
 Ute Tribe Social Services, Ft. Duchesne
 Valley Mental Health, Salt Lake City, (Salt Lake and Tooele Counties)
 Walsh & Weathers Research and Policy Studies, Fruitland
 Your Community Connection, Ogden, (Weber County)

For more information about UREAP, including our Principles, comments, position papers, correspondence with Utah's Congressional Delegation and other elected officials, we invite you to visit our website at www.slcap.org/UREAP/ureap.htm. There are also links to Utah research at that site.

Statement of Jean Verber, Executive Director

Dear Senator Grassley and Members of Senate Finance Committee, we appreciate the opportunity to submit these comments into testimony as you engage in the process of TANF reauthorization.

We have been directors of an organization, Women and Poverty Public Education Initiative (WPPEI), since 1995 when it was formed through the Women's Studies Consortium at the University of Wisconsin.

We document the lived experience of poor women on welfare, and give them a voice in the public policy debate related to this issue. Since our beginning in 1995, we have interviewed over 2000 women struggling through the transition from AFDC to work.

The major concern we wish to bring before you is the reality of these past years' experience, especially in relation to the changing labor market in Wisconsin and most particularly in Milwaukee where the vast majority of welfare participants reside.

W-2, Wisconsin Works, is a work-first program whose major goal is to get participants into the workforce as quickly as possible. As time limits come up for scores of women in the program, most are NOT finding work. Access to a meaningful job is the #1 obstacle to leaving the welfare system.

As jobs leave Milwaukee and the state, there is a documented gap between active job seekers and available jobs. When W-2 began in 1996, the reported job gap was 6:1 (6 active job seekers for every available job). Today it is 11:1.

This reality presents an enormous barrier for women ready and willing to leave the welfare system, only to realize there is NO job, especially full time work, generating sufficient income to support a family. We learned recently from DWD reports that there are close to 2,000 families in Milwaukee living on food stamps only, with no earned income.

The impact is readily apparent when talking with shelter workers or food pantry and meal program coordinators. They are overwhelmed and unable to meet demands.

Welfare reform in Wisconsin has been touted as a great success, primarily because such a large number have left the system. However, even THIS reality is no longer true. In the past two years since the rolls have been steadily increasing. Today, there are 20% more entering the system than was the case two years ago. Women are re-applying because they cannot provide for their families on part time, temp, or very low wage work.

As TANF reauthorization is now being seriously debated, our data of the lived experience here in the heart of Wisconsin puts us in a valuable position, we believe, to offer recommendations for new policies that will benefit, not only Wisconsin residents, but families nationwide.

Testimony of Leslie Weinberg, RESULTS partner

I work with the Unitarian Universalist Service Committee and RESULTS on domestic issues, such as Welfare Reform. There were numerous problems with the Personal Responsibility and Work Opportunities Reconciliation Act (PRWORA), of 1996. Congress can now resolve those problems.

I oppose increasing the number of hours Temporary Assistance for Needy Families participants must work to qualify to 40 hours weekly. Many entry-level jobs welfare-leavers get are at non-traditional hours. Examples include nurse's aide, waiter or waitress in a restaurant, cleaning offices after work hours. Parents already struggle to care for their children with a 30-hour week. Finding accessible, affordable child care at non-traditional hours is even greater. In some families, the parents work different shifts to address this. Doing so creates greater stresses on the family.

Entry-level jobs do not pay well, are part-time, and generally lack benefits of any sort. There must be more availability for job training and education. Educated employees will go further, eventually at better salary and possible benefits. When PRWORA took effect, students (largely women) studying to become nurses or dental assistants left. They needed to take very low-level jobs to continue TANF eligibility. In Connecticut some are allowed to take part in two-year programs. Employers everywhere, particularly on Connecticut's "Gold Coast" need far more than an Associates degree.

I hope Legal Immigrants will be included in the "safety net" that was torn asunder in 1996. Connecticut had provided Food Stamps to Legal Immigrants through the State budget. Connecticut Governor John Rowland proposed extreme cuts that would significantly affect children and those in need. I think the Congress should reinstate the "safety net"

In October of last year, there were 541 families waiting for financial assistance to obtain needed child care in Connecticut. Families join the waiting list daily. Congress should fully fund the Child Care Development Block Grant; so all eligible children obtain accessible and affordable child care. If TANF recipients must work more hours, CCDBG funding will increase greatly. Some welfare-leavers children are eligible for Head Start. I strongly urge you to fully fund this excellent program. Many eligible children cannot take part due to lack of funds. Money invested now prevents spending money in the educational system and justice system, for example.

I do not want the Government to be involved in encouraging marriage. Money that would go into a program to encourage marriage would be better-spent helping people with job supports. Helping people overcome barriers to employment, such as child care, transportation, education or language would help. Some major stresses in marriage are lack of money and child care. Helping with these issues could help keep families together.

As a domestic violence survivor, I feel strongly that President Bush's program to encourage marriage is misplaced. A Domestic Violence exception in the revision and reauthorization of TANF is badly needed. Men can discourage their spouses from obtaining jobs because they could become more independent. Women can be found at their places of employment, and might be harmed there.

As you address the reauthorization of TANF, therefore, we strongly urge you to:

1. Focus on elements that will assure that the goal will be to help families out of poverty, rather than caseload reduction which measures nothing qualitatively.
2. Provide for a cost of living increase in establishing funding for the next five years.
3. Reject HR 4 with its increased work requirements. Instead, provide for job creation initiatives that make unsubsidized work a real option. Eliminate time limits until unsubsidized employment is available.
4. Address the barriers to work by recognizing and supporting programs that respond to persons dealing with domestic abuse, mental/physical health issues, including drug and alcohol addiction.
5. Allow states the flexibility to design meaningful education and training programs for women needing more intense preparation for better paying jobs.
6. Allow states the flexibility to serve legal immigrants.
7. Re-allocate funds ear-marked for 'marriage promotion' to the needs above. (Eliminate marriage promotion, a personal matter, out of the debate.) Studies show there is no evidence that forcing marriage does anything to reduce poverty or stabilize the family. On the contrary, studies show that money meant to support marriage and family engagement is being squandered and misdirected. Furthermore, cultural realities of our time would underscore many other factors responsible for family instability. With the very high percentage of marriages ending in divorce, we think stability in marriage needs deeper reflection, rather than mere forced ritual.

We urge the Committee to support known and tested ways to end poverty, e.g., assuring a good job, the education and training to qualify for a good job, and the supports, e.g., child care to make work engagement possible.

Most of all, we urge separate consideration of a bill that will provide for the critical need of a job creation program so welfare as we know it is indeed no longer needed.

Thank you for your careful consideration of our concerns and recommendations.

**TESTIMONY OF THE WELFARE REFORM NETWORK ON
WELFARE REAUTHORIZATION**

The Welfare Reform Network (WRN) appreciates the opportunity to submit this testimony on the issue of the reauthorization of the Temporary Assistance for Needy Families (TANF) program. WRN believes that anti-poverty efforts must focus on the complex social structures that contribute to poverty as well as to empower individuals to achieve long-term economic security.

WRN is a coalition of organizations and individuals that advocates for humane income security policies. WRN was founded in 1990 and is based in New York City. Our mission is to advocate for a welfare system that assures all people a decent standard of living without stigma.

Our testimony includes data from New York City's welfare program. Some of these policies have failed in New York City, yet they are touted as a national model for welfare reform and are included in the House TANF reauthorization bill, H.R. 4. WRN strongly opposes H.R. 4 because it discourages participation in education and training, imposes expensive new unfunded mandates which could lead to cuts in basic economic supports, and does not assure the availability of child care.

The components for successful welfare policy should include opportunities for self-support and poverty reduction; Congress has an opportunity to address these worthy goals in TANF reauthorization.

No Increase to the Current TANF Work Requirements

H.R. 4 would require states to have 70 percent of their welfare caseload working 40 hours per week. Yet recent Bureau of Labor Statistics data show that nationally women with young children work an average of 34 hours per week.

WRN is concerned that an increase in the work requirements will force states and localities to create workfare programs, which have failed to increase earnings or employment outcomes. WRN has first-hand knowledge of the failure of New York City's workfare program, the Work Experience Program (WEP). WEP has had only a 9 percent job placement rate.¹ As a result, the size of this program, which at one time was the largest in the country, has been decreased by over 50 percent, from 35,559 cases in 1999 to 15,856 in October 2002.² WEP must not be used as a national model.

¹ New York City Council, Joint Hearing of the Committee on Finance and the Committee on General Welfare, May 22, 2002.

² New York City Human Resources Administration, Public Assistance Caseload Engagement Status Reports, www.nyc.gov/html/hra/pdf/citywide.pdf.

Access to Education and Training

In New York State over half of adult welfare recipients do not have a high school diploma. State and local welfare policies have prevented many of them from attending education and training programs. The City University of New York system has lost over 23,000 welfare recipients who were college students during the last six years and countless others in adult basic education programs have been forced out of school.

Yet, education and training are proven routes out of poverty. Levels of education and degrees of success in the labor market are clearly and closely linked; higher levels of education produce higher earnings return. A recent report from the Community Service Society shows that the unemployment rate for single mothers in New York City without a high school diploma is 20.1 percent, but only 2.6 percent for those with a Bachelors degree or more. Similarly, the hourly wage for single mothers in New York City with less than a high school diploma is \$7.83 while those with a Bachelors degree earn \$18.57.³

Congress must make access to education and training a reality for individuals on TANF. This means including the full range of education and training (adult literacy, English as a Second Language, high school equivalency, college and vocational training) as a work activity without arbitrary caps or impractical time limits.

Access to Child Care

Congress must pay appropriate attention to child care. If Congress is truly concerned about family and a proper start for all children, mothers need access to affordable, quality child care. This requires enhanced child care protections for parents of young children, children in need of after school care and children with special needs. Congress must affirm the value of mothering in and of itself. Allowing the full-time parenting of pre-school age and disabled children by counting caregiving as a work participation activity is the right thing to do.

Despite increasing work requirements, H.R. 4 does not provide any additional money for child care. However, there is not enough quality, affordable child care under the current 30-hour per week work requirement. Presently in New York State, only 18.6 percent of all eligible children receive child care assistance. No parent should have to choose between subsistence benefits and leaving their children unattended or in poor quality care.

³ Mark Levitan and Robin Gluck. *Mothers' Work: Single Mothers' Employment, Earnings, and Poverty In the Age of Welfare Reform*. New York: Community Service Society, September 2002, <http://www.cssny.org>.

Addressing Barriers to Economic Security

Congress must make a serious commitment to addressing barriers to economic security. A significant portion of the individuals on TANF face multiple barriers, including domestic violence, substance abuse, mental health issues, disability, low literacy levels, and limited English proficiency. As a result, many leave TANF or are sanctioned off, but are unable to sustain employment and are forced to return to the rolls. Congress must ensure that TANF workers screen for barriers to economic security, offer appropriate services and the time needed to use those services, and modify or waive program requirements as needed. Moreover, and especially in light of the increasing emphasis on marriage, Congress must ensure that all states address domestic and sexual violence, and have the benefit of caseworker training as well as the best practices that have been developed over the last five years.

Marriage Promotion Is Not a Solution to Women's Poverty

The solution to poverty is not to interfere with basic privacy rights of poor women but rather to focus on economic self-sufficiency. Decisions regarding marriage and childbearing are among the most private decisions an individual can make. Congress must not use women's economic vulnerability as an excuse for attempting to control their decisions regarding marriage and childbearing. Fighting poverty and promoting family well-being will depend on positive governmental support for proven policies that support low income parents in their struggle to obtain and retain good jobs, while at the same time providing the best possible care for their children. Government resources should be devoted to the reduction of poverty, not wasted on unproven, intrusive policies that interfere with personal family formation decisions.

TANF Must Not Discriminate

Congress must ensure that anti-discrimination policies are the cornerstone of TANF law, policy and practice, taking special care to prohibit discrimination against TANF recipients based on their race, ethnicity, national origin, sexual preference, age, ability, and marital status. Further, it must eradicate barriers to TANF access for legal immigrants.

Conclusion

In conclusion, Congress must not limit its definition of welfare success to decreasing welfare caseloads. Just because a family goes off welfare it does not mean they are no longer living in poverty. We urge Congress to make meaningful changes in existing policies that promote the likelihood of individuals and families achieving and maintaining economic security and to denounce the Administration and House proposals that attempt to punish people out of poverty.