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IMPROVING WORK AND OTHER WELFARE REFORM GOALS

HEARING

BEFORE THE

SUBCOMMITTEE ON HUMAN RESOURCES

OF THE

COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS

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IMPROVING WORK AND OTHER WELFARE REFORM GOALS

THURSDAY, SEPTEMBER 8, 2011

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
SUBCOMMITTEE ON HUMAN RESOURCES,
Washington, DC.

The subcommittee met, pursuant to call, at 2:10 p.m., in Room B–318, Rayburn House Office Building, the Honorable Geoff Davis [chairman of the subcommittee] presiding.

[The advisory of the hearing follows:]

HEARING ADVISORY

FROM THE COMMITTEE ON WAYS AND MEANS

Chairman Davis Announces Hearing on Improving Work and Other Welfare Reform Goals

Thursday, September 08, 2011

Congressman Geoff Davis (R–KY), Chairman of the Subcommittee on Human Resources of the Committee on Ways and Means, today announced that the Subcommittee will hold a hearing on the reauthorization of the Temporary Assistance for Needy Families (TANF) program, including how States engage recipients in work activities that move them toward self-sufficiency. **The hearing will take place at 2:00 P.M. on Thursday, September 8, 2011, in Room B–318 of the Rayburn House Office Building.**

The hearing was originally scheduled for 9:00 A.M. on Thursday, August 4, 2011, in Room B–318 Rayburn House Office Building, but was postponed.

In view of the limited time available to hear from witnesses, oral testimony at this hearing will be from invited witnesses only. Witnesses will include experts on the engagement of TANF recipients in work activities and other issues. However, any individual or organization not scheduled for an oral appearance may submit a written statement for consideration by the Committee and for inclusion in the printed record of the hearing.

BACKGROUND:

The purposes of the TANF program include providing assistance to needy families and ending dependence on government benefits by promoting job preparation, work, and marriage. Adults on TANF may be required to participate in up to 30 hours of work or other constructive activities per week to be eligible for benefits, and States must ensure that 50 percent of work-eligible families satisfy this requirement. Since it replaced the New Deal-era AFDC program in 1996, TANF has resulted in reduced welfare dependence as cash assistance caseloads declined 57 percent through December 2010. The work-based 1996 reforms also played a substantial role in reducing child poverty, and even in the recession year of 2009, both African American and Hispanic child poverty remained below 1996 levels despite an unemployment rate 50 percent higher than the pre-reform level.

While TANF has resulted in increased work and reduced dependence and poverty among many low-income parents, current pro-work policies may not reach all or even most adults in families on welfare. States may exempt individual adults on welfare from work requirements or otherwise adopt policies that reduce the 50 percent share of households expected to include an adult participating in work or other activities in exchange for benefits. For example, an increasing number of States have used "excess maintenance of effort (MOE) credits," among other measures, to significantly reduce the share of current welfare recipients expected to work or participate in other activities while receiving benefits, undermining a key welfare reform goal. The TANF program is currently authorized through September 30, 2011, and the President called for a one-year extension of the current program in his Fiscal Year 2012 budget proposal.

In announcing the hearing, Chairman Davis stated, "TANF is designed to help low-income adults prepare for, find, and stay in jobs instead of spending year after year on welfare. Despite significant success since welfare reforms were enacted in the 1990s, in Fiscal Year 2010, over four-in-ten TANF families faced no work requirement at all, and less than a third of families facing work requirements actually met them in Fiscal Year 2009. With TANF requiring an extension before the end of this year, now is the right time to review the program to ensure that States are taking the necessary steps to help TANF families move up the economic ladder, as the 1996 welfare reform intended."

FOCUS OF THE HEARING:

The hearing will focus on oversight of the TANF program along with proposals to improve work and other TANF goals as part of upcoming legislation to extend TANF and related programs.

DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:

Please Note: Any person(s) and/or organization(s) wishing to submit for the hearing record must follow the appropriate link on the hearing page of the Committee website and complete the informational forms. From the Committee homepage, *http://waysandmeans.house.gov*, select "Hearings." Select the hearing for which you would like to submit, and click on the link entitled, "Click here to provide a submission for the record." Once you have followed the online instructions, submit all requested information. Attach your submission as a Word document, in compliance with the formatting requirements listed below, **by the close of business on Thursday, September 22, 2011.** Finally, please note that due to the change in House mail policy, the U.S. Capitol Police will refuse sealed-package deliveries to all House Office Buildings. For questions, or if you encounter technical problems, please call (202) 225–1721 or (202) 225–3625.

FORMATTING REQUIREMENTS:

The Committee relies on electronic submissions for printing the official hearing record. As always, submissions will be included in the record according to the discretion of the Committee. The Committee will not alter the content of your submission, but we reserve the right to format it according to our guidelines. Any submission provided to the Committee by a witness, any supplementary materials submitted for the printed record, and any written comments in response to a request for written comments must conform to the guidelines listed below. Any submission or supplementary item not in compliance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

1. All submissions and supplementary materials must be provided in Word format and MUST NOT exceed a total of 10 pages, including attachments. Witnesses and submitters are advised that the Committee relies on electronic submissions for printing the official hearing record.

2. Copies of whole documents submitted as exhibit material will not be accepted for printing. Instead, exhibit material should be referenced and quoted or paraphrased. All exhibit material not meeting these specifications will be maintained in the Committee files for review and use by the Committee.

3. All submissions must include a list of all clients, persons, and/or organizations on whose behalf the witness appears. A supplemental sheet must accompany each submission listing the name, company, address, telephone, and fax numbers of each witness.

The Committee seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202–225–1721 or 202–226–3411 TTD/TTY in advance of the event (four business days notice is requested). Questions with regard to special accommodation needs in general (including availability of Committee materials in alternative formats) may be directed to the Committee as noted above.

Note: All Committee advisories and news releases are available on the World Wide Web at *http://www.waysandmeans.house.gov/*.

Chairman DAVIS. Good afternoon. I would like to welcome everybody here. I would also thank our panelists and also our guests in the audience for their patience. Votes have made us a little bit tardy in the beginning, but we are looking forward to having this discussion with all of you, have a chance to hopefully share afterwards, and appreciate you coming in.

Today we will be reviewing ideas for reauthorizing the Temporary Assistance for Needy Families program. Since it replaced

the New Deal-era AFDC program in 1996, TANF has been successful at cutting welfare caseloads by 57 percent through last year. Even more importantly, by promoting work among single parents who are the most common welfare recipients, it has helped reduce child poverty in female-headed families by 10 percent, even with the deep recession.

But despite such progress, TANF can and should be strengthened to help more low-income families support themselves in the years ahead. Unfortunately, the Administration has called for only a straight one-year extension of current law, which expires at the end of September 2011. Given that position it seems unlikely that significant changes to TANF will happen this year. In fact, I expect the House will consider a straight short-term extension of TANF later this month. But today's hearing will let us start to focus on key problems that a straight extension would leave unfixed, and help us chart a path toward fixing those issues in the coming year. As with any program, we learn and develop as time and years go on and we encounter new things and identify processes that can be addressed or be improved, and that is what this focus is.

Key concerns involve the fact that not enough adults on welfare are working or preparing for work today. For example, according to recently-released data from the Department of Health and Human Services, in Fiscal Year 2009 only about two in ten families on welfare included an adult who met a welfare-to-work requirement. The reasons are complicated, including because a rising number of welfare payments do not include an adult benefit, called "child-only" payments. But as a testimony of the nonpartisan Government Accountability Office discusses, many States are also using an obscure accounting technique known as "excess MOE credits" to weaken work requirements and avoid engaging adults in work or training, as they should. Instead of the State helping more adults prepare for and begin work, they scour their books to uncover more spending they can credit to the TANF program and thereby reduce the number of people they have to engage in work activities. This compounds underlying concerns that too few current recipients are actually engaging in constructive activities to prepare for work and life off of welfare. And that does a disservice to all poor families who want and need help to become self-reliant.

Other concerns involve outright abuse of taxpayer trust, such as when adults on welfare spend taxpayer funds on liquor, gambling, tattoos, or even visits to strip clubs. As recent exposés have revealed, too many welfare recipients have accessed taxpayer funds at cash machines and casinos, liquor stores, strip clubs, and even on cruise ships. Some States, including California, have already taken action to plug this so-called "strip club loophole." Senators Hatch and Baucus, our colleagues on the Senate Finance Committee, have proposed we do the same on the Federal level. We should consider that as well.

A number of States have either enacted or are considering measures that try to ensure parents on welfare are not using drugs which stand in the way of their getting off benefits and into work. Our colleague, Mr. Reed, raised this issue at our last hearing and it is one attracting a lot of attention. In a world where many employers require drug testing to ensure workers are clean and sober,

neither taxpayers nor welfare recipients are helped if we have a lower standard for those collecting welfare benefits designed to help them enter work.

Finally, in addition to work and personal responsibility, another key driver of welfare dependence involves family formation, especially whether children are raised in married, two-parent households, in which they are most likely to thrive and avoid poverty. In 2009 the poverty rate for married families with children was 8.3 percent, while the poverty rate for households headed by unmarried mothers was 45.3 percent, almost five and a half times as high. Yet current welfare rules create marriage penalties by expecting a greater share of married parents to be working and for more hours. States have responded by in effect opting out of such requirements altogether. It is time to ask whether the underlying rules should be reformed in favor of treating all families the same. This is one of several questions we should ask about how we remove marriage penalties and encourage stronger families in the next round of reform.

We have an excellent panel of witnesses with us today to discuss these issues and more, and we look forward to all of their testimony.

Without objection, each Member will have the opportunity to submit a written statement and have it included in the record at this point.

Chairman DAVIS. And now I would like to defer to my friend and colleague, the ranking Member, Mr. Doggett, to make his opening statement.

Mr. DOGGETT. Thank you so much, Mr. Chairman. As we take up this question of how to reauthorize the Temporary Assistance for Needy Families program I think we should focus on two goals: helping able-bodied recipients find the work that they need, while protecting the safety net for struggling families who are unable to do work because of disability, family crisis, or the fact that there is not a job available. I believe much work needs to be done on both counts.

We are caught up in the millions and the billions, quite appropriately. But this is about looking into the face of one child who is left homeless on the streets because there is no protection, or is one of the four children in this country who wakes up not knowing whether there will be food at the end of the day for their family.

We should be concerned about strip clubs or any abuse of this system and see that those who abuse these programs do not receive assistance, whether they are a pharmaceutical manufacturer or an individual welfare recipient. But I think our concerns must be much broader. We should be concerned about protection that is stripped from the many needy families across this country.

Even though the number of eligible poor families has increased substantially with these hard economic times, the participation in TANF has not increased by a similar amount. In 2009, only one of every five children in poverty across America received any direct Temporary Assistance for Needy Families assistance. It is the lowest level of poor children receiving cash assistance since 1965.

And in Texas, of course, matters are worse. We only have about 1 out of every 20 poor children receiving assistance; and when as-

sistance is received, a family of three could expect to get about $244 a month, or less than 20 percent of the generally accepted poverty line.

TANF has become, I believe, more hole than safety net, protecting fewer and fewer families as more and more have fallen deeper into poverty. We all want to see more families advance from TANF into full employment and the middle class, but so many are just struggling to stay in the situation that they have now and have lost their chance to participate in the middle class. The goal is not achieved when caseloads decline due to a lack of access for poor families rather than a decline in the number of poor families. With fewer poor children and their families receiving Temporary Assistance for Needy Families, now is not the time to do even less with significant spending reductions.

I am pleased to hear the chairman indicate that we might move forward with an extension, even if temporary, and I am hopeful that that extension will include the TANF Supplemental Grant program that has already expired this summer. That is what Texas and 16 other States rely upon. They would see up to a 10 percent reduction in TANF funding without it.

Over 15 years ago, as part of the 1996 reform of the welfare laws, a reform that I personally supported, TANF Supplemental Grant funds were set aside to help the States that were negatively affected by the Federal formula. Ever since, Texas and a number of other States have depended on these monies in order to provide assistance that their families need, even at the relatively low levels that Texas funds.

Without action on this issue, States will lose about $3 billion over the next ten years; $500 million of that will be in my State of Texas. The loss of these grants would place at risk a range of vital services, including efforts to ensure that children are cared for in their own homes, child-care assistance for working families and job training. With funding for TANF having expired, or will expire at the end of this month, it seems unlikely that Congress will design comprehensive legislation to reauthorize it. I do hope we can come together on a bipartisan temporary extension.

Unless, Mr. Chairman, I direct all of my concerns at Republicans, which I have many, I must concede that the Administration has largely been missing in action on this issue which impacts the lives of so many of our most vulnerable neighbors. And I would urge the Administration to provide more leadership on improving the TANF program as we approach the current authorization expiration at the end of the month. Thank you.

Chairman DAVIS. Thank you very much. I look forward to working with you on this as we move forward. It is going to be an interesting discussion over the intervening months, and hopefully we will come up with a good solution to that.

Chairman DAVIS. Before we move on to our testimony, I would like to remind witnesses that we are limiting the opening statements, the oral statements, to 5 minutes. However, without objection, all of the written testimony will be made part of the permanent record.

On our panel this afternoon we will be hearing from a number of folks. First, Gary Alexander, the Secretary of the Pennsylvania

Department of Public Welfare. He gets a persistence award today for coming, despite flooding in his own State, a lengthy commute, and driving rain. And as such, he may need to leave us a little bit early to attend to some other matters, but we really appreciate you taking the time to come down here and share from your experience and the things that you have done in Pennsylvania.

We have back with us Kay Brown from Education Workforce and Income Security with the U.S. Government Accountability Office, who has been with us before to share very critical information as we are beginning to address a range of issues under jurisdiction of the committee.

Doug Besharov, Professor at the School of Public Policy at the University of Maryland, who has worked for many years in this area and whom I have gotten to know through work with the subcommittee as well.

Scott Wetzler, Vice Chairman and Professor at the Department of Psychiatry and Behavioral Sciences at the Montefiore Medical Center.

And LaDonna Pavetti, Vice President for Family Income Support Policy for the Center on Budget and Policy Priorities.

Thank you all again for being here. Secretary Alexander, please proceed with your testimony.

STATEMENT OF GARY D. ALEXANDER, SECRETARY OF PUBLIC WELFARE, COMMONWEALTH OF PENNSYLVANIA

Mr. ALEXANDER. Thank you. Chairman Davis——

Chairman DAVIS. You are in Washington. Things don't always work very well here.

Mr. ALEXANDER. Not as lucrative as Pennsylvania.

Chairman Davis and subcommittee members, thank you for the opportunity to speak today. My name is Gary Alexander and I am currently the Secretary of Public Welfare for the Commonwealth of Pennsylvania. This committee is well familiar with the fundamental changes in the social contract between the taxpayers and recipients of income and services under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. For the first time, the stated objective of the program explicitly emphasized self-reliance, but equally and importantly, expectations were imposed in exchange for temporary assistance. With this central element in place, the legislation that once brought into alignment the interests of all parties—recipients, taxpayers and government bodies—recipients were motivated to move into jobs at the earliest opportunity because of time limits and TANF work obligations. Taxpayers could see that those that they were temporarily supporting were making real efforts to earn their own income, and government agencies were no longer bought out from the consequences of rising caseloads, but instead had every reason to encourage family self-sufficiency so that block grant funds could be saved or reprogrammed.

This alignment of incentives, and not just the work program changes alone, was responsible for the 60 percent reduction in the national caseloads experienced soon thereafter 1996.

When TANF was reauthorized in 2006, certain adjustments and updates were made, but the essential social bargain set forth in the

original legislation remained intact. I would encourage Congress to keep that alignment of incentives intact as we move forward.

There is no reason that other benefit programs should not encourage self-reliance incorporating a version of a work requirement. Although not all benefit programs are under the jurisdiction of this committee, it is important for the Congress as a whole to consider the nature of the social welfare system as recipients experience it, and to consider the adaptations of the early TANF success to other related programs.

Large assistance programs such as food stamps, Medicaid, housing assistance, and unemployment insurance should incorporate a universal work or preparation and obligation to work for all able-bodied recipients.

To be specific to Pennsylvania, Pennsylvania possesses a vast social welfare network that has become a way of life to many. Generally, lifetime benefits are limited to 60 months on the TANF program, but there are many exceptions, as you know, to receive extended TANF.

Pennsylvania has approximately 18 percent of its caseload on after 60 months. With billions of dollars spent over the past decade, Pennsylvania only puts 5 percent of its clients in a 30-hour per week job, yet it touts a work participation rate of approximately 50 percent. Half of those leaving TANF for a job return to TANF within 1 year. Pennsylvania and most States meet their work participation rate with everything but a real 30-hour a week job. The welfare state in Pennsylvania is growing by 13 percent year over year.

We and you in Congress know that our current welfare system does not work for America. As in all Federal programs, the rules of TANF are complicated, cumbersome, onerous and convoluted. For TANF the current measures and outcomes, while important to the Federal establishment, fail to accurately measure work, and they allow States to inflate numbers and not be held responsible for performance. Only a program that values and encourages work first, across all Federal programs, will increase accountability and empower individuals and families to self-sufficiency and independence.

How do we solve this dilemma? One, create a performance-driven system across the board where contractors are paid for job placement and retention only. Simplify the rules and create simple performance measures for States, like work attainment and retention and healthy lifestyles; retain the current block grant, but do not penalize States for saving money; and ensure that States measure real job placement and retool the work participation rate to reflect real employment and do not allow States to pad participation rates by shifting caseloads into State-only programs.

Thank you.

Chairman DAVIS. Thank you very much.

[The prepared statement of Mr. Alexander follows:]

TESTIMONY
GARY D. ALEXANDER
SECRETARY of PUBLIC WELFARE
COMMONWEALTH OF PENNSYLVANIA
September 8, 2011

House Committee on Ways and Means

Chairman Davis and Subcommittee Members, thank you for the opportunity to speak today. My name is Gary Alexander and I am the Secretary of Public Welfare for the Commonwealth of Pennsylvania. Prior to my appointment, I served as the Secretary of Health and Human Services in Rhode Island. I am here today to offer testimony on the reauthorization of the Temporary Assistance for Needy Families ("TANF") program, and how states can better engage recipients in real work activities that move them towards self-sufficiency and independence.

The Genius of the TANF Concept

The concept behind the 1996 TANF legislation was a stroke of policy genius. This legislation, known as the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, took a completely novel approach to an intractable problem with its origins in the Great Society of President Lyndon B. Johnson. That problem was an increasing dependency on government for income and most of life's other needs, from housing to food to medical assistance.

This committee is well familiar with the fundamental changes in the social contract between the taxpayers and the recipients of income and services with PRWORA. For the first time, the stated objective of the program explicitly emphasized self-reliance, but equally importantly enforceable expectations were imposed in exchange for temporary assistance. With this central element in place the legislation at once *brought into alignment* the interests of all parties—recipients, taxpayers and government bodies. Recipients were motivated to move into jobs at the earliest opportunity because of time limits and TANF work obligations; taxpayers could see that those they were temporarily supporting were making real efforts to earn their own income; and government agencies were no longer "bought out" from the consequences of rising caseloads but instead had every reason to encourage family self-sufficiency so that block grant funds could be saved or re-programmed. This alignment of incentives - - and not just the work program changes alone—was responsible for the 60% reduction in the national caseloads experienced soon thereafter.

When TANF was reauthorized in 2006, certain adjustments and updates were made, but the essential social bargain set for in the original legislation remained intact. I would encourage the Committee in its current deliberations to acknowledge the genius of its earlier handiwork and whatever legislative changes are adopted, make sure the underlying alignment of incentive among the three parties—recipients, taxpayers and government bodies—remains vibrant.

There is no reason that other benefit programs should not encourage self-reliance, incorporating a version of a work requirement. Although not all benefit programs are under the jurisdiction of this Committee, it is important for the Congress as a whole to consider the nature of the social welfare system as recipients experience it and to consider the adaptations of the TANF success to other related programs. Large assistance programs, such as Food Stamps, Medicaid, housing assistance and unemployment insurance, should incorporate a universal work or work preparation obligation from able bodied adult recipients. To give an example, there are more non-working families with children receiving Food Stamps-only than there are comparable families receiving both TANF and Food Stamps together. Yet despite their similar situations, such Food Stamp-only households are subject to virtually no effective work obligations.

The Pennsylvania TANF System

To be eligible for Pennsylvania's TANF program as it is now configured, families must include a child (or pregnant woman) and be residents of Pennsylvania Adults in families receiving cash assistance must work or participate in work-related activities. A single parent with children age six and over must participate for at least 30 hours per week while a single parent with a child or children under age six must participate at least 20 hours per week. Special exemptions are allowed from these work requirements, such as disability and pregnancy. Cash grants vary based upon the size of the family and their location. For example, a family of three in Philadelphia receives a monthly cash grant of $403; a family in Butler County, PA receives a monthly cash grant of $393.

Beyond the receipt of monthly cash grants, individuals in TANF can receive support and assistance related to finding and maintaining employment. Some of these programs and services include job assessments, job placements, paid work experience, vocational training classes, in-school programs for teen parents, fatherhood initiatives, transportation grants, and literacy programs. Families on TANF are also eligible to receive child care subsidies for child care through the Child Care Works program.

Generally, lifetime TANF benefits are limited to 60 months per individual. The person may, however, continue to be eligible for cash assistance benefits after the 60-month limit has ended through "Extended TANF." Eligibility for Extended TANF occurs if:

- The person is working or in an approved training program.
- The person or a family member is a victim of domestic violence.
- The person has a physical or mental condition that prevents them from working.
- The person has a family crisis.
- The person is caring for an individual who is disabled.
- The person has a child under the age of twelve months.
- The person is able to work, but can't find a job.

Much Room For Improvement

Despite the strengths with the TANF program, there is still much room for improvement. Perhaps the largest area for improvement is the placement and retention of people in the workforce. Further, federal rules and benchmarks need to be simplified to reflect real work and retention rather than a myriad of ancillary activities that usually do not add up to self-sufficiency. As in all federal programs, the rules are complicated and burdensome and the work participation rate – while important for federal reports – apparently fails to accurately measure actual, real-life work.

As the name indicates, TANF was meant to be temporary assistance, but instead has become "a way-of-life" for many. In Pennsylvania for example, as of July 2011, there were almost 10,000 individuals and growing on TANF who been on for more than five years. In the past year, half of those who left TANF for a job returned to TANF within a year. Pennsylvania's work participation rates for families receiving TANF show TANF is in need of cost-saving reforms because it has simply not performed as intended over the years. As of July 2011, Pennsylvania is only managing to put approximately four percent of its TANF population into jobs that provide at least 30 hours of work per week and only six percent of those on TANF work 24 hours a week. Indeed, from July 2010 to July 2011 there has been a thirty-one percent decrease in the percentage of TANF individuals who are working.

Among individuals who leave TANF, approximately one out of three return after six months. The data clearly shows that Pennsylvania and the nation need a focus and mandate on employment in order to offer its participants a chance of moving out of poverty. An approach that encourages work first is the only way to ensure that truly needy individuals receive temporary assistance while transitioning to self-sufficiency.

The Corbett Administration recognizes the need to begin the process of redesigning Pennsylvania's TANF program. The public data illustrate the failure of the current system to transition individuals into meaningful employment and become independent. Current work participation rates are troubling, and strongly suggest a fundamentally flawed system. A sense of shared responsibility among those administering public assistance programs and those receiving benefits is necessary to achieve true self-sufficiency and improve program performance. Only a program that values and encourages work first will increase accountability on behalf of Pennsylvania and its participants and create a system that empowers individuals and promotes strong families. The best anti-poverty program is a JOB. Pennsylvania is considering numerous changes to its existing TANF program with reforms focused on:

1. Eliminating or reducing the harmful effects of poverty on families and children by fostering employment and opportunity as a means to economic independence;

2. Assisting participants to gain employment as rapidly as possible, giving due consideration to individual circumstances, labor market conditions, the needs of children and the ultimate goal of long-term economic independence;

3. Eliminating the stigma of welfare by promoting self-sufficiency and self-worth and strengthening family life; and

4. Implementing a program that is clear, focused, simple to administer, and that moves participants from welfare to work.

5. Incentivizing and energizing participants to gain independence and motivating contractors to perform and achieve results.

It is undeniable that parents who are able to work should work, especially if they receive public assistance. Any new reform proposal must set the expectation that able individuals receiving benefits should work. Unsubsidized work should be the top priority, and services such as child care and health care should be available to help families transition into independence. Any plan should include four goals:

- Promoting personal responsibility: Clients are expected to explore all possible resources to support their education and training before requesting taxpayer support.

- Refining sanctions: Clients who are able to work must do so. For example, Pennsylvania's County Assistance Offices are reviewing the caseload to ensure that clients who are not meeting their work requirements have sufficient documentation to support their exemption from it. We are maximizing automation at the front door every which way we can to streamline caseworkers focus on quality reviews.

- Promoting responsible parenthood: Noncustodial parental initiatives should be supported to promote financial and emotional assistance for dependent children.

- Performance-Based Contracting -– Applicable state vendors should be encouraged to hire current and former TANF clients.

With reauthorization, you have the opportunity to improve the approach for states to administer TANF by providing more flexibility for states to administer their TANF programs. Pennsylvania is doing this by using simplified, clear and transparent, targeted performance measures and outcomes to manage the program.

The goal of any new "Work First" system in Pennsylvania is to remove "middleman" contracts and work directly with employment and training contractors via competitive procurements. Job placement contractors would get paid only on successful job placements. Existing employment and training centers would move to managing based on the new performance measures thereby shifting to outcomes-based management. Data and information technology (IT) are crucial to this endeavor. We are developing a case-management IT system for the employment vendors that manage enrollment, eligibility, plan development, assessment, other support services, referrals, and follow-ups for our clients. Our job placement contractors will not only enter data, but will also be able to generate real-time reports.

Performance measures will be put in place to focus on valid employment measurements for clients, employment and training entities, and for our oversight. We are developing a means to incentivize each measure to ensure we move this system to where it needs to be.

Proposed TANF Performance Measures should include:

1. WPR measurements – while standard WPR measures are required by the federal government, we want to review real work participation at every level of the organization, early and often. Our goal is to reduce the target but perform better in getting clients into meaningful employment, so the target would be lower but clients would be moved into real jobs

2. Job placement – full month in an unsubsidized job.

3. Job retention – We want our clients to stay in a job so we will be measuring job retention at 60, 90, and 180 days (we know that most people who drop out of employment do so before the 180-day mark).

4. Health insurance - available through unsubsidized employer and selected by the recipient. (Note that the Patient Protection and Affordability Act provides disincentives for employers to continue to offer health care benefits to workers after 2013 leading to higher enrollment in government subsidized health coverage.)

5. Hourly increases –we plan to measure increased number of hours worked with a goal of full-time/35 hours weekly. Right now, a recipient can get credit for working five, ten, or 20 hours a week. Unfortunately, most jobs are not going to help them become self-sufficient at that level. In order to really reach self-sufficiency, they need to be working full-time (which we would suggest defining "full-time" as 35 hours/week). So, essentially, the measurement would track the number of people who move from part-time employment to full-time employment. Incentives must be provided to focus on those working part-time to get them to full-time employment, to adopt innovative programs, and to build competition between employment and training entities.

6. Case Review - Review of cases if case closure is due to higher income or voluntary closure. Nationally, it is recognized that moving clients to unsubsidized and subsidized work is a less expensive approach than a program design focused heavily on skills training and paid work experience. A new "Work First" design would support streamlining costs, promoting personal responsibility and work. Work and job retention are the best and least-expensive outcomes. WPR activities and employment and training programs should be adjusted to promote these outcomes.

REAUTHORIZATION RECOMMENDATIONS:

With reauthorization, you have the opportunity to improve the approach for states to administer TANF. Understanding the time limitation, I want to quickly provide some suggestions as you consider the reauthorization of the TANF program.

Retain the block grant but do not penalize states for saving money. Currently, states must maintain a block grant amount that is reflective of the amount of money spent in 1996. If a state finds a way to run the program more effectively and efficiently that saves money, it must spend money in other areas to make up for the difference according to the Maintenance of Effort rule. If that state fails to spend that money and falls below the MOE spending level, it will receive a double penalty, which makes it financially imprudent to fall below that threshold. In Pennsylvania, we have bumped up against that threshold and are at risk at falling below it unless we find additional ways to spend money in other ways. What is the sense in that? Federal law incentivizes us to spend more state money even when we find efficiencies. If the double penalty were removed, then both the Commonwealth and Federal government would share in the savings.

Maintain spending flexibility in unobligated funds, transfer authority and administrative spending.

Simplify the Performance of the Program and Federal Rules. Use simplified performance measures and rules such as the attainment of a 30 hour a week job, job retention and basic training.

Ensure that states are measuring real job acquisition and not padding participation rates by shifting caseloads into state-only programs.

Mandate performance based contracting with vendors.

Mandate the work requirement throughout all programs.

Provide the states with a grant for all programs with flexibility and performance measures.

Participation Rates:
There are presently complex and convoluted rules to calculate WPR that do not accurately reflect full caseload participation. The WPR does not reflect the percentage of individuals working in unsubsidized employment and in fact clients can meet WPR requirements by participating in a mix of "core" and "non-core activities" without ever finding employment. Additionally, the sampling process required is so complex that states face major challenges to replicate federal calculations, which makes forecasting WPR rates a major resource drain on states.

Although documentation of participation is critical to ensure program integrity, federal requirements to document hours is burdensome to states and community partners alike. Systems end up bogged down with paperwork rather than focusing on client service.

Other Federal Requirements that should be changed to better assist states.

Federal Regulation: Title 45 CFR § 264.70 What makes a State eligible to receive a provisional payment of contingency funds?

- It is unreasonable to expect states to find additional MOE dollars to access contingency funds, which requires states to meet a MOE level of 100%. This requirement is more than regular TANF MOE requirements and is unnecessarily difficult and complicated for states to navigate, especially in a poor economic climate.

Federal Regulation: Title 45 CFR § 263.1 How much State money must a State expend annually to meet the basic MOE requirement?

- The current MOE requirements for TANF discourage states from implementing cost containment initiatives through innovation. Currently, states must maintain a block grant amount that is reflective of the amount of money spent in 1996, which forces states to search for additional MOE spending. States that perform well should be incentivized through mutual cost reductions for both the state and federal governments. At a minimum, it is recommended that the MOE requirement be standardized at 75%. Also, the Federal government should consider risk-share with the states and incentivizing the states for real job placements.

Federal Regulations: Title 45 CFR §§ 263.8 What happens if a State fails to meet the basic MOE requirement?; 45 CFR § 264.50 What happens if, in a fiscal year, a state does not expend, with its own funds, an amount equal to the reduction to the adjusted SFAG resulting from a penalty?

- Reducing or eliminating the MOE penalties and allowing reasonable cause and corrective compliance would alleviate many frustrations states have with the current system. MOE provisions that penalize states for reducing costs through innovation are counterproductive.

Federal Regulation: Title 45 CFR PART 261 – ENSURING THAT RECIPIENTS WORK – Subpart D – How will we Determine Caseload Reduction Credit for Minimum Participation Rates?

- Establish an employment credit to recognize state success helping individuals enter employment and leave assistance. Ultimately, state TANF programs should be measured on their ability to assist recipients in obtaining employment and leaving assistance permanently.

CONCLUSION

The most obvious and viable federal option is to give each state the flexibility to design and manage its TANF program, so as to allow it to improve outcomes and bring more

value to taxpayers and beneficiaries. We can focus on data-driven, consistent management and decision-making from measured quality outcomes. Pennsylvania is ready and able to bring innovative policy solutions to actively address TANF and other programs. The states can, and should, be the originators of policies and ideas that best benefit their own diverse populations and demographic realities. Thank you for allowing me to share my views on this extremely important issue, and I'd be happy to take any questions.

Chairman DAVIS. Ms. Brown, you may proceed with your statement.

STATEMENT OF KAY E. BROWN, DIRECTOR, EDUCATION, WORKFORCE, AND INCOME SECURITY

Ms. BROWN Chairman Davis, Ranking Member Doggett, and Members of the Subcommittee, thank you for inviting me here today to discuss our work on the TANF program, a key program intended to assist women and children living in poverty.

I will cover two issues: first, changes in the welfare caseload and spending; and second, State actions to meet work participation requirements.

First, regarding caseload and spending changes. Following welfare reform, the number of families receiving TANF cash assistance dropped by almost 50 percent as States focused on moving parents quickly into jobs. This was followed by a slight uptick since the beginning of the recession. By 2008, about half of these cases still receiving cash assistance were what we called child-only cases. In these households only the child receives benefits because he or she is living with a parent or caregiver who is not eligible to receive cash assistance. The parent may receive supplemental security income, may be an immigrant, or may have been sanctioned for noncompliance with program requirements, or the child may be living with a nonparent caregiver, often a relative. These adults in the child-only cases are generally not subject to work requirements.

As the number of families receiving cash assistance declined, so did TANF-related State spending for cash assistance from about 73 percent of all TANF expenditures in fiscal year 1997 to 30 percent in 2009. Instead, States shifted spending to meet other purposes consistent with the program goals, such as child care and child welfare. However, States primarily report to HHS on families receiving cash assistance, the traditional welfare caseload, and not on these other forms of assistance. As a result, we don't have a complete picture of the families that may be benefiting from TANF funds and the services that they receive.

My second point is about how States have met their work participation requirements. Because of the program's focus on job preparation and employment, States' performance is measured in large part by their success in ensuring at least 50 percent of their work-eligible cash assistance families are working or engaged in other specified work activities; yet our work shows that approximately one-third of TANF families participated in these work activities for the required number of hours each year from 2001 to 2009.

States have been able to engage less than 50 percent of participants in work without incurring penalties by taking advantage of allowable program flexibilities. For example, States can receive a credit that reduces their required participation rate by the same percentage as their caseload decline. In 2009, 38 of the 45 States that met their required work participation rate did so in part because of caseload declines.

Many States also took advantage of a provision that factors in State spending. States are required to spend a certain amount of their funds every year to receive their federal TANF block grant. In recent years when States have spent above the required amount, they were permitted to correspondingly increase their caseload reduction credits. In 2009 32 States claimed this excess spending,

and 17 States would not have otherwise met their participation rates.

And finally, States made policy changes that helped ensure they met their participation rates. Some States made changes to ensure that families complying with work requirements continued to receive cash assistance. States also opted to provide cash assistance to some families completely outside of their TANF program, particularly those families that have the most difficulty meeting the TANF work requirements. These families were not counted in the State's work participation calculation.

In conclusion, although a central feature of the TANF block grant is the flexibility it provides to the States to design and implement their own programs, the lack of information on how noncash assistance funds are used and who benefits, combined with the limited usefulness of the work participation rate as the key performance measure, hinder our ability to fully understand how the program has been implemented and whether it is reaching its goals.

This concludes my prepared statement. I am happy to answer any questions.

Chairman DAVIS. Thank you very much.

[The prepared statement of Ms. Brown follows:]

United States Government Accountability Office

GAO

Testimony

Before the Subcommittee on Human Resources, Committee on Ways and Means, House of Representatives

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TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

Update on Families Served and Work Participation

Statement of Kay E. Brown, Director
Education, Workforce, and Income Security

U.S. Government Accountability Office
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ACCOUNTABILITY * INTEGRITY * RELIABILITY

GAO-11-880T

GAO
Accountability * Integrity * Reliability
Highlights

Highlights of GAO-11-880T, a testimony before the Subcommittee on Human Resources, Committee on Ways and Means, House of Representatives

September 8, 2011

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

Update on Families Served and Work Participation

Why GAO Did This Study

The Temporary Assistance for Needy Families (TANF) program, created in 1996, is one of the key federal funding streams provided to states to assist low-income families. A critical aspect of TANF has been its focus on employment and self-sufficiency, and the primary means to measure state efforts in this area has been TANF's work participation requirements. When the Deficit Reduction Act of 2005 (DRA) reauthorized TANF, it also made changes that were generally expected to strengthen these work requirements. Given the impending extension or reauthorization of TANF, this testimony primarily draws on previous GAO work to focus on (1) how the welfare caseload and related spending have changed since TANF was created and (2) how states have met work participation rates since DRA. To address these issues, in work conducted from August 2009 to May 2010, GAO analyzed state data reported to the Department of Health and Human Services (HHS); surveyed state TANF administrators in 50 states and the District of Columbia; conducted site visits to Florida, Ohio, and Oregon, selected to provide geographic diversity and variation in TANF program characteristics; and reviewed relevant federal laws, regulations, and research. In July 2011, GAO updated this work by analyzing state data reported to HHS since that time. In addition, GAO gathered information on caseload changes through its forthcoming work on TANF child-only cases.

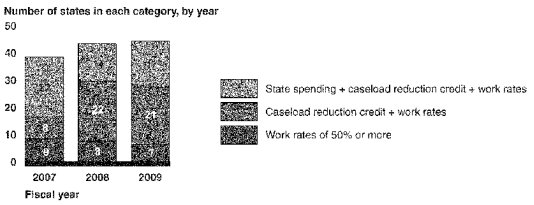
View GAO-11-880T or key components. For more information, contact Kay E. Brown at (202) 512-7215 or brownke@gao.gov.

What GAO Found

Between fiscal years 1997 and 2008, the total number of families receiving welfare cash assistance decreased by almost 50 percent. At the same time, there have also been changes in the types of families receiving cash assistance. Specifically, child-only cases—in which the children alone receive benefits—increased from about 35 percent of the overall TANF caseload in 2000 to about half in 2008. As the number of families receiving TANF cash assistance declined, state spending shifted to support purposes other than cash assistance, which is allowed under the law. However, because states are primarily required to report data to HHS on families receiving cash assistance and not on families receiving other forms of aid funded by TANF, this shift in spending has left gaps in the information gathered at the federal level to understand who TANF funds are serving and ensure state accountability.

Nationally, the proportion of TANF families who met their work requirements changed little after DRA was enacted, and many states have been able to meet their work participation rate requirements because of various policy and funding options allowed in federal law and regulations. Although federal law generally requires that a minimum of 50 percent of families receiving TANF cash assistance in each state participate in work activities, both before and after DRA, about one-third of TANF families nationwide met these requirements. Nonetheless, many states have been able to meet their required work participation rates because of policy and funding options. For example, states receive a caseload reduction credit, which generally decreases each state's required work participation rate by the same percentage that state caseloads decreased over a specified time period. States can further add to their credits, and decrease their required work rates, by spending their own funds on TANF-related services beyond the amount that is required to receive federal TANF funds. In fiscal year 2009, 7 states met their rates because 50 percent or more of their TANF families participated in work activities for the required number of hours. However, when states' caseload decreases and additional spending were included in the calculation of state caseload reduction credits, 38 other states were also able to meet their required work participation rates in that year.

Factors That Helped States That Met Their Work Participation Rates in Fiscal Years 2007 through 2009



Source: GAO analysis of HHS data.

Chairman Davis, Ranking Member Doggett and Members of the Subcommittee:

I am pleased to have the opportunity to participate in today's discussion of the $16.5 billion Temporary Assistance for Needy Families (TANF) block grant. As you know, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA)[1] introduced sweeping changes to federal welfare policy. It ended Aid to Families with Dependent Children, which entitled eligible families to monthly cash payments, and created TANF, a capped block grant provided to states to operate their own welfare programs within federal guidelines.[2] Those guidelines, in part, emphasize employment and work supports, and as such, designate specific work participation requirements for many families who receive cash assistance.[3] For example, in December 2010, approximately 60 percent of the 1.9 million families receiving TANF cash assistance included an adult or teen parent who was required to participate in work activities as a condition of benefit receipt. The remaining families were excluded from the work requirements, often because those families included only children receiving benefits. Although the work requirements have been in place since TANF was created, Congress took steps through the Deficit Reduction Act of 2005 (DRA)[4] that were generally expected to strengthen these requirements, including adding several provisions to improve the reliability of work participation data.[5] Both the U.S. Department of Health and Human Services (HHS), which oversees TANF at the federal level, and states were required to take steps to implement the DRA changes beginning in fiscal year 2007.

My remarks today are primarily based on our past work, specifically our May 2010 report examining how DRA affected state TANF programs and work participation rates.[6] I will focus on (1) how the welfare caseload and

[1]Pub. L. No. 104-193, 110 Stat. 2105.

[2]Id. § 103(a)(1), 110 Stat. 2112.

[3]42 U.S.C. § 607.

[4]Pub. L. No. 109-171, 120 Stat. 4 (2006).

[5]Id § 7102, 120 Stat. 136.

[6]GAO, *Temporary Assistance for Needy Families: Implications of Recent Legislative and Economic Changes for State Programs and Work Participation Rates*, GAO-10-525 (Washington, D.C.: May 28, 2010).

related spending have changed since TANF was created and (2) how states have met work participation rates since DRA. To develop our findings for our May 2010 report on work participation, we used multiple methodologies. We reviewed state TANF data reported to HHS, as well as relevant federal laws, regulations, and guidance; and interviewed HHS officials. We also surveyed state TANF administrators from the 50 states and Washington, D.C.; and conducted site visits to meet with state and local TANF officials in Florida, Ohio, and Oregon, selected because they made varied modifications to their TANF programs after DRA and varied in geographic location and selected TANF program characteristics. We conducted our work for that report from August 2009 to May 2010,[7] and in July 2011, we obtained more recent data on work participation from HHS to supplement our earlier work. This statement also draws from our February 2010 report on TANF caseloads,[8] as well as our recent work on TANF child-only cases, which examines cases in which the children alone receive benefits.[9] We determined that the data we obtained were sufficiently reliable for the purposes of this testimony. Our performance audit was conducted in accordance with generally accepted government auditing standards. Those standards required that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

[7]For more information on our methodology, see appendix I of GAO-10-525.

[8]GAO, *Temporary Assistance for Needy Families: Fewer Eligible Families Have Received Cash Assistance Since the 1990s, and the Recession's Impact on Caseloads Varies by State*, GAO-10-164 (Washington, D.C.: Feb. 23, 2010). Also see GAO, *Temporary Assistance for Needy Families: Implications of Caseload and Program Changes for Families and Program Monitoring*, GAO-10-815T (Washington, DC: Sept. 21, 2010).

[9]We examined the (1) trends and composition of the child-only caseload; (2) characteristics of caregivers and children in non-parent child-only cases; (3) factors influencing the level of benefits and services for children with non-parent caregivers; and (4) coordination efforts between state TANF and child welfare programs. To address these objectives, we analyzed federal TANF and child welfare data; surveyed state TANF and child welfare administrators; interviewed HHS officials and researchers; and conducted site visits in Tennessee, Texas, and Washington.

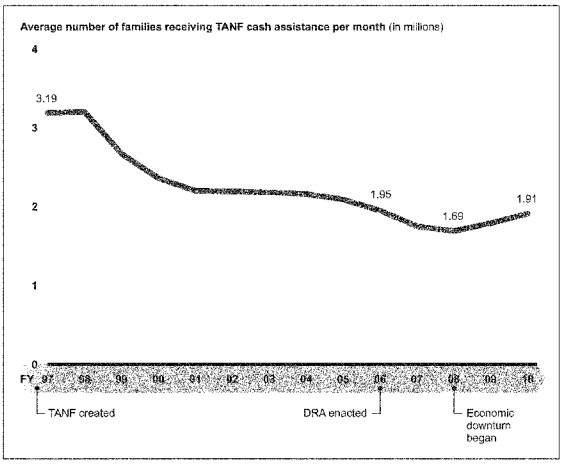
Data Gaps Hinder Full Assessment of Families Being Assisted with TANF Funds

The number of families receiving welfare cash assistance fell significantly after the creation of TANF, decreasing by almost 50 percent from a monthly average of 3.2 million families in fiscal year 1997 to a low of 1.7 million families in fiscal year 2008 (see fig. 1). Several factors likely contributed to this caseload decline, such as the strong economy of the 1990s, declines in the number of eligible families participating, concurrent policy changes, and state implementation of TANF requirements, including those related to work participation.[10] However, since fiscal year 2008 and the beginning of the recent economic recession, the number of families receiving TANF cash assistance has increased by 13 percent to a monthly average of 1.9 million families in fiscal year 2010. Comparing the types of families that receive TANF cash assistance, the number of two-parent families increased at a faster rate than single-parent families or child-only cases, in which only the children receive benefits, during this time period.[11]

[10]For more information on factors that led to the decline in TANF caseloads, see GAO-10-164.

[11]While the number of two-parent families receiving cash assistance increased by 61 percent during this time period, this group is a small portion of all families receiving cash assistance. Specifically, in December 2010, two-parent families comprised 5 percent of all families receiving cash assistance nationwide.

Figure 1: Changes in the Average Monthly Number of Families Receiving TANF Cash Assistance Since Fiscal Year 1997

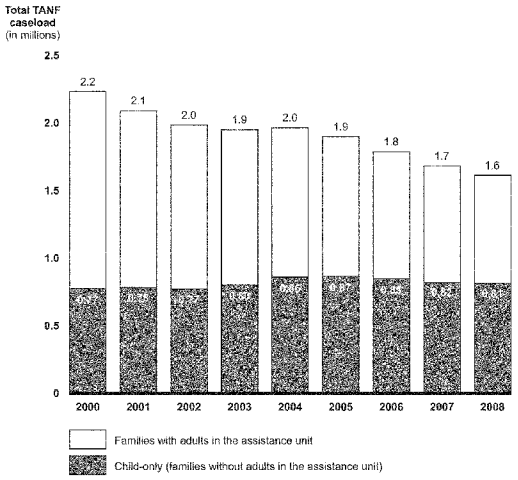


Source: GAO analysis of HHS data.

Note: The provisions of PRWORA that created TANF were not effective until fiscal year 1997.

The number of child-only cases has increased slightly from fiscal year 2000 to fiscal year 2008; however, these cases make up an increasing proportion of the total number of families receiving cash assistance because TANF cases with adults in the assistance unit have decreased substantially. Specifically, the number of TANF child-only cases increased from approximately 772,000 cases to approximately 815,000 cases, but the number of families with adults receiving assistance decreased from about 1.5 million to about 800,000 cases (fig. 2). As a result, the share of child-only cases in the overall TANF caseload increased from about 35 percent to about half.

Figure 2: Number of TANF Cases with Adults in Assistance Unit and Number of TANF Child-Only Cases (Fiscal Years 2000-2008)



Source: GAO analysis of HHS TANF administrative data.

Note: These data are national estimates produced from our analysis of HHS's TANF data and are subject to sampling error. See appendix II for the 95 percent confidence intervals associated with these estimates.

There are four main categories of "child-only" cases in which the caregiver (a parent or non-parent) does not receive TANF benefits: (1) the parent is receiving Supplemental Security Income;[12] (2) the parent is a noncitizen or a recent legal immigrant;[13] (3) the child is living with a

[12]Supplemental Security Income (SSI) is federally administered by the Social Security Administration and provides cash assistance to low-income aged, blind, and disabled individuals.

[13]Under PRWORA, legal immigrants who entered the country after August 1996 must be in the United States for 5 years to be eligible for TANF. 8 U.S.C. § 1612(b).

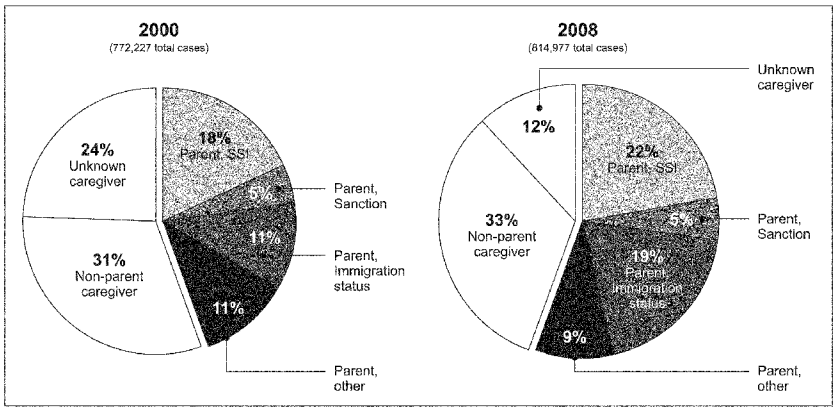
non-parent caregiver, often a relative; and (4) the parent has been sanctioned and removed from the assistance unit for failing to comply with program requirements, and the family's benefit has been correspondingly reduced. Families receiving child-only assistance are generally not subject to work requirements.[14]

Between fiscal years 2000 and 2008, increases in two of the categories were statistically significant: children living with parents who were ineligible because they received SSI benefits and children living with parents who were ineligible because of their immigration status. Cases in which the parents were ineligible due to immigration status almost doubled and increased from 11 percent of the TANF child-only caseload in fiscal year 2000 to 19 percent in fiscal year 2008 (see fig. 3). This increase of 8 percentage points is statistically significant and represents an increase from about 83,000 in fiscal year 2000 to over 155,000 in fiscal year 2008, with the greatest increase occurring in California.[15] However, in some cases, the relationship between the child and the adult living in the family is not known. The number of these cases decreased significantly over the same period, and it is possible that some of the increase in cases with ineligible parents due to SSI receipt or immigration status resulted from better identification of previously unknown caregivers. However, given available data, we were unable to determine how much of the increase was due to better reporting versus an actual increase in the number of cases.

[14]See 45 C.F.R. § 261.2(n).

[15]The 95 percent confidence interval for the estimate of 83,000 cases is 61,064 to 105,358 and for 155,000 cases is 127,595 to 183,880.

Figure 3: Changes in Child-Only Cases by Type of Case, Fiscal Years 2000 and 2008



Source: GAO analysis of HHS TANF administrative data.

Note: These data are national estimates produced from our analysis of HHS's TANF data and are subject to sampling error. See appendix II for the 95 percent confidence intervals associated with these estimates.

Both the composition of the overall TANF caseload, as well as the composition of the TANF child-only caseload, varies by state. For example, in December 2010, 10 percent of TANF cases in Idaho were single-parent families, compared to almost 80 percent in Missouri. In both of these states, child-only cases comprised the rest of their TANF caseloads. Concerning the variation in child-only cases by state, almost 60 percent of TANF child-only cases in Tennessee included children living with non-parent caregivers, compared to 31 percent in Texas, according to state officials.

As the overall number of families receiving TANF cash assistance has declined, so has state spending of TANF funds on cash assistance.[16] TANF expenditures for cash assistance declined from about 73 percent of all expenditures in fiscal year 1997 to 30 percent in fiscal year 2009 (see fig. 4) as states shifted spending to purposes other than cash assistance, which is allowed under the law.[17] States may use TANF funds to provide cash assistance as well as a wide range of services that further the program's goals, including child care and transportation assistance, employment programs, and child welfare services. While some of this spending, such as that for child care assistance, relates directly to helping current and former TANF cash assistance recipients work and move toward self-sufficiency, other spending is directed to a broader population that did not ever receive TANF cash assistance.

Figure 4: TANF Expenditures for Cash Assistance and Other Purposes, Fiscal Years 1997 and 2009

Source: GAO analysis of HHS data.

Note: We use the term cash assistance in this figure, although HHS uses the term "basic assistance." The cash assistance category includes benefits designed to meet ongoing basic needs, including cash, payments, or vouchers.

Tracking the number of families receiving monthly cash assistance—the traditional welfare caseload—no longer captures the full picture of families being assisted with TANF funds. As states began providing a range of services beyond cash assistance to other low-income families, data collection efforts did not keep pace with the evolving program. Because states are primarily required to report data to HHS on families receiving TANF cash assistance but not other forms of assistance, gaps exist in the information gathered at the federal level to understand who TANF funds are serving and services provided, and to ensure state accountability. For example, with the flexibility allowed under TANF, states have used a

[16]TANF funds include both federal TANF funds and the funds that states are required to spend to receive their federal TANF block grants.

[17]42 U.S.C. § 604(a).

significant portion of their TANF funds to augment their child care subsidy programs. However, states are not required to report on all families provided TANF-funded child care, leaving an incomplete picture of the number of children receiving federally funded child care subsidies. Overall, data on the total numbers of families served with TANF funds and how states use TANF funds to help families and achieve program goals in ways beyond their welfare-to-work programs is generally unavailable. When we first reported on these data limitations to this Subcommittee in 2002,[18] we noted that state flexibility to use TANF funds in creative ways to help low-income families has resulted in many families being served who are not captured in the data reported to the federal government. At that time, it was impossible to produce a full count of all families served with TANF funds, and that data limitation continues today.

[18]GAO, *Welfare Reform: States Provide TANF-Funded Services to Many Low-Income Families Who Do Not Receive Cash Assistance*, GAO-02-564 (Washington, D.C.: Apr. 5, 2002).

National Work Participation Rates Changed Little after DRA, and States' Rates Reflected Both Recipients' Work Participation and States' Policy Choices

Because job preparation and employment are key goals of TANF,[19] one of the federal measures of state TANF programs' performance is the proportion of TANF cash assistance recipients engaged in allowable work activities.[20] Generally, states are held accountable for ensuring that at least 50 percent of all families receiving TANF cash assistance participate in one or more of the 12 specified work activities for an average of 30 hours per week.[21] However, before DRA, concerns had been raised about the consistency and comparability of states' work participation rates and the underlying data on TANF families participating in work activities. Although DRA was generally expected to strengthen TANF work requirements and improve the reliability of work participation data and program integrity by implementing federal definitions of work activities and participation verification requirements, the proportion of families receiving TANF cash assistance who participated in work activities for the required number of hours each week changed little after DRA, as did the types of work activities in which they most frequently participated. Specifically, in fiscal years 2007 through 2009, from 29 to 30 percent of TANF families participated in work activities for the required number of hours, which is similar to the 31 to 34 percent of families who did so in each year from fiscal years 2001 through 2006. Among families that met their work requirements both before and after DRA, the majority participated in unsubsidized employment. The next most frequent work

[19] 42 U.S.C. § 601(a)(2).

[20] 42 U.S.C. § 607. The 12 work activities are: unsubsidized employment, subsidized private sector employment, subsidized public sector employment, work experience (if sufficient private sector employment is not available), on-the-job training, job search and job readiness assistance, community service programs, vocational educational training, job skills training directly related to employment, education directly related to employment (for recipients who have not received a high school diploma or certificate of high school equivalency), satisfactory attendance at secondary school or in a course of study leading to a certificate of general equivalence (for recipients who have not completed secondary school or received such a certificate), and the provision of child care services to an individual who is participating in a community service program. 42 U.S.C. § 607(d).

[21] To be counted as engaging in work for a month, most TANF families are required to participate in work activities for an average of 30 hours per week in that month. However, PRWORA defined different weekly work hour requirements for teen parents attending school, single parents of children under age 6, and two-parent families. Further, certain families are not included in the calculation of state work participation rates, such as child-only families and, at state option, single parents of children under age 1. In fiscal year 2009, about 130,000 families were excluded from the calculation of the all families work participation rate.

activities were job search and job readiness assistance, vocational educational training, and work experience.

Although fewer than 50 percent of all families receiving TANF cash assistance participated in work activities for the required number of hours both before and after DRA, many states have been able to meet their work participation rate requirements because of various policy and funding options allowed in federal law and regulations. Specifically, factors that influenced states' work participation rates included not only the number of families receiving TANF cash assistance who participated in work activities, but also

1. decreases in the number of families receiving TANF cash assistance,
2. state spending on TANF-related services beyond what is required,[22]
3. state policies that allow working families to continue receiving TANF cash assistance, and
4. state policies that provide nonworking families cash assistance outside of the TANF program.

Beyond families' participation in the 12 work activities, the factor that states have commonly relied on to help them meet their required work participation rates is the caseload reduction credit. Specifically, decreases in the numbers of families receiving TANF cash assistance over a specified time period are accounted for in each state's caseload reduction credit, which essentially then lowers the states' required work participation rate from 50 percent.[23] For example, if a state's caseload decreases by 20 percent during the relevant time period, the state receives a caseload reduction credit equal to 20 percentage points, which results in the state work participation rate requirement being adjusted from 50 to 30 percent. While state caseload declines have generally been smaller after DRA because the act changed the base year for the

[22]42 U.S.C. § 609(a)(7). To receive its annual federal TANF block grant, each state is generally required to spend 75 or 80 percent of what it was spending in fiscal year 1994 on welfare-related programs, including Aid to Families with Dependent Children, Job Opportunities and Basic Skills Training, Emergency Assistance, and welfare-related child care programs.

[23]42 U.S.C. § 607(b)(3).

comparison from fiscal year 1995 to fiscal year 2005,[24] many states are still able to use caseload declines to help them lower their required work participation rates. For example, in fiscal year 2009, 38 of the 45 states that met their required work participation rates for all TANF families did so in part because of their caseload declines (see fig.5).

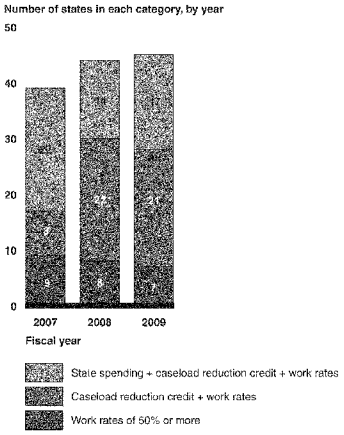
However, while states' caseload reduction credits before DRA were based primarily on their caseload declines, after DRA, states' spending of their own funds on TANF-related services also became a factor in some states' credits. Specifically, states are required to spend a certain amount of their funds every year in order to receive their federal TANF block grants. However, if states spend in excess of the required amount, they are allowed to correspondingly increase their caseload reduction credits.[25] In fiscal year 2009, 32 of the 45 states that met their required work participation rates for all families receiving cash assistance claimed state spending beyond what is required toward their caseload reduction credits. In addition, 17 states would not have met their rates without claiming these expenditures (see fig. 5).[26] Among the states that needed to rely on excess state spending to meet their work participation rates, most relied on these expenditures to add between 1 and 20 percentage points to their caseload reduction credits (see fig. 6).

[24]For example, in fiscal year 2006 before the DRA changes were implemented, states' caseload declines ranged from 11 to 91 percent, and 18 states had declines that were at least 50 percent, which reduced their required work participation rates to 0. However, in fiscal year 2007, following the implementation of the DRA changes, 3 states did not have caseload declines, and the declines in the remaining states ranged from 1 to 26 percent.

[25]45 C.F.R. § 261.43. When calculating the caseload reduction credit, federal regulations allow a state that spent in excess of its required amount in the year preceding the current one to include only the pro rata share of the total number of families receiving state-funded cash assistance required to meet the state's basic requirement. For an illustration of how these excess state expenditures are factored into a state's caseload reduction credit and its work participation rate, see appendix I.

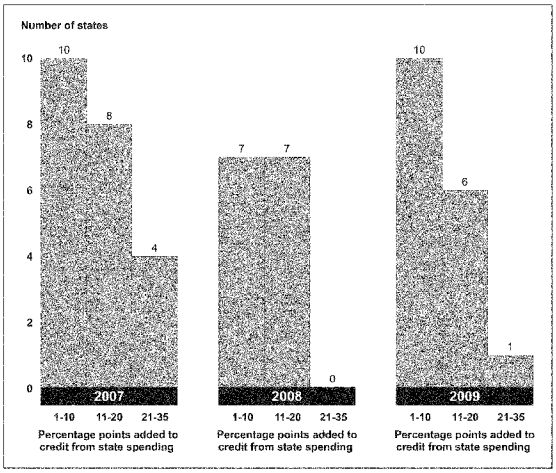
[26]Although the majority of states reported excess state expenditures after DRA, which helped some states to meet work participation rates, we did not determine whether these increases reflect new state spending or spending that had been occurring before DRA but was not reported as state TANF spending at that time.

Figure 5: Factors That Helped States That Met Their Work Participation Rates for All TANF Families in Fiscal Years 2007 through 2009



Source: GAO analysis of HHS data.

Figure 6: Extent to Which States' Caseload Reduction Credits Increased because of State Spending beyond What Is Required (for Those States That Relied on Such Spending to Meet Their Work Participation Rates for All TANF Families)



Source: GAO analysis of HHS data.

Certain policy changes states made to their TANF programs in recent years, which ensure families complying with the work requirements continue to receive TANF cash assistance, are another factor that have helped some states meet their required rates. For example, some states reported that they implemented or modified worker supplement programs and earned income disregard policies after DRA. Worker supplement programs provide monthly cash assistance to low-income working families previously on TANF or about to lose TANF eligibility due to increases in their incomes, which can result in these families being included in the calculation of states' work participation rates. On our survey of states conducted between November 2009 and January 2010, 23 states reported that they had worker supplement programs, and 18 of these states had implemented their programs since fiscal year 2006. Further, 49 states reported having policies that disregard part of a family's

earned income when determining the family's monthly cash assistance benefit, and 9 states reported that they had increased the amount of income disregarded since fiscal year 2006.[27] Disregarding more earned income allows a family to continue receiving cash assistance longer as their income grows.

States reported that they also made policy changes to their TANF programs after DRA to provide nonworking families with cash assistance outside of the TANF program, as providing TANF assistance to such families would lower states' work participation rates. Specifically, some states opted to fund cash assistance for certain types of low-income families completely outside of their TANF programs. Because such state spending is not connected to the TANF program, states are able to exclude families provided cash assistance through these funds from their work participation rate calculations. According to several state TANF administrators who responded to our survey and officials we interviewed during a site visit, states typically use this approach to provide cash assistance to those families who have the most difficulty meeting the TANF work requirements. Through our survey, 29 states reported that they funded cash assistance in this way for certain types of families, such as two-parent families, families with significant barriers to employment, families enrolled in postsecondary education, and others. Almost all of those states (28) used this approach to provide cash assistance to low-income, two-parent families, likely because the higher work participation rate required for TANF families in that group can be difficult to meet.[28]

Concluding Observations

As traditional cash assistance caseloads declined and states broadened the types of services provided and the number of families served, existing data collection efforts resulted in an incomplete picture of the TANF program at the national level. In effect, there is little information on the numbers of people served by TANF funds other than cash assistance and no real measure of how services supported by TANF funds meet the goals of welfare reform. This leaves the federal government with

[27]Another state reported that it had begun indexing the amount disregarded on an annual basis since fiscal year 2006. No states reported that they had decreased or eliminated their earned income disregards since fiscal year 2006.

[28]States are generally held accountable for ensuring that one or both adults in at least 90 percent of all two-parent families receiving TANF cash assistance participate in one or more of the 12 work activities for a minimum number of hours per week.

underestimates of the numbers served and potentially understated results from these funds.

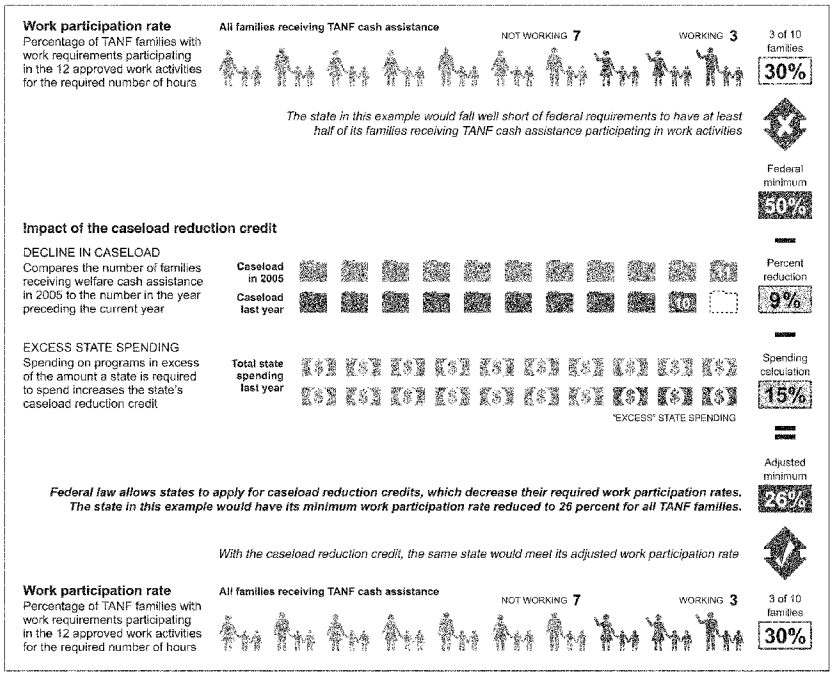
In addition, as before DRA, states have continued to take advantage of the various policy and funding options available to increase their TANF work participation rates. As a result, while measuring work participation of TANF recipients is key to understanding the success of state programs in meeting one of the federal purposes of TANF, whether states met the required work participation rates provides only a partial picture of state TANF programs' effort and success in engaging recipients in work activities. Although the DRA changes to TANF work requirements were expected to strengthen the work participation rate as a performance measure and move more families toward self-sufficiency, the proportion of TANF recipients engaged in work activities remains unchanged. States' use of the modifications currently allowed in federal law and regulations, as well as states' policy choices, have diminished the rate's usefulness as the national performance measure for TANF, and shown it to be limited as an incentive for states to engage more families in work.

Lack of complete information on how states use funds to aid families and to measure work participation hinders decision makers in considering the success of TANF and what trade-offs might be involved in any changes to program requirements. In addressing these issues, care must to be taken to ensure that data requirements are well thought out and do not present an unreasonable burden on state programs.

We provided drafts of the reports we drew on for this testimony to HHS for its review, and copies of the agency's written responses can be found in the appendices of the relevant reports. We also provided HHS a draft of this testimony for technical comments on the new information on child-only TANF cases and updated TANF work participation data. HHS had no technical comments.

Chairman Davis and Ranking Member Doggett, and Members of the Subcommittee, this concludes my statement. I would be pleased to respond to any questions you may have.

Appendix I: How a State's Work Participation Rate Is Calculated When It Claims State Expenditures in Excess of Its Requirement



Source: GAO analysis of 42 U.S.C. § 607 and 45 C.F.R. § 261.43.

Appendix II: TANF Child-Only Caseload Estimates and 95 Percent Confidence Intervals

The following tables provide the estimates and 95 percent confidence intervals for the data we present in figures 2 and 3:

Table 1: Data for Figure 2: Number of TANF Cases with Adults and Number of Child-Only Cases, Fiscal Years 2000-2008

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Number of TANF cases	2,232,570 (2,229,148-2,235,992)	2,090,024 (2,087,255-2,092,793)	1,983,862 (1,970,328-1,997,396)	1,948,820 (1,939,976-1,957,664)	1,965,713 (1,963,769-1,967,657)	1,898,118 (1,895,362-1,900,874)	1,786,245 (1,784,557-1,787,933)	1,682,143 (1,680,459-1,683,827)	1,613,032 (1,611,315-1,614,749)
Number of child-only cases	772,227 (731,702-812,751)	781,677 (743,671-819,684)	771,031 (736,694-805,367)	799,506 (765,729-833,282)	860,317 (825,456-895,178)	866,378 (831,273-901,483)	846,523 (813,218-879,827)	818,289 (782,715-853,864)	814,977 (779,313-850,642)
Percent of TANF cases that were child-only	34.6 (32.8-36.4)	37.4 (35.6-39.2)	38.9 (37.1-40.6)	41.0 (39.3-42.8)	43.8 (42.0-45.5)	45.6 (43.8-47.5)	47.4 (45.5-49.3)	48.6 (46.5-50.8)	50.5 (48.3-52.7)

Source: GAO analysis of HHS administrative data.

Table 2: Data for Figure 3: Composition of TANF Child-Only Caseload in Fiscal Years 2000 and 2008 (Percentage of Each Type of Case)

Type of child-only case	2000 estimate	95 percent confidence interval	2008 estimate	95 percent confidence interval
Non-parent caregiver	31.1	28.3-33.9	32.5	29.8-35.2
Parent ineligible due to immigration status	10.8	8.1-13.5	19.1	15.9-22.3
Parent ineligible due to receipt of SSI	18.2	15.8-20.5	22.4	19.9-25.0
Parent ineligible due to sanction	4.6	2.7-6.5	4.9	2.8-7.0
Parent, other	11.0	9.2-12.8	9.3	6.8-11.9
Unknown caregiver	24.3	21.6-26.9	11.7	10.8-12.6

Source: GAO analysis of HHS administrative data.

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Chairman DAVIS. Professor Besharov, if you could give your testimony.

STATEMENT OF DOUGLAS J. BESHAROV, PROFESSOR, SCHOOL OF PUBLIC POLICY, UNIVERSITY OF MARYLAND

Mr. BESHAROV. Chairman Davis, Ranking Member Doggett, and other Members of the Subcommittee, it is a pleasure to be here to testify on this very important topic. I teach at the University of Maryland, and I teach courses on program evaluation and poverty

alleviation. More importantly, I think, for today's session, I also lead a project called Learning from Abroad where we look at programs in other countries, especially other OECD countries. And essentially my message to you today is going to be that we can no longer say the Europeans are not very serious about labor force participation and that we are so good at it.

In my testimony is a figure that shows that the percentage of Europeans working is now about the same as the U.S. Two things have happened. U.S. labor force participation has gone down. It was going down before the recession. I think this is a long-term problem that ought to be addressed by the committee.

Secondly, the Europeans have, I think, gotten much better at enforcing participation requirements in their programs, whether it is unemployment programs, disability programs, or social assistance, and I think those are lessons for us as well.

When I first met Chairman Davis, he said, I knew a professor would have some charts, so in my testimony are some charts. I notice that the testimony as we gave it to you does not have page numbers, but figure 1 picks up on, I think, part of what is the main interest of the committee. And that is, we have seen since 2009 a major increase in unemployment, one of the largest increases and most sustained periods of unemployment in our history, at least since we have been counting this, and yet TANF has hardly gone up. TANF participation, the caseload is about 14 percent up, cumulatively, in those years.

As the prior two speakers mentioned, there are a lot of things that States can do to distort recipiency rates so that we don't get exactly an accurate number, but there is rough agreement that the TANF numbers haven't risen that much. If you look at figure 1, you can begin to see some of the reasons. Number one, the Congress has been extremely generous about unemployment benefits. From a time when about 30 or 35 percent of the unemployed received benefits, we have been running at about 70 percent of the unemployed receiving benefits. They won't go on TANF. If you look at this chart, also you will see that SNAP or food stamp benefits have really increased. And a surprising part of this is disability payments.

If you look at figure 2 in my testimony, you will see the relationship between unemployment and SSDI applications.

Now, I could not find a chart, and I couldn't create a chart that quickly that had the approved applications, but I can tell you that they reflect these numbers. Which is to say that a substantial number of the people who are unemployed, especially in their fifties, are turning to the disability programs and going on disability, which is another reason why the TANF caseloads are not rising and another reason why I think, as Secretary Alexander said, many of us are coming to the conclusion that, as we move beyond this recession, that something be done to consolidate the pro-work provisions of all of these programs. Because in a post-welfare reform, and, I hope, a post-recession environment, if we don't fix disability, if we don't fix unemployment, we will continue to fall behind even the Europeans on labor force participation.

Is this doable and is it doable in a time of a recession? Figure 4 is I think a demonstration of that. This is how the Dutch, when

they saw that their disability caseload was increasing many times faster than their population—in 1980 they had three times as many people as we did as a percentage of the population on disability—reformed their system. And now the percentage of Americans on disability and the percentage of the Dutch on disability are the same. These reforms that are possible.

There are many recommendations made from the Democratic side and the Republican side by academics all over this country and actually all over western Europe about what to do.

In my testimony I summarize the major changes that have been made. Tightened eligibility rules, a mandate which includes, for example, physical examinations.

Whoops, I am out of time. I have the list there. I hope the committee will consider this kind of consolidation of programs. This is the time to worry about labor force participation, not after the recession and unemployment pass.

Chairman DAVIS. Thank you, Professor.

[The prepared statement of Mr. Besharov follows:]

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Testimony

Subcommittee on Human Resources
Committee on Ways and Means
U.S. House of Representatives

September 8, 2011

Chairman Davis, Ranking Member Doggett, and members of the Subcommittee, thank you for inviting me to testify on this important topic.

My name is Douglas Besharov, and I am a professor at the University of Maryland School of Public Policy, where I teach courses on poverty alleviation and program evaluation. I also direct our Welfare Reform Academy (WRA) and our Center for International Policy Exchanges (CIPE). Of particular relevance to this hearing, at the university, I lead a project called "Learning from Abroad," which is designed to glean policy ideas from other nations. Our web site is www.umdcipe.org.

Today, I want to emphasize that, even in this time of high unemployment, TANF and, actually, all major income-support and social welfare programs—including Unemployment Insurance (UI), the Supplemental Nutrition Assistance Program (SNAP/food stamps), and disability programs (Social Security Disability Insurance [SSDI] and Supplemental Security Income [SSI])—have important roles to play in encouraging people to stay connected to the labor force, by which I mean working, seeking work, or seriously increasing their job-related skills.

Prolonged high unemployment

We are in the midst of what most informed observers expect will be a prolonged period of high unemployment. According to the U.S. Bureau of Labor Statistics, from a low of about 4 percent in 2000, the unemployment rate rose during the 2001–2003 downturn to about 6 percent, after which it fell but remained disappointingly high at between 4.5 to 5.0 percent. When the recession hit, unemployment rose from 4.9 percent in April 2008 to a high of 10.1 percent in October 2009. It remained between 9.5 and 9.9 percent through 2010, and has only recently declined to around 9 percent.[1]

On September 1, the U.S. Office of Management and Budget (OMB), released its "Mid-Session Review," making ten-year projections for the U.S. unemployment rate. OMB projects that the unemployment rate will decline from its current 9.1 percent to a 2017 annual average of 5.3 percent, with the annual rate declining slowly to 8.3 percent in 2012, 6.9 percent in 2014, 5.7 percent in 2016, and 5.2 percent in 2018, where it will remain through 2021.[2] Many fear that these are overly optimistic projections.

Furthermore, unemployment spells are now longer than at any time since the U.S. started measuring them in 1948. Long-term unemployment has increased sharply, with the share of unemployed who are jobless for more than twenty-six weeks having more than doubled, from about 17 percent in December 2007 to about 43 percent in July 2011.[3]

No wonder another million or so Americans are discouraged and no longer looking for work. Add them to the unemployed and the over eight million underemployed (those involuntarily working part-time), and, since mid-2009 to August 2011, in any given month, between 16 and 17 percent of the U.S. labor force (including those who are marginally attached to the labor force) are directly suffering because of the economic slowdown.[4]

As many observers have noted, high levels of long-term unemployment threaten to exacerbate and accelerate this trend toward nonwork—especially among older and minority

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[1]Bureau of Labor Statistics, "Historical Data for the 'A Tables of the Employment Situation Release: Table A-1: Employment Status of the Civilian population by Sex and Age," http://www.bls.gov/webapps/legacy/cpsatab1.htm (accessed September 1, 2011).

[2]U.S. Office of Management and Budget, *Budget of the U.S. Government Fiscal Year 2012: Mid-Session Review* (Washington, DC: U.S. Office of Management and Budget, September 2011), http://www.whitehouse.gov/sites/default/files/omb/budget/fy2012/assets/12msr.pdf (accessed September 2, 2011).

[3]Bureau of Labor Statistics, "Historical Data for the 'A' Tables of the Employment Situation Release: Table A-12: Unemployed Persons by Duration of Unemployment," http://www.bls.gov/webapps/legacy/cpsatab1.htmhttp://www.bls.gov/webapps/legacy/cpsatab12.htm (accessed September 6, 2011).

[4]Bureau of Labor Statistics, "Table A-15. Alternative Measures of Labor Underutilization," http://www.bls.gov/news.release/empsit.t15.htm (accessed September 5, 2011).

workers. On May 5 of this year, Paul Krugman wrote in *The New York Times*: "The longer this goes on, the more workers will find it impossible ever to return to employment."[5]

The TANF caseload

During this period, the increase in state TANF caseloads has been significant, but not as much as many would have supposed, myself included. Between December 2007 and December 2009, the total number of families with children receiving cash assistance increased by just 13 percent.[6] (See figure 1.) Through March 2011, the total TANF caseload rose another percentage point, to about 14 percent higher. For the earlier period, according to the Center on Budget and Policy Priorities (CBPP):

> There was wide variation in states' responsiveness. In 22 states, TANF caseloads responded little or not at all to the recession; 16 states had caseload increases of less than 10 percent, and six states had caseload declines. At the same time, caseloads increased by more than 20 percent in 15 states, and by 11 to 20 percent in 13 states.[7]

As this subcommittee knows too well, all TANF statistics must be taken with a grain of salt. States have many ways to provide income assistance that is the equivalent of cash welfare but that is not counted in caseload figures, for example, by providing short-term or emergency benefits (what TANF regulations call "nonrecurrent short term benefits").[8]

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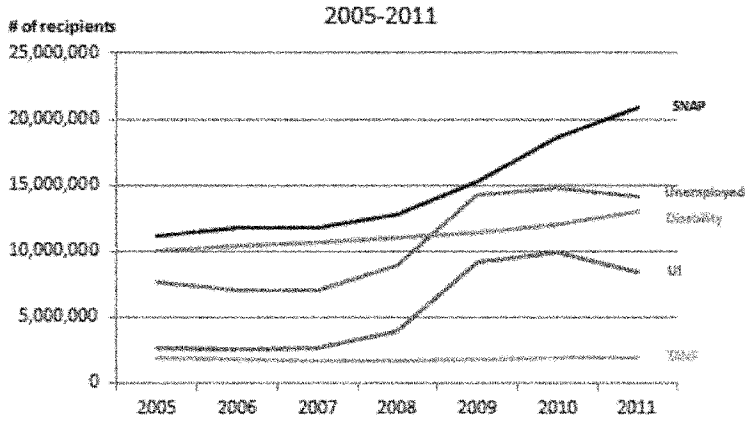
[5]Paul Krugman, "Fears and Failures," *New York Times*, May 5, 2011, http://www.nytimes.com/2011/05/06/opinion/06krugman.html (accessed September 1, 2011).

[6]Author's calculations from U.S. Department of Health and Human Services, Administration for Children and Families, Office of Family Assistance, "TANF: Total Number of Families Fiscal and Calendar Year 2007," http://www.acf.hhs.gov/programs/ofa/data-reports/caseload/2007/2007_family_tan.htm(accessed September 2, 2011); and U.S. Department of Health and Human Services, Administration for Children and Families, Office of Family Assistance, "TANF: Total Number of Families Fiscal and Calendar Year 2009," http://www.acf.hhs.gov/programs/ofa/data-reports/caseload/2009/2009_family_tan.htm (accessed September 2, 2011). See also LaDonna Pavetti, and Liz Schott, *TANF's Inadequate Response to Recession Highlights Weakness of Block-Grant Structure Proponents Wrong to See It as Model for Medicaid, SNAP, or Other Low-Income Programs* (Washington, DC: Center on Budget and Policy Priorities, July 2011), http://www.cbpp.org/files/7-14-11tanf.pdf (accessed September 2, 2011).

[7]LaDonna Pavetti, and Liz Schott, *TANF's Inadequate Response to Recession Highlights Weakness of Block-Grant Structure Proponents Wrong to See It as Model for Medicaid, SNAP, or Other Low-Income Programs* (Washington, DC: Center on Budget and Policy Priorities, July 2011), http://www.cbpp.org/files/7-14-11tanf.pdf (accessed September 2, 2011). Footnote omitted: LaDonna Pavetti, Danilo Trisi, and Liz Schott, *TANF Responded Unevenly to Increase in Need During Downturn* (Washington, DC: Center on Budget and Policy Priorities, January 2011), http://www.cbpp.org/files/1-25-11tanf.pdf (accessed September 2, 2011).

[8]These are supposed to be short-term benefits or emergency benefits that are nonrecurrent (that is, not more frequently than once in every twelve month period).

Figure 1
Enrollment in Select Cash and Noncash Government Programs
2005-2011



Nevertheless, the underlying fact remains, this 13 percent increase in the national TANF caseload is small in the face of a doubling of the number of unemployed persons in the same period (see figure 1), a large increase in SNAP/food stamp recipients, as well as a significant increase in the official poverty rate. Many people were surprised, myself included, that the TANF increase was not greater. The same CBPP publication (quoted above), for example, complained that: "Nationally, TANF has been only modestly responsive to the downturn."[9]

In retrospect, however, there are a number of explanations for why the TANF caseloads have not risen more. Now widely accepted, the only major disagreement among experts concerns the relative importance of each.

- *First, there is not a one-to-one relationship between increases in unemployment or poverty and TANF recipiency.* Between 2007 and 2009, the official poverty rate rose from 12.5 percent to 14.3 percent (its highest level since 1994). The number of poor families rose from 7.6 million to 8.8 million, and the total number of people in poverty

[9] LaDonna Pavetti, and Liz Schott, *TANF's Inadequate Response to Recession Highlights Weakness of Block-Grant Structure Proponents Wrong to See It as Model for Medicaid, SNAP, or Other Low-Income Programs* (Washington, DC: Center on Budget and Policy Priorities, July 2011), http://www.cbpp.org/files/7-14-11tanf.pdf (accessed September 2, 2011).

increased by about 6.3 million to about 43.6 million.[10] But many unemployed people have family incomes above poverty (usually because a spouse is working) but even if not, the official poverty line is substantially above TANF income eligibility in all states except Wisconsin.

Hence, a better indicator of increases in TANF eligibility are increases in "deep poverty," the Census Bureau term for those with incomes below half the poverty line. Half of the poverty line corresponds to an annual income of $9,155 for a family of three. Nationally, TANF income eligibility in the average state is about $10,000.[11] Between 2007 and 2009, deep poverty increased from 5.2 percent to 6.3 percent, which is the highest level on record (since 1975). (The nineteen million people in deep poverty made up 43.7 percent of all poor people, which was the highest share ever recorded.)[12] This included an increase of about 500,000 families in deep poverty (from about 3.1 million to about 3.6 million.)[13] In contrast, over that same time period, the average number of families receiving TANF only increased by about 100,000 (from about 1.67 million to about 1.77 million).[14] Thus, there is evidence that *perhaps* two or three hundred thousand families had incomes below $9,000 and hence were probably income-eligible, but did not go on welfare.

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[10]Carmen DeNavas-Walt, Bernadette D. Proctor, and Jessica Smith, *Income, Poverty, and Health Insurance Coverage in the United States: 2007* (Suitland, MD: U.S. Census Bureau, September 2008), http://www.census.gov/prod/2008pubs/p60-235.pdf (accessed September 5, 2011); and Carmen DeNavas-Walt, Bernadette D. Proctor, and Jessica Smith, *Income, Poverty, and Health Insurance Coverage in the United States: 2009* (Suitland, MD: U.S. Census Bureau, September 2010), http://www.census.gov/prod/2008pubs/p60-235.pdfhttp://www.census.gov/prod/2010pubs/p60-238.pdf (accessed September 5, 2011).

[11]Gretchen Rowe, Mary Murphy, and Ei Yin Mon, *Welfare Rules Databook: State TANF Policies as of July 2009* (Washington, DC: Urban Institute, August 2010), http://anfdata.urban.org/databooks/Databook%202009%20FINAL.pdf (accessed September 5, 2011).

[12]LaDonna Pavetti, Danilo Trisi, and Liz Schott, *TANF Responded Unevenly to Increase in Need During Downturn* (Washington, DC: Center on Budget and Policy Priorities, January 2011), http://www.cbpp.org/files/1-25-11tanf.pdf (accessed September 2, 2011).

[13]Carmen DeNavas-Walt, Bernadette D. Proctor, and Jessica Smith, *Income, Poverty, and Health Insurance Coverage in the United States: 2007* (Suitland, MD: U.S. Census Bureau, September 2008), http://www.census.gov/prod/2008pubs/p60-235.pdf (accessed September 5, 2011); and Carmen DeNavas-Walt, Bernadette D. Proctor, and Jessica Smith, *Income, Poverty, and Health Insurance Coverage in the United States: 2009* (Suitland, MD: U.S. Census Bureau, September 2010), http://www.census.gov/prod/2008pubs/p60-235.pdfhttp://www.census.gov/prod/2010pubs/p60-238.pdf (accessed September 5, 2011).

[14]U.S. Department of Health and Human Services, Administration for Children and Families, Office of Family Assistance, "TANF: Total Number of Families Fiscal and Calendar Year 2007," http://www.acf.hhs.gov/programs/ofa/data-reports/caseload/2007/2007_family_tan.htm(accessed September 2, 2011); and U.S. Department of Health and Human Services, Administration for Children and Families, Office of Family Assistance, "TANF: Total Number of Families Fiscal and Calendar Year 2009," http://www.acf.hhs.gov/programs/ofa/data-reports/caseload/2009/2009_family_tan.htm (accessed September 2, 2011).

- *Second, more than past recessions, this downturn has tended to hit the middle class, and men in particular, harder than women in entry-level positions (who would be most likely to go on welfare).* More than 60 percent of those who lost jobs (between December 2007 and July 2011) and about 72 percent of those who lost jobs in the earlier period of December 2007 and July 2009 are men.[15] Whether married with children or not, men tend not to go on welfare—partly because they have assets that disqualify them and partly because many have spouses who are working. Moreover, there has not been the same loss of entry level jobs as there has been for higher paying jobs in, for example, construction and manufacturing. So, single mothers, those most likely to go on welfare during an economic downturn, have not been hit as hard as in other downturns.

- *Third, up to now, at least, unemployment benefits, SNAP/food stamps, Medicaid, and disability payments have provided a more attractive safety net that does not carry the stigma of being on welfare* (nor job search requirements, time limits, and asset tests). I summarize these expansions below.

- *Fourth, the work-related participation requirements of TANF discourage many from applying.* In some respects, of course, this is their purpose. Moreover, unanswered is why, if their financial need is so great, potential recipients do not seek aid because of the participation requirements attached to it.[16] Social or personal barriers may make participation more difficult for some, but that is not a widespread enough situation to explain the failure of the TANF caseload to rise more.

- *Fifth, anecdotal evidence indicates that some states seem to be discouraging people from applying for welfare,* and, instead, are encouraging them to make due with food stamps (fully federally funded) and Medicaid (partially federally funded), and, to a lesser extent, trying to get applicants and recipients into the SSI disability program (also fully federally funded). But this appears to be merely the reverse side, and a much smaller part, of a substantially expanded social safety net, as I will now describe.

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[15] Bureau of Labor Statistics, "Table B-5. Employment of Women on Nonfarm Payrolls by Industry Sector, Seasonally Adjusted," http://www.bls.gov/webapps/legacy/cesbtab5.htm (accessed September 2, 2011).

[16] Arloc Sherman, *Safety Net Effective at Fighting Poverty but has Weakened for the Poorest* (Washington, DC: Center on Budget and Policy Priorities, July 2009), http://www.cbpp.org/files/7-6-09pov.pdf (accessed September 5, 2011) stating:

> The reasons for this sharp drop in receipt of TANF cash assistance vary across states. They include a range of policies and administrative practices that led many poor families to leave the program even when they did not have a job, to be discouraged from applying at all, or to fail to successfully complete the application process. Many families lost assistance because of strict welfare-to-work rules and policies that terminated assistance to families that could not meet program requirements. While requirements to attend orientation sessions or seek work before applying for aid may seem reasonable, some families in the midst of a serious crisis and those with mental health or other health issues may be unable to comply with them. Research has consistently shown that families that lose assistance due to sanctions often have significant mental health or other health issues and other barriers to employment that may inhibit their ability to meet various requirements.

The expanded safety net

Because of its central importance, let me outline the substantial growth in government assistance in recent years. The expansion of safety net coverage has been truly noteworthy—driven by a long-running loosening of eligibility rules[17] made even more generous by the stimulus bill (The American Recovery and Reinvestment Act of 2009 [ARRA]).

For example, the maximum period for receiving UI benefits has been expanded to an unprecedented ninety-nine weeks. The maximum period for times of low unemployment is twenty-six weeks. In states with unemployment rates of 8 percent or higher, the benefit period is extended to forty-six weeks. In 2008, however, Congress temporarily increased the maximum benefit period by thirty-four weeks for all states and by an additional nineteen weeks for states with unemployment rates of 8.5 percent or higher. Thus, in states with unemployment rates of 8.5 percent or higher (twenty-three states as of July 2011), the maximum benefit period is now ninety-nine weeks.[18]

Extending the maximum benefit period has meant that a greater share of the unemployed have received UI benefits. In 2006, before the recession, in the average month, about 37 percent of the unemployed (about 2.6 million Americans) received unemployment benefits. In 2010, that figure was about 66 percent of the unemployed (about 9.9 million Americans). For the first half of 2011, about 59 percent (about 8.3 million Americans).[19] (*Of course, unless the benefit period is extended further, this figure is likely to fall.*)

Even when the unemployed have exhausted their UI benefits, they can continue receiving various forms of government assistance, usually in noncash form:

- SNAP/food stamps, an average of about $285 a month per household, for households with incomes below 130 percent of poverty.[20] Between December 2007 and June 2011, the number of families receiving SNAP benefits increased from about 12.3 million to

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[17]See, for example, Douglas J. Besharov and Douglas M. Call, *The Expansion of WIC Eligibility and Enrollment: Good Intentions, Uncontrolled Local Discretion, and Compliant Federal Officials* (College Park, MD: Welfare Reform Academy, March 2009), http://welfareacademy.org/pubs/foodassist/The_expansion_of_WIC_eligibility_and_enrollment_09_0305A.pdf (accessed September 5, 2011).

[18]Hannah Shw and Chad Stone, *Introduction to Unemployment Insurance* (Washington, DC: Center for Budget and Policy Priorities, April 2010), http://www.cbpp.org/files/12-19-02ui.pdf (accessed November 15, 2010).

[19]Author's calculations from Bureau of Labor Statistics, "Labor Force Statistics from the Current Population Survey," http://data.bls.gov/cgi-bin/surveymost?ln (accessed September 5, 2011); and Bureau of Labor Statistics, "Weeks Claimed in All Programs (Expanded)," http://www.ows.doleta.gov/unemploy/ (accessed September 5, 2011);

[20]U.S. Department of Agriculture, Food and Nutrition Service, "Supplemental Nutrition Assistance Program," http://www.fns.usda.gov/pd/34SNAPmonthly.htm (accessed September 1, 2011).

about 21.4 million and the number of individuals increased from about 27.4 million to about 45.1 million.[21] (See figure 1.)

- Medicaid health care coverage for low-income families with children, with income-eligibility for children set at the poverty line or a multiple thereof (depending on the state and the age of the child). Income eligibility for parents is often lower. Between December 2007 and June 2010, the number of Medicaid recipients increased from 42.7 million to 50.3 million.[22]

- Disability payments for adults (about $1070 per month for SSDI recipients and $495 for SSI recipients)[23] and for children (about $320 for SSDI recipients and about $300 for SSI recipients)[24] Between December 2007 and July 2011, the number of children receiving SSDI increased by about 12 percent, from 1.7 million to about 1.9 million and the number receiving SSI increased by about 18 percent, from 1.1 million to 1.3 million. During the same period, the number of adults receiving SSDI increased by about 18 percent, from 7.1 million to 8.4 million and the number receiving SSI increased by about 23 percent, from 4.2 million to 4.7 million.[25] (See figure 2.)

In addition, a number of tax credits provide some help to families, including those when one or both parents are not working.

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[21]U.S. Department of Agriculture, Food and Nutrition Service, "Supplemental Nutrition Assistance Program," http://www.fns.usda.gov/pd/34SNAPmonthly.htm (accessed September 5, 2011).

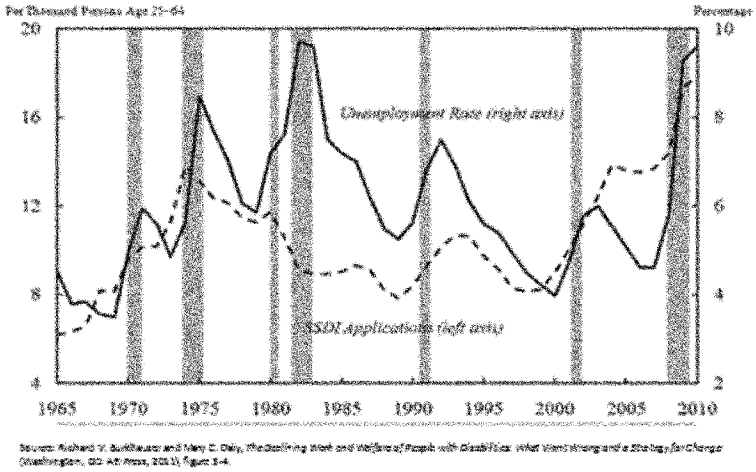
[22]Kaiser Family Foundation, *Medicaid Enrollment: June 2010 Data Snapshot* (Menlo Park, CA: Kaiser Family Foundation, February 2011), http://www.kff.org/medicaid/upload/8050-03.pdf (accessed September 5, 2011).

[23]U.S. Social Security Administration, Office of the Chief Actuary, "Number of Social Security Recipients: Disabled Worker," http://www.ssa.gov/cgi-bin/currentpay.cgi (accessed September 5, 2011); and U.S. Social Security Administration, Office of Retirement and Disability Policy, "Table 7: Average Monthly Payment, by Eligibility Category, Age, and Source of Payment, July 2010–July 2011 (in Dollars)" http://www.ssa.gov/policy/docs/statcomps/ssi_monthly/2011-07/table02.html (accessed September 5, 2011).

[24]U.S. Social Security Administration, Office of the Chief Actuary, "Number of Social Security Recipients: Child of Disabled Worker," http://www.ssa.gov/cgi-bin/currentpay.cgi (accessed September 5, 2011); and U.S. Social Security Administration, Office of Retirement and Disability Policy, "Table 7: Average Monthly Payment, by Eligibility Category, Age, and Source of Payment, July 2010–July 2011 (in Dollars)" http://www.ssa.gov/policy/docs/statcomps/ssi_monthly/2011-07/table02.html (accessed September 5, 2011).

[25]U.S. Social Security Administration, Office of the Chief Actuary, "Number of Social Security Recipients: Child of Disabled Worker," http://www.ssa.gov/cgi-bin/currentpay.cgi (accessed September 5, 2011); U.S. Social Security Administration, Office of the Chief Actuary, "Number of Social Security Recipients: Disabled Worker," http://www.ssa.gov/cgi-bin/currentpay.cgi (accessed September 5, 2011); U.S. Social Security Administration, Office of Retirement and Disability Policy, "Table 2: Recipients, by Eligibility Category and Age, July 2007–July 2008," http://www.ssa.gov/policy/docs/statcomps/ssi_monthly/2008-07/table02.html (accessed September 5, 2011); and U.S. Social Security Administration, Office of Retirement and Disability Policy, "Table 2: Recipients, by Eligibility Category and Age, July 2010–July 2011," http://www.ssa.gov/policy/docs/statcomps/ssi_monthly/2011-07/table02.html (accessed September 5, 2011).

Figure 2
SSDI Applications and the Unemployment Rate
1965-2010



The Earned Income Tax Credit (EITC) also can help two-earner families avoid TANF and poverty. If one earner loses employment, the family may be able to qualify for the EITC. Income eligibility and the maximum credit for the EITC is dependent on the number of children. The amount of the EITC is determined by the income of the family and the number of children in the family. In 2008, the maximum credit was $2,917 for families with one child and earned income between about $8,550 and $15,700 and $4,824 for families with two or more children with earned income between about $12,000 and $15,700 ($18,700 for two-parent families). Families were eligible for a portion of the credit if they had incomes as high as $37,000 for one child and $41,600 for two children. The American Recovery and Reinvestment Act of 2009 (ARRA) expanded the income range for the maximum credit by $2,000 for two-parent families (up to $20,700 for two-parent families). ARRA also created an additional credit schedule for families with three or more children and increased the maximum credit for these families to $5,666 in 2010. These changes were initially set to expire in 2011, but were renewed for an additional two years by the Tax Relief and Job Creation Act of 2010.[26] In 2009, about 27 million

[26]See Bruce Meyer, "Chapter 5: The Effects of the Earned Income Tax Credit and Recent Reforms," in *Tax Policy and the Economy* 24 (Cambridge, MA: National Bureau of Economic Research, August 2010), http://harrisschool.uchicago.edu/faculty/web-pages/EITC%20effects.pdf (accessed September 6, 2011); and Internal Revenue Service, *1040 Instructions: 2008* (Washington, DC: Internal Revenue Service, 2009), http://www.financiallife.osu.edu/posts/documents/1040_instructions.pdf (accessed September 6, 2011).

families received a total of $59 billion in the EITC, $53 billion of which was refunded (an average of $2,166 per family).[27]

The Child Tax Credit also can help a family to avoid TANF and poverty. It provides a $1,000 tax credit per eligible child for married couples with incomes up to $110,000 and single parents with income up to $75,000. In 2009, 23 million families had their tax liability reduced by a total of $28.4 billion.[28] Families who have a larger child tax credit than tax liability are eligible to receive the Additional Child Tax Credit.

The Additional Child Tax Credit is the refundable portion of the Child Tax Credit (passed as part of the Jobs and Growth Tax Relief Reconciliation Act of 2003). If the amount of the Child Tax Credit exceeds the amount of taxes that are due, then the taxpayer is eligible for the Additional Child Tax Credit. In the 2009 ARRA legislation, the eligibility threshold for the Additional Child Tax Credit was lowered from about $12,000 in earned income to about $3,000, increasing eligibility for the program. The amount of the credit is calculated by taking the smaller amount of either (1) the remainder of the Child Tax Credit minus the taxpayer's tax obligation or (2) The taxpayer's earned income minus $3,000 multiplied by 15%. For example, a mother with two children with an earned income of $4,000 and no tax obligation would only receive $150 from the Additional Child Tax Credit ([4000-3000] x .15=150) while a mother with two children with an earned income of $15,000 and no tax obligation would receive $1,800 ([15000-3000] x .15=1800). In 2009, over 21 million households received $27 billion from the Additional Child Tax Credit.

The effect of these expansions can be seen by comparing the Census Bureau's official poverty rates to the "alternative" poverty rates that take into account more forms of government assistance, including noncash benefits (such as SNAP and housing benefits) and various refundable tax credits (such as the EITC and the Additional Child Tax Credit). Between 2008 and 2009, the official poverty rate increased by more than a full percentage point (going from 13.2 percent to 14.3 percent), but the poverty rate under the alternative measure that counted these government payments hardly rose (going from 15.8 percent to 15.9 percent).[29]

Why encourage work-related activities?

In this context, there has been a tendency to assume that there should be a relaxation of TANF's mandates for welfare-to-work activities (such as mandatory job search, work preparation, work experience, and other work-first activities). That certainly seems to be the

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[27]U.S. Internal Revenue Service, "Table 2.5 Returns with Earned Income Credit, by Size of Adjusted Gross Income, Tax Year 2009," http://www.irs.gov/pub/irs-soi/09in25ic.xls (accessed September 5, 2011).

[28]U.S. Internal Revenue Service, "Table 3.3 All Returns: Tax Liability, Tax Credits, and Tax Payments, by Size of Adjusted Gross Income, Tax Year 2009," http://www.irs.gov/pub/irs-soi/09in33ar.xls (accessed September 5, 2011).

[29]Arloc Sherman, *Despite Deep Recession and High Unemployment, Government Efforts — Including the Recovery Act — Prevented Poverty from Rising in 2009, New Census Data Show* (Washington, DC: Center on Budge and Policy Priorities, January 2011), http://www.cbpp.org/files/1-5-11pov.pdf (accessed September 1, 2011).

message from the states. According to a recent HHS report to Congress, in March 2011, of 1,276,633 "work eligible individuals," only 300,983 (23.6 percent) are participating for a sufficient number of hours to be counted as participating; 668,181 (52 percent) had zero hours of participation.[30]

In some respects, this is understandable. In June 2011, for example, 4.5 Americans were unemployed for every available job. Many assume that it is foolhardy to ask those on welfare or applying for welfare to look for a job.

There is another reason for state reluctance to mount vigorous work-related programs under TANF. The states are desperate to find money to fund their ongoing programs. Instead of using TANF funds for work-related activities, the block grant nature of TANF has allowed states to use it as a source of funds to supplement and often substitute state funds with federal funds.[31] Two examples will do: (1) State child care expenditures were over $500 million higher in 2008 and over $400 million higher in 2009 than in 2007; and (2) State spending on refundable tax credits was $163 million higher in 2008 and almost $700 million higher in 2009 than in 2007.[32] Neither of these or most other state expenditures provided direct aid to TANF recipients.

I think that the failure to maintain TANF participation efforts is a mistake. First of all, the situation for entry-level jobs seems substantially less bleak than for higher paying jobs. Second, even though job searchers will have more difficulty than in the heyday of welfare reform, it is important that we not lose past progress in making welfare a work-oriented program. Third, as unemployment benefits expire, we should expect more people to accept lesser paying jobs, but we should also expect more families to seek TANF benefits.

As I said in my opening, even in this time of high unemployment, TANF and, actually, all major income-support and social welfare programs—including Unemployment Insurance (UI), the Supplemental Nutrition Assistance Program (SNAP/food stamps), and disability programs (Social Security Disability Insurance [SSDI] and Supplemental Security Income [SSI])—should encourage recipients of government assistance to stay connected to the labor force, by which I mean working, seeking work, or seriously increasing their job-related skills.

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[30]U.S. Department of Health and Human Services, *Engagement in Additional Work Activities and Expenditures for Other Benefits and Services, March 2011: A TANF Report to Congress* (Washington, DC: U.S. Department of Health and Human Services, 2011).

[31]See LaDonna Pavetti, and Liz Schott, *TANF's Inadequate Response to Recession Highlights Weakness of Block-Grant Structure Proponents Wrong to See It as Model for Medicaid, SNAP, or Other Low-Income Programs* (Washington, DC: Center on Budget and Policy Priorities, July 2011), http://www.cbpp.org/files/7-14-11tanf.pdf (accessed September 2, 2011); and Mark Greenberg and Hedieh Rahmanou, *TANF Spending in 2003* (Washington, DCL Center for Law and Social Policy, February 2005), http://www.clasp.org/admin/site/publications/files/0207.pdf (accessed September 5, 2011).

[32]U.S. Department of Health and Human Services, Administration for Children and Families, "Fiscal Year 2007 TANF Financial Data," http://www.acf.hhs.gov/programs/ofs/data/2007/tanf_2007.html (accessed September 6, 2011); and U.S. Department of Health and Human Services, Administration for Children and Families, "Fiscal Year 2009 TANF Financial Data," http://www.acf.hhs.gov/programs/ofs/data/2009/tanf_2009.html (accessed September 6, 2011).

I do not want to underestimate the current financial suffering, but *at the same time that we have high unemployment and large numbers of discouraged workers, there are more than three million jobs available.* (According to the U.S. Bureau of Labor Statistics, about 3.1 million jobs were available in June 2011.)[33]

How could there be so many openings, given the large number of unemployed Americans? Some of these vacancies are the inevitable "friction" of a turbulent labor market: as people leave jobs, it takes time for them to be filled.[34] But the sheer number suggests that other factors are at work.

"Labor activation" in Europe

As I mentioned above, I lead a project at the University of Maryland which is designed to glean policy ideas from other nations and one of our current projects is titled "Labor Activation in Times of High Unemployment." As we have researched this topic, we have found important lessons from European labor force policies.

Even before our current economic difficulties, *non*work in the U.S. was growing at an uncomfortable rate—especially in comparison to European countries. For example, between 1997 and 2007, nonwork in the U.S. working age population increased from about 26 percent to 28 percent while nonwork in the EU-15 decreased from about 39 percent to 33 percent. The recession only exacerbated the U.S. trend, so that, by 2010, the difference between the US and the EU-15 became negligible (34 percent vs. 35 percent). Some European countries registered more substantial declines than the EU-15 trend, such as Germany from about 36 percent in 1997 to about 29 percent in 2010, and the Netherlands from about 32 percent in 1997 to about 25 percent in 2010.[35] (See figure 3.)

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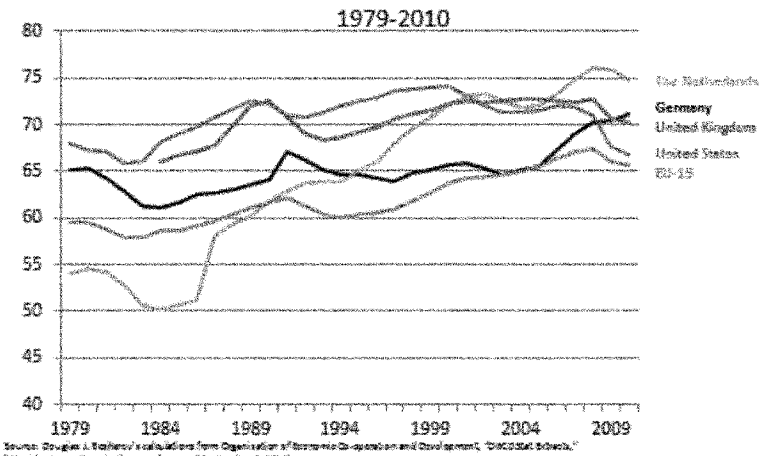
[33]Bureau of Labor Statistics, "Job Openings and Labor Turnover Survey," http://data.bls.gov/timeseries/JTS00000000JOL (accessed September 5, 2011).

[34]See, for example, William T. Dickens, "Has the Recession Increased the NAIRU?" (working paper, Brookings Institution, Washington, DC, September 2010).

[35]Author's calculations from Organisation of Economic Co-operation and Development, "OECD.Stat Extracts," http://stats.oecd.org/Index.aspx (accessed September 1, 2011).

Figure 3:
Employment/Population Ratios
in the US and EU-15
1979-2010



Let me say this more directly. At least for now, the years of American gloating are over. Although the comparison is subject to important demographic and social qualifications, labor force participation in Europe as a whole is now about the same as that in the U.S., and it is much higher in countries like Germany and the Netherlands.

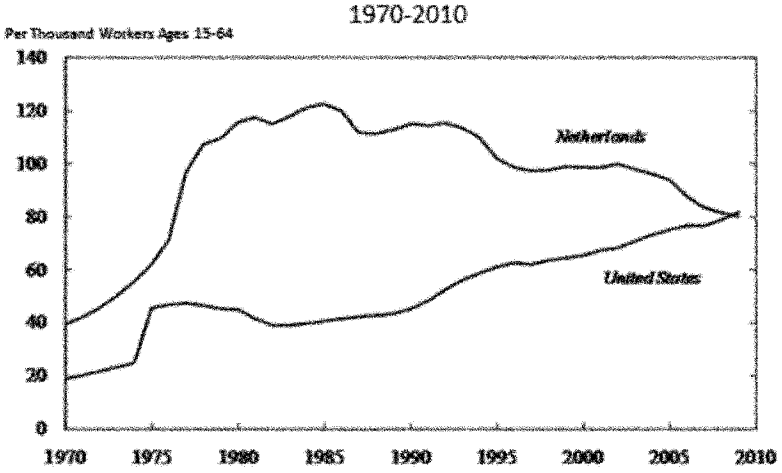
It is no accident that, over the long-term, European participation in the labor force is rising while ours is falling. Starting long before the current downtown, many European countries started modifying their social assistance programs in an effort to "activate" those receiving unemployment, social assistance, and disability payments.[36] Some countries have moved far beyond the U.S. in adding what they call "labor activation" policies. These changes are both substantive (such as eligibility, and the terms, conditions, and amounts of assistance) and administrative (such as consolidating, decentralizing, and privatizing services).

Dramatic evidence of this shift can be seen in the comparison of the rates of disability recipiency between the U.S. and the Netherlands. Beginning in the mid-1990s and continuing through the mid-2000s, the Netherlands made a series of changes to its disability policy to encourage work. This included a focus on assessing the severity and permanency of the disability

[36]Neil Gilbert, *Transformation of the Welfare State: The Silent Surrender of Public Responsibility* (Oxford University Press, 2002).

and providing larger benefits for the partially disabled who work compared to those who do not. The result has been a substantial decline in the number of disability beneficiaries per 1,000 workers.[37] (See figure 4.)

Figure 4
US and Dutch Disability Beneficiaries
1970-2010



And, as I have suggested, the U.S. has done just the opposite. So, the derision we used to express toward European labor market policies is no longer fair, and, I believe, we can learn from what they are doing. Many European policies and programs are worthy of consideration by the U.S. as responses to the immediate economic crisis, and some also deserve consideration as long-term solutions to chronic nonwork. Now is the time to begin the long and controversial process of making U.S. social assistance programs more pro-work, as have many of our European counterparts.

No one country, of course, can serve as an exact model for the U.S. The economic, social, and political differences across countries are too great. Nevertheless, six broad developments in unemployment, social assistance, and disability programs bear consideration. (They will be the

[37]Philip De Jong, *Recent Changes in Dutch Disability Policy* (The Hague, Aarts Public Economics, September 2008), http://www.ape.nl/include/downloadFile.asp?id=75 (accessed September 6, 2011).

focus of our upcoming conference at the Organisation for Economic Co-operation and Development in November.) I hope that you will consider them in your deliberations.

- *Tightened eligibility rules to improve program targeting.* In an effort to improve the targeting of programs on the most deserving or needful, some countries have modified how they define and measure eligibility. The UK, for example, tightened its rules for determining eligibility for disability benefits. Of 1.2 million new disability claimants evaluated under the tighter eligibility rules, 75 percent either were found to be fit for work or dropped their disability claim before finishing the assessment.[38]

- *Mandated job search and other work-first activities.* In an effort to encourage recipients to look for work and to raise the "opportunity cost" of being on assistance, some countries have mandated various "activation" activities. In recent years, countries as different as Australia, Denmark, Germany, the Netherlands, and UK have tightened their rules and procedures for encouraging work rather than benefit receipt—almost always including a benefit reduction or termination for noncompliance.

- *Time limited benefits (or step-downs in benefit amounts).* In an effort to prod current recipients to look for or accept work, some countries reduce or terminate benefits after a set period of time (sometimes transformed into lower, means-tested social assistance payments). In countries such as Denmark (unemployment insurance), Germany (unemployment insurance), and the Netherlands (disability), after a period of time, benefits have been restructured to be lower or modified as an incentive for recipients to take a less-preferred job.

- *Consolidated programs.* In an effort to increase program efficiency (and thereby save money) but also to focus and maximize the impact of program rules, some countries have combined the operations and activation rules of their unemployment and social assistance and/or disability programs. Australia consolidated the administration of unemployment, social assistance, disability, pension, and other social benefits under one agency. Germany consolidated its unemployment and social assistance programs, with one-stop centers for both. (Later held unconstitutional by the German courts for unrelated reasons.) Norway also consolidated its unemployment insurance, social assistance, disability payments, and old-age pensions programs into one agency. And the UK created the "Universal Credit" that combines tax credits, social assistance, disability benefits, and housing credits into a single benefit stream.

- *Incentivized financing and reimbursement systems.* In an effort to encourage employers to internalize the costs of unemployment and disability payments (and thus take actions to prevent both) and to encourage government agencies to target benefit payments to the truly needful (and thus reduce the number of recipients), some countries are deliberately embedding financial incentives in the way they tax employers to pay for benefits and in

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[38] Department for Work and Pensions, *Employment and Support Allowance: Work Capability Assessment by Health Condition and Functional Impairment* (London: Department for Work and Pensions, April 2011), http://research.dwp.gov.uk/asd/workingage/esa_wca/esa_wca_27042011.pdf (accessed September 1, 2011).

the way they reimburse local programs for benefits distributed. For example, the Netherlands has made employers responsible for the first two years of disability payments.[39] In addition, the Netherlands uses social assistance block grants to the municipalities based on the national government's estimate of how many social assistance recipients there should be in each municipality (taking into account economic and demographic factors). The municipality is allowed to keep any excess funds it does not spend on social assistance, but must use municipality funds to cover any excess spending on social assistance.

- *Decentralized responsibility and authority.* In an effort to encourage local accountability and innovation, some countries have devolved to the regional or local level the operations of their unemployment and social assistance and/or disability programs. Italy devolved the administration of its activation programs to the regions; Germany gave municipalities joint responsibility with the national government in administering unemployment benefits to the long-term unemployed; and the Netherlands devolved the provision of social assistance and related active labor market policies to the municipalities.

- *Outsourced/Privatized "activation" services.* In an effort to increase programmatic flexibility and accountability by escaping the strictures of government employment/agencies, some countries are outsourcing various activation services, either in whole or in part. Australia now contracts out labor activation services for recipients of social assistance and unemployment benefits to for-profit and non-profit vendors. Germany now provides vouchers for activation services to recipients of unemployment benefits and municipalities are able to contract out activation services instead of providing them. The Netherlands now does the same, and the government department that was responsible for providing such services was privatized and allowed to compete against other for-profit providers. (It subsequently failed). The UK, in a reform effort with its origins in the Labour Government, contracts out the provision of activation services for the recipients of unemployment, social assistance, and disability benefits to for-profit and non-profits firms.

Skills mismatch

Many economists think that the more than three million unfilled jobs is more jobs than we should expect in the current economy (even considering the increase in government assistance), and that it reflects a "skills mismatch" between the available jobs and the unemployed. They point out that the job sectors that are growing demand different skills than those that have been shedding jobs, creating what some think is a "skills mismatch" between the unemployed and available jobs.

Of those available jobs, only about 9 percent were in the hardest hit industries of construction (2 percent) and manufacturing (7 percent). Instead, the majority of available jobs were in service industries, either business or professional services (21 percent); health or

[39] ACCESS Netherlands, *Social Security* (The Hague: ACCESS Netherlands, April 2010), http://www.access-nl.org/our_services/pdf/booklets/social_security.pdf (accessed September 5, 2011).

education (19 percent); trade, transportation, and utilities (16 percent); and government (10 percent).[40] This means that, to be hired for these jobs, many of the unemployed will need to develop new job-related skills. Thus, in *Where are All the Good Jobs Going?: What National and Local Job Quality and Dynamics Mean for U.S. Workers*, Harry Holzer, a professor of public policy at Georgetown University, and his coauthors write:

> Relatively high-quality jobs continue to be generated in the U.S., but not in the same sectors as before, and they require higher levels of education and skill than those of more traditional industries in the past . . . . Since good jobs increasingly require good skills, and since good jobs are important for the prospects of displaced workers as well as others, improving the skills of the disadvantaged and the displaced should be done with an eye towards improving their access to good jobs.[41]

Estimates are that as much as 25 percent of the increase in unemployment can be attributed to the skills mismatch.[42] If this mismatch reflects permanent changes in the U.S. economy, as many believe, then, if we are to return to the low unemployment rates of the 1990s, we will have to retool major segments of our labor force—through job training and education. (In fact, many consider periods of time of high-employment as a time to improve job skills for longer-term unemployment.)[43]

Not all economists agree about the existence of a skills mismatch, however. Paul Krugman, for example, has argued that the unemployment rate has remained high because of repressed aggregate demand and that when aggregate demand increases, the unemployment rate will decline to pre-recession levels.[44] Michael Elsby, Bart Hobijn, and Aysugel Sahin, of the

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[40]Bureau of Labor Statistics, "Table 1. Job Openings Levels and Rates by Industry and Region, Seasonally Adjusted," http://data.bls.gov/cgi-bin/dsrv?jthttp://www.bls.gov/news.release/jolts.t01.htm (accessed September 1, 2011).

[41]Harry P. Holzer, Julia I. Lane, David B. Rosenblum, and Frederik Andersson, *Where are All the Good Jobs Going?: What National and Local Job Quality and Dynamics Mean for U.S. Workers* (New York: Russell Sage Foundation, 2011), 207.

[42]Jinzhu Chen, Prakash Kannan, Prakash Loungani and Bharat Trehan, New Evidence on Cyclical and Structural Sources of Unemployment (Washington, DC: International Monetary Fund, May 2011), http://www.imf.org/external/pubs/ft/wp/2011/wp11106.pdf (accessed September 1, 2011); see also Aysugel Sahin, Joseph Song, Giorgio Topa, and Giovanni L. Violante, Mismatch in the Labor Market: Evidence from the U.K. and the U.S. (Bonn: IZA, November 2010), http://www.iza.org/en/papers/6647_15032011.pdf (accessed September 1, 2011).

[43]See Harry P. Holzer, Julia I. Lane, David B. Rosenblum, and Frederik Andersson, *Where are All the Good Jobs Going?: What National and Local Job Quality and Dynamics Mean for U.S. Workers* (New York: Russell Sage Foundation, 2011); Narayana Kocherlakota, "Inside the FOMC," (speech, Marquette, Michigan, August 27, 2010), http://www.minneapolisfed.org/news_events/pres/speech_display.cfm?id=4525 (accessed September 1, 2011), and Peter Coy, "Help Wanted: Why That Sign's Bad," *Businessweek*, April 30, 2009, http://www.businessweek.com/magazine/content/09_19/b4130040117561.htm (accessed September 1, 2011).

[44]See, for example, Paul Krugman, "Structure of Excuses," *New York Times*, September 26, 2010, http://www.nytimes.com/2010/09/27/opinion/27krugman.html (accessed September 1, 2011); and Rob Valletta and Katherine Kuang, *Is Structural Unemployment on the Rise?* (San Francisco: Federal Reserve Bank of San Francisco,

Federal Reserve Bank of San Francisco, analyzed the Job Opening and Labor Turnover Survey (JOLTS) and found that the unemployed/vacancy ratio had not increased across different industries, suggesting that the problem was aggregate demand not a skills mismatch. They qualify their conclusion, however, by noting that "it may be the case that skill mismatch nevertheless exists, but that it occurs within industry classifications."[45]

On balance, I think the weight of the evidence supports the existence of a skills mismatch that is contributing to the unemployment problem.

This is not the place to discuss all the needed changes in job training programs, especially since many are under the jurisdiction of other congressional committees. Hence, I will just report the recommendations I made in April 2011 to the Subcommittee on Labor, Health & Human Services, Education, and Related Agencies of the House Committee on Appropriations, concerning the Workforce Investment Act (WIA):

> I believe that this justifies a major rethinking of the program, and would recommend the following:
>
> 1. Combine at least some of the forty-seven or so federal job training programs. (Also rethink WIA's relationship with Pell Grants, student loans, etc., as well as with Unemployment Insurance and Temporary Assistance for Needy Families programs.)
> 2. Give states greater flexibility in the WIA services that they provide, and how they do so.
>
> 3. Require cost-sharing on the part of states and communities to encourage responsible planning of services. (Given the financial situation of the states, this might have to be phased in in some way.)
>
> 4. Allow trainees more say in how they are trained (through greater use of ITAs) and means-test the benefit (on a sliding scale) so that trainees become more responsible consumers.
>
> 5. Most important, initiate a true search for approaches to training and training management that work: Impose true performance measures and use the results, not to penalize states, but as a means of discovering approaches that seem to work better than others. Then, encourage other states (or local programs) to try them under conditions where they can be rigorously evaluated.

November 2010), http://www.frbsf.org/publications/economics/letter/2010/el2010-34.html (accessed September 1, 2011).

[45]Michael Elsby, Bart Hobijn, and Aysugel Sahin, The Labor Market in the Great Recession (San Francisco: Federal Reserve Bank of San Francisco, 2010), 24, http://www.frbsf.org/publications/economics/papers/2010/wp10-07bk.pdf (accessed September 1, 2011); see, also, William T. Dickens, "Has the Recession Increased the NAIRU?" (working paper, Brookings Institution, Washington, DC, September 2010).

> WIA's performance measures, and those of JTPA before it, have been widely criticized, and I recognize how difficult it will be to develop a system that accurately monitors program activities. But that does not make them any less indispensable to a building a better program.[46]

Conclusion

As I have discussed, there are jobs that are available but connecting the unemployed to those jobs, and training them to be capable to fill those jobs, is a pressing need. To summarize, I think we face a growing separation of Americans from the labor force caused by: (1) the growth of government assistance programs that allow more people to make due without a job, and (2) a skills mismatch between the unemployed and available jobs.

If my analysis is correct, then, *as unemployment benefits expire, we should expect more people to accept lesser paying jobs, but we should also expect more families to seek TANF benefits.*

The Congress should help the states prepare for this development. That means helping states shape welfare-to-work programs that can accommodate these families that need different services than the (largely) poorly educated, single mothers with little work experience who were subject to welfare reform programs from the 1990s. This includes:

> *Greater coordination with Unemployment Insurance, SNAP, and TANF, so that expectations across the three programs are aligned (especially concerning job search and job acceptance), and so that transitions from unemployment benefits to TANF benefits encourage job acceptance.*
>
> *More refined approaches to job training (that go beyond basic job search and work preparation services) for this more highly educated group.*

I am not suggesting that more federal money be spent, because I do not think that will be a solution. Instead, our programs need to be operated more wisely.

The model for what I am suggesting is found in a number of European countries. For example, in the early-to-mid-2000s, Germany instituted a series of reforms of its unemployment and social assistance programs, the "Hartz" reforms, that created a two-step and two-tiered program for unemployment and social assistance benefits: the unemployed initially receive Unemployment Benefits I (UB I) for up to one year only with the benefits replacing about 67 percent of previous net income; the able-bodied, low-income and those who have been unemployed for more than a year receive Unemployment Benefits II (UB II). These benefits are

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[46] Douglas J. Besharov, *Testimony before the Subcommittee on Labor, Health & Human Services, Education, and Related Agencies, Committee on Appropriations, U.S. House of Representatives* (College Park, MD: Welfare Reform Academy, April 2011), http://www.welfareacademy.org/pubs/jobtraining/Besharov_WIA_Testimony_0407_2011.pdf (accessed September 5, 2011).

means-tested and provide a standardized amount of benefits that are much lower than UB I (some estimates put it at 40 percent lower).[47] In addition, UB II recipients are subject to a 30 percent reduction in benefits if they do not take "acceptable work" that is offered them (which may include community service or job training).

Whether or not this is the time to consider major changes to TANF and other social assistance programs, I would suggest that the Congress mandate work-related service demonstrations along the lines I have described (and within the funding already available to HHS).

Thank you.

[47]Werner Eichhorst, Maria Grienberger-Zingerle, and Regina Konl-Siedl, "Activating Labor Market and Social Policies in Germany: From Status Protection to Basic Income Support," *German Policy Studies* 6, no. 1 (2010): 65–106.

Chairman DAVIS. Dr. Wetzler.

STATEMENT OF SCOTT WETZLER, VICE CHAIRMAN AND PROFESSOR, DEPARTMENT OF PSYCHIATRY AND BEHAVIORAL SCIENCES, MONTEFIORE MEDICAL CENTER, ALBERT EINSTEIN COLLEGE OF MEDICINE

Mr. WETZLER Chairman Davis, Ranking Member Doggett, and Members of the Committee, thank you for having me. I want to

talk to you about the specialized issue of substance abuse as it relates to welfare reform.

As you know, the law stipulates that people are allowed to be exempted from the work participation requirements for 4 consecutive weeks up to 6 weeks per year to engage in intensive substance abuse treatment. And as a result, I actually run a program in the Bronx, New York, which really has some of the highest rates of substance abuse and poverty in the Nation, where we do evaluate welfare recipients in terms of their substance abuse disorders to determine whether they are employable or not, and refer them for various sorts of substance abuse treatment that is appropriate to the level of care that is needed.

What we found over the years of running this program, we have evaluated more than 20,000 people, is that the vast majority of people with substance abuse are in fact able to participate in a work program and don't even require the exemption at all. About 70 percent of the people at the initial evaluation are eligible for work, and another 20 percent of people after a brief period of intensive treatment are able to work.

So the real main message I would like to leave you with, as I have said in my written testimony, is that just because somebody has a substance abuse disorder doesn't mean that they can't work.

Now, having said that, I think it is important to emphasize the importance of treatment for these folks. And what we do is we refer them for treatment and work at the same time, simultaneously. So we take if not a rigid work-first approach, certainly a work-early approach. Because the treatment referral is a mandated appointment, in a sense we are putting pressure on people, a kind of coercive pressure on them to do something which they might not otherwise do voluntarily. But one of the things I would like you to know also is that treatment under that sort of circumstance, coercive treatment, is as effective as people who went through treatment voluntarily . . . and it actually helps to increase people's motivation and attendance in treatment.

In New York we have in addition, a case management program where we try to help people attend treatment. And this I guess is part of the flexibility that was discussed before of how the funds can be spent. In New York it is called customized assistance. And these folks have lots of different problems that make it difficult for them to work, make it difficult for them to attend treatment. They have housing issues, psychiatric problems, medical problems, legal issues. Obviously, they also have lack of job skills. And the comprehensive case management program really develops a customized assistance program to help them attend treatment, and we have been very successful in getting people to attend as a result of that.

The other point that I want to make with you is that actually as the caseloads have dropped so much in New York, I would say only one out of eight people with substance abuse disorders is on cash assistance. And in fact, I think that this issue is a much bigger problem, as referenced before, for the people on Medicaid-only population.

There is a famous case in New York of one man who was on Medicaid who was in in-patient substance abuse detoxification for 270 days in one year, and the next year he was in in-patient detox

for 272 days. This was a man who never followed up with outpatient treatment and he was free to enter the hospital as much as he wanted and there weren't any leverage that was brought to bear on him.

One thing I would suggest is that in thinking about the responsibilities attached to various sets of benefits, we think about Medicaid just like we do about the temporary assistance. Thank you very much.

Chairman DAVIS. Thank you, Dr. Wetzler.

[The prepared statement of Mr. Wetzler follows:]

Written Statement to Human Resources Sub-Committee

of the House Committee on Ways and Means[1]

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[1] These remarks are based on a scholarly literature review: Wetzler, S., Schwartz, B. Swanson, A. & Cahill, R. Substance Use Disorders and Employability Among Welfare Recipients, *Substance Use & Misuse*, 45:2095-2112, 2010. The remarks represent the views of Dr. Wetzler and do not necessarily represent the views of Montefiore Medical Center, University Behavioral Associates, or the Albert Einstein College of Medicine.

Thank you for the opportunity to discuss with you the issue of substance abuse with regard to welfare reform. I run several programs in Bronx, NY for welfare recipients, including a Supporting Healthy Marriage program and a program where welfare recipients with substance use disorders are evaluated, referred for treatment, and then offered case management services to help them comply with treatment and become employable. As you know, individuals can be exempted from the work participation requirements of the welfare law in order to participate in substance abuse treatment for a maximum of 4 consecutive weeks and a total of 6 weeks per year. Our program does a clinical evaluation to determine the level of care these substance abusers require, and whether they should be temporarily exempted from the work requirement in order to pursue intensive treatment, which is defined as greater than 15 hours per week. While our program works primarily with a General Assistance population, the nature of their substance abuse problems is similar to that found in the TANF population.

We find that over 70% of the over 20,000 substance abusers we have evaluated are employable at the time of applying for cash assistance, meaning that they are referred for non-intensive substance abuse treatment (less than 15 hours per week) concomitant with a referral to an employment program. In other words, they can work and get treatment simultaneously. In another 20% of cases, clients are referred for intensive treatment, and then re-evaluated, at which time they are deemed clinically stable enough to be employable and their frequency of treatment services is reduced to a non-intensive level. Thus, 90% of substance abusers in a welfare setting in the Bronx -- a locality that has one of the highest rates of substance abuse in the nation -- are sufficiently employable to meet the work participation requirements of the law.

This is an important statistic because at the time the law was drafted, the conventional wisdom in the substance abuse treatment world had been that these clients were not employable, needed to focus single-mindedly on their treatment, and would relapse if subjected to the stress of work demands.

We have found just the opposite: most substance abusers applying for or on welfare are employable, and work facilitates their recovery.

Although the majority of our clients are deemed employable, according to unemployment insurance (UI) data, only about 37% of them obtain competitive employment within 6 months of participating in our program. Since many clients obtain "off-the-books" jobs that are not documented and would not be reported in UI databases, we believe that a more accurate estimate of the number of our substance abuse clients who obtain employment within 6 months is at least 50%. Job retention is quite good, and very few of our employed clients re-cycle back onto cash assistance. Another 5-10% of our clients are considered permanently disabled due to a medical and/or psychiatric condition (substance abuse by itself is not considered a disabling condition), and are awarded Supplementary Security Income (SSI) or Social Security Disability Insurance benefits (SSDI). The remaining clients sooner or later have an administrative exit from cash assistance due to non-compliance with work or treatment requirements. Many of them ultimately cycle back onto cash assistance at a later date.

One of the implications of the welfare law is that it mandates clients into treatment: if they do not comply with the treatment requirements, they will lose their cash assistance. Although this mandate does not have much clout, meaning that the threatened punishment of losing cash assistance is not severe (in comparison to parole- or employer-

mandated treatment, where the negative consequences of not attending treatment are much more serious), it does enhance the person's motivation. While many people think that individuals need to be motivated so that they voluntarily choose to go to treatment, in fact coercive treatments are remarkably effective.

There is an enormous literature demonstrating the effectiveness of substance abuse treatment, but treatment can only work if patients attend, and the mandate helps get these welfare recipients to attend. In a typical substance abuse treatment setting, compliance with treatment is very poor. Between half and two-thirds of all patients drop out of treatment within 3 months of enrolling. There may have been a moment in time when they were motivated for treatment, which is why they enrolled, but that motivation waxes and wanes. With the support and guidance of our case managers and threatened loss of cash assistance, we are able to keep 81% of our clients engaged in treatment for at least 3 months. This is a remarkably high rate of treatment compliance for this population. We were the subject of two studies, one by the social policy research firm, MDRC, and another by CASA, the Columbia University Substance Abuse Research team, and both found that our case management program had a significant impact on treatment compliance in this hard-to-engage population. Other case management programs for substance abusers have corroborated this finding. Welfare recipients receiving case management are more likely to enroll in treatment, attend many more treatment appointments, and have higher rates of drug abstinence than substance abusing welfare recipients who are not in case management.

So, what do we know about substance abuse and welfare? First, although substance use is fairly prevalent in the welfare population, clinically diagnosable

substance use disorders are uncommon. Surveys, as well as drug testing, suggest that as many as 37% of welfare recipients use substances, however only 6-12% are screened as having a substance use problem at the welfare offices. These figures may be shifting as the welfare population shrinks: 10 years ago, 6% of the welfare population in NYC had an identified substance use disorder, whereas today that figure is 12%. This rate may be higher in NY than other localities as NY includes the General Assistance population (mostly older single males), which is more likely to have substance abuse problems than a TANF population.

Although people are screened for substance abuse problems at the time of application for cash assistance, it is essentially a process of self-identification – the screening consists of a few straightforward generic questions by the worker to all applicants at the site of enrollment. Once people are identified in this way, they are sent to our program for a thorough clinical substance abuse evaluation. Although this system does miss individuals who do not want to acknowledge their problem, if the substance abuse is severe enough to interfere with work functioning, it will become evident at a later date.

Second, just because someone has a substance use disorder does not mean that he or she is not employable. The vast majority of substance abusers are employable within the time frames laid out in the welfare law, and a longer period of intensive treatment is generally not necessary. The level of employability found among substance abusing welfare recipients suggest that high expectations regarding work are achievable.

We have found that work complements treatment; it provides structure, a high level of activity and absorption in tasks, as well as improved self-esteem and social skills.

Most importantly, work challenges the culture of dependency. Even for those clients who do require a period of intensive treatment, clinical gains can be quickly consolidated and they can be stepped down into non-intensive treatment and engaged in a concurrent work activity.

I am in favor of a "work early," if not a rigid "work first" approach. The challenge is coordinating the schedule for treatment and employment activities since they are provided by separate organizations, and both activities are mandatory.

Although substance abusers are employable, they have slightly poorer work outcomes than the general welfare population. This is not solely due to the substance use disorder, but to the many other associated barriers to employment, including co-morbid medical and psychiatric disorders, low literacy levels, lack of marketable job skills, and criminal justice histories. This configuration of problems means that the substance abusing welfare population is heterogeneous. We have found that an individualized case management approach is quite effective at engaging them. I've been very impressed with NYC Human Resources Administration's system of "customized assistance," which addresses these multiple needs.

Third, substance abuse is a chronic, relapsing disorder, and substance abusers on cash assistance typically have longstanding disorders, with many episodes of inpatient detoxification. One of the benefits of the welfare law is that the treatment mandate improves outpatient treatment compliance. Treatment works, and anything that gets patients "in the door" is significant.

We don't know much about what happens to non-compliant clients because they are administratively removed from cash assistance. Some re-cycle back onto cash

assistance, while others don't. In particular, we don't know whether an even longer period of treatment for these clients at this time would have resulted in more employment, but I doubt it.

Fourth, what is the role of drug testing? I can't speak to the issue of the legality of drug testing to determine eligibility for benefits or even the practicality of administering it to a large population, but I am a strong advocate for the use of drug testing in the context of treatment. Drug testing either involves urine specimens which are relatively inexpensive but somewhat difficult to obtain, or oral swabs which are easy to obtain but more expensive. Using either test, the results serve to corroborate or contradict the clients' claims that they are abstinent, and help to determine the extent of the disorder and the level of care that is needed. Treatment programs regularly and frequently require drug tests. So those people who we refer for treatment do not need to be drug tested at our evaluation site as they will be drug tested as soon as they enroll at the treatment program. Our evaluation program limits drug testing only to those people who claim to be clean and would not therefore be referred for treatment, and thus would not otherwise get drug tested. Before we agree that the person does not need treatment, we require objective proof of this claim, which the drug test results supply.

In NYC, the Human Resources Administration has treatment program standards that require treatment providers to re-consider the level and kind of treatment required when patients still have positive drug tests after a few months in treatment. When conducted in this way, in the context of treatment, drug testing is not punitive, nor is it an invasion of privacy. It is an integral part of planning the patient's treatment. I'm not sure how practical it is to screen all welfare recipients because it is inefficient, but it is very

useful for a substance abuse evaluation program such as ours to conduct drug testing when there is a suspicion of substance abuse, either by history or by observing behavior at the employment program. I can imagine its being expanded to certain high-risk populations -- i.e. clients in sanction – in order to determine need for treatment, but not to all applicants. One of the ramifications of expanding drug testing to the entire welfare population would be that so many people would be identified that the treatment system would not have sufficient capacity to handle the referrals.

Finally, while the Committee is focusing primarily on TANF, where substance abuse treatment is a condition for cash assistance, this is an even bigger issue with regard to Medicaid. As you know, the Medicaid population dwarfs the cash assistance population. In NYC, there are at least 8 times as many substance abusers on Medicaid as on cash assistance, and yet there are no requirements or treatment mandates for these individuals. Their care is completely unmanaged. Not only does this result in poor compliance and worse outcomes, it is enormously expensive. You might think that non-compliance with treatment saves Medicaid dollars, but in fact it leads to repeated episodes of inpatient detoxification which is much more expensive. There is a famous case of one man who lives in the Bronx who had 270 days of inpatient detoxification in one year and 272 days the following year. No one was managing his care, and he was free to go where he wanted. Unfortunately, he never went for outpatient treatment.

As a result of these high cost patients, NY established a way of tracking Medicaid expenses, and the substance abusers in our program are among the highest cost patients in the nation. They have very high substance abuse treatment costs, but they have even higher medical costs because they use the health care system so inefficiently. As states

try to redesign their Medicaid systems, they need to address these high-cost individuals, most of whom are substance abusers. One of the ancillary benefits of the welfare law's treatment mandate is that by keeping these people engaged in outpatient treatment, we are able to significantly reduce total health care costs. Based on an examination of Medicaid claims, we know that our program consistently achieves over 60% reduction in Medicaid costs as compared to the pre-enrollment year.

Unfortunately, funded through the welfare system, our program is restricted to cash assistance recipients. How can this be expanded to the Medicaid-only population? I don't see why participation in this kind of substance abuse care management program shouldn't be required for all Medicaid patients who have been screened for a substance use disorder in any medical setting. State agencies should also be permitted to identify potential substance abusers based on a review Medicaid records. Medicaid may be an entitlement, but it should also entail certain responsibilities, much like the welfare benefit does. This approach will not only reduce costs, it will improve compliance and outcomes.

Thank you.

Chairman DAVIS. Dr. Pavetti.

STATEMENT OF LADONNA PAVETTI, VICE PRESIDENT, FAMILY INCOME SUPPORT POLICY, CENTER ON BUDGET AND POLICY PRIORITIES

Ms. PAVETTI. Chairman Davis, Ranking Member Doggett, and Subcommittee Members, thank you for inviting me, for giving me this opportunity to testify today.

In my capacity as a researcher I have observed firsthand how States have implemented TANF work requirements over the last 15 years. What started as an income maintenance program with a very tiny work program attached to it is now a program that is almost entirely focused on work. The cash assistance the program provides is minimal, accounting for only about a quarter of all State and federal dollars.

While this shift to a work program has been remarkable, it has not served all poor families well. And with a weak economy we now face an entirely new set of challenges. As we prepare for TANF's reauthorization, we need to remember that TANF was created with a balanced approach in mind, to both create an expectation of work, and to provide a safety net when work isn't available. So both aspects are important and we need to focus on both of those.

In order to make improvements in both of these areas I make three key recommendations. One is that we need to redefine TANF's work requirements to better reflect the characteristics of the caseload. Second, we need to redefine how performance is measured. And third, we need to provide adequate funding to States so that they can do the job that they have been asked to do.

Now, what I would like to do is tell you how I arrived at those recommendations. First, the TANF caseload today is very different than it was 15 years ago, and it really does demand a different approach to work requirements. We have evidence that many who receive TANF today face significant barriers to employment, it doesn't mean that there shouldn't be expectations and they shouldn't be encouraged to work, but it does mean that the assistance they need is quite different than when we started TANF.

We know little about how to serve people with a lot of barriers, and it will take time and targeted resources to identify the most cost-effective approaches.

As people have noted, we have minimal data available to actually assess what TANF has accomplished and how that has changed over time. As Chairman Davis noted, only about 24 percent of TANF recipients are meeting their TANF work participation rate standard. And while that number may seem low, it really tells us very little about whether TANF is succeeding or failing as a work program.

From the work I and other researchers have done, we know that when families apply for assistance they are quickly referred to a mandatory work activity. Individuals that don't comply are sanctioned for noncompliance, which in almost every State means that they lose their cash assistance after a few months. The assumption that States have failed to impose a work mandate or that they have stopped focusing on work, either because of changes in the DRA or because the economy weak, is simply not an accurate reflection of reality.

The question we should be asking is if States have imposed stricter mandates, why are so few meeting the work requirements? I believe that many of those answers can actually be found in the data that you have from HHS on work engagement. First, about a quarter are participating, but they don't meet the standard, so they are actually doing something, they are trying, but they are not quite at the level where they count.

Second is about half have no hours of participation, but most of those can be explained and are understandable and, I would say, even appropriate. The largest share is exempt from participation by the State, mostly because their family or the individual herself or a family member is disabled. And only 8 percent have no hours because the State has actually failed to engage them in work activities.

When evaluating how well States are doing we should ask ourselves what is it that we want States to do that they are not doing. Will stricter mandates result in better outcomes or just a greater abandonment of the most vulnerable families? Or is it time to give States more flexibility so they can take risks, be innovative, and discover what works best for families who are left on the caseload?

The reality is the TANF participation rate is an inadequate measure of whether or not a State has implemented an effective work program. As Mr. Alexander noted in his testimony, TANF's success should be judged on how well States do at getting recipients into jobs that last. The work participation rate measures process, it doesn't measure outcomes. A State that moves recipients off TANF into jobs quickly could easily fare far worse than a State that keeps people on the rolls. We can do better, and we can start simply by giving States the option to measure outcomes instead of process.

The last thing I would like to say is I think that a work-based system can't be held as a success when it doesn't provide assistance to vulnerable families when the economy fails. TANF has responded only modestly to the recession. And what we know from looking at the evidence is that TANF did well at getting people into the labor market when the economy was strong, and a strong economy has to be a part of everything that we do or we will fail.

I think that the other thing that is important is we don't have evidence that people have failed and don't want to take jobs. In fact, we have the opposite. So I think that we need to think about how we can again make sure that the labor market is strong and that the resources are there to actually help TANF recipients and others to actually take advantage of those.

And finally, the last thing I want to say is that we really do need to make sure the resources are there. Mr. Doggett mentioned about the supplemental grants. And that really means that for 17 States they really don't have the same amount of resources that they had when TANF started, and they are being asked to do more with less. And then the other thing is that we also have a contingency fund.

Chairman DAVIS. Excuse me. Your time has expired.

Ms. PAVETTI Okay. I am sorry. I missed that. I was watching that go. I didn't notice they kept going up. Sorry.

Chairman DAVIS. No problem. It just continues in the other direction. But I appreciate your thoughts and comments.

[The prepared statement of Ms. Pavetti follows:]

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September 8, 2011

TESTIMONY OF LADONNA PAVETTI, PH.D.
VICE PRESIDENT, FAMILY INCOME SUPPORT POLICY
BEFORE THE HOUSE WAYS AND MEANS COMMITTEE, SUBCOMMITTEE ON HUMAN RESOURCES

Hearing on "Improving Work and Other Welfare Reform Goals"

Thank you for the opportunity to testify today.

TANF was created 15 years ago with a balanced approach in mind – that our nation's cash assistance system would be redesigned to create an expectation of work for able-bodied recipients and that a safety net would be maintained for parents who were unable to work due to a short-term crisis, a work-limiting disability or because no jobs are available. When we consider the reauthorization of TANF, we need to consider both aspects of TANF, taking into account what we have learned during TANF's first 15 years.

In my testimony, I will focus on four key points related to these two aspects of TANF:

(1) TANF provides cash assistance for a very small share of poor families, and many who receive assistance face significant barriers to employment.
(2) State TANF programs are built on an expectation of work, but there is a mismatch between recipients' employment assistance needs and the narrowly-defined work activities that the statute recognizes.
(3) The TANF work participation rate is an inadequate measure of TANF's success or failure as a program that promotes and supports work *and* provides a safety net when work is not available.
(4) The safety net aspect of TANF is weak; TANF responded only modestly to increased need during the recent economic downturn, and then, only in some states.

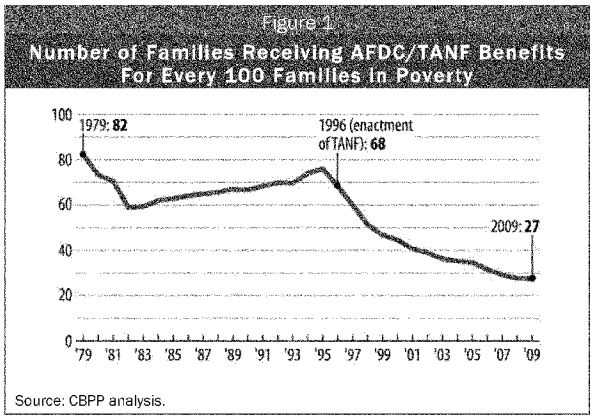
First, however, I would like to highlight an immediate issue that merits policymakers' attention even before reauthorization. Congress should restore and renew full funding for 2012 for TANF Supplemental Grants, which were provided to 17 states every year since 1996, until now. Despite its name, this funding was meant to address serious inequities across states in the basic TANF funding formula, rather than as a "supplement." Recipient states have among the highest rates of overall poverty and child poverty, and on average, their TANF expenditures per poor child have been *less than half* those of non-recipient states. States are now scaling back programs that help unemployed TANF recipients find jobs, and TANF has responded only modestly to the recession, largely due to its fixed block-grant funding structure that provides states the same funds regardless of increases in need as a result of an economic downturn. The unprecedented loss of TANF Supplemental Grant funds for the 17 states this past June 30, will, among other things, make it harder for them to maintain or increase work engagement among recipients.

TANF Provides Assistance to a Very Small Share of Poor Families

Cash payments provided through the TANF block grant reach a much smaller pool of families than did payments provided through its precursor, the Aid to Families with Dependent Children (AFDC) program, and only a very small share of the poor families that are eligible receive them. In 2010, there were 1.9 million families receiving TANF cash assistance, down from 4.8 million in 1995, the year before TANF was created — a 60 percent decline even though unemployment is much higher now than it was in 1995. In about 40 percent of current TANF cases, only the children in the household receive cash assistance, leaving slightly more than 1 million cases in which a parent or adult relative also receives cash assistance. According to the Government Accountability Office, nearly 90 percent of this decline is due to fewer it the *eligible* families receiving TANF, not to a decline in the number of eligible families.[1]

One measure that we can use to evaluate how effective the TANF program is in reaching poor families is the ratio of the number of families with children receiving cash assistance from TANF to the overall number of families with children living in poverty. In 1996, for every 100 families with children in poverty, the TANF program served 71 families. In 2009, this TANF-to-poverty ratio had declined to 27 families out of every 100 in poverty. (See Figure 1).

This ratio declined in every state; in some states, the decline was especially pronounced. Looking at data for 2008 and 2009, in seven states, the TANF-to-poverty ratio was less than 10 – that is, fewer than ten families received cash assistance from TANF for every 100 in poverty. In 1994-95, when cash benefits were provided through the AFDC program, no state had an AFDC-to-poverty ratio that was lower than 32, and in half the states the ratio was at least 73. Today, only three states have a TANF-to-poverty ratio that is greater than 50.



Many Household Heads In TANF Families Face Significant Employment Barriers

Many of the parents remaining in the shrunken caseload who are expected to work face substantial barriers to employment, and this necessitates a different approach to helping them move from welfare-to-work than was

[1] "Temporary Assistance for Needy Families: Fewer Eligible Families Have received Cash Assistance Since the 1990s, and the Recession's Impact on Caseloads Varies by State," Washington, D.C.: United States Government Accountability Office, GAO-10-164, February 2010, http://www.gao.gov/new.items/d10164.pdf.

envisioned when TANF was created. An Urban Institute study found that, based on data for 2005 and 2006, some 27 percent of TANF recipients faced significant work limitations — physical, mental, or emotional problems that prevent employment or limits the kind or amount of work that a person can do.[2] This is significantly higher than in the general population, where 5 percent of all adults and 6 percent of all low-income single mothers faced comparable work limitations. In addition, the study found that 14 percent of TANF recipients live with a family member who has a disability, which can further limit a TANF recipient's ability to secure, maintain, and progress in employment. It also found that employment rates among TANF recipients with disabilities are substantially lower than among recipients without disabilities.

State TANF Programs Built Around an Expectation of Work

A key goal of welfare reform was to reduce welfare dependency by helping welfare recipients move from welfare to work. States used the flexibility afforded them to transform their cash assistance programs into programs mandating and supporting work. Since the early years of welfare reform, states have promoted work by adopting policies that provide important support to families with one or more working parents and imposing penalties on parents that do not comply with work requirements. (Currently, nearly all states impose full family sanctions – that is, they do not provide *any* cash assistance to individual, including children, in families in which the household head does not comply with the work requirements.) All but one state established more generous earned income disregards that allows recipients who find employment to continue receiving partial cash benefits for a period of time, and states increased support for working families by providing more child care and transportation assistance.

What this means in practice is that families' experiences with the TANF cash assistance system are almost entirely defined by work requirements and whether or not they are met. In a typical state, parents are immediately required to participate in work-related activities. In many states, applicants must complete an initial set of work-related requirements before their application for assistance can be approved. The process often begins with an assessment that includes gathering information on an individual's education and employment history and identifying potential barriers to employment.

It is common practice for states to allow for some recipients with significant medical problems or mental health issues to be exempted from work requirements. In some states, these recipients are placed in specialized programs that are better equipped to meet their employment preparation needs. State exemption policies help to maintain the safety net aspect of TANF, as they are intended to provide recipients facing an immediate crisis, or facing significant medical or mental health issues, with basic assistance while they get those issues under control. Individuals who are exempt for participation usually are required to renew their exemption every three to six months. Permanent exemptions from work requirements are rarely granted, except for advanced age, usually for individuals over the age of 60 (of whom there are very few in the TANF program).

Individuals deemed able to work are referred to a contracted employment services provider or to a special employment services unit where they are provided assistance for finding a job. Programs vary in the way they structure their programs, but most involve some combination of providing individuals with job leads, requiring them to contact employers directly, and engaging them in structured classroom activities that teach skills needed to find employment (e.g., writing a resume). Typically, individuals' participation and progress are monitored daily. Individuals who do not meet the program requirements are sanctioned for non-compliance.

Individuals who find employment are encouraged to continue to receive cash assistance at a reduced level for extended periods. (This is a cost-effective way for a state to meet its work participation requirement.) Individuals who do not find employment may be placed in an unpaid work experience position or be required to perform community service. With a few exceptions, states have minimized the use of both community service and work experience because of the costs associated with finding placements, monitoring recipients' participation

[2] Pamela Loprest and Elaine Maag, "Disabilities among TANF Recipients: Evidence from the NHIS," The Urban Institute, May 2009. http://www.urban.org/UploadedPDF/411883_disabilitiesamongtanf.pdf

and providing child care. There also is no evidence that participation in these costly programs increases participants' employability.

Only a few states actively encourage TANF recipients to participate in education and training programs, and some others allow recipients to participate if they find such programs on their own. States that support TANF recipients who want to pursue education and training generally do so by developing relationships with existing providers such as community colleges. Often, TANF agencies must identify additional activities in which such recipients can participate, because many training and/or educational programs do not provide sufficient hours for TANF recipients to meet their work requirements.

Narrowly-defined TANF Work Activities Not Aligned with Recipients' Needs

The available evidence indicates that low-income unemployed parents fare best – that is, they experience the most significant increases in employment and earnings — when states employ a "mixed" approach.[3] When such an approach is used, recipients are encouraged to pursue the path to employment that will lead them to the best outcomes. For some, this means waiting for a more stable job to come along instead of taking the very first job they find. For others, it means participating in an education or training program that will help them gain the knowledge and skills to qualify for jobs that pay more adequate wages. And for those with limited work experience, it may well mean taking the first job they can get so they can establish a foothold in the labor market. Recipients with significant barriers to employment may need to stabilize their lives by seeking mental health, substance abuse or medical treatment before they can sustain full-time employment.

Although families come to TANF with different needs and problems, few states have implemented a mixed approach or develop individualized plans based on an individual family's needs and circumstances. Instead, most states treat all recipients the same. They do so in hopes of maximizing participation in the narrowly-defined set of work activities that will allow recipients to be counted as meeting the work participation rate standard.

The work participation rate only counts participation in 12 specified categories[4] of activities, and then only when participation is for a substantial number of hours, generally 30 hours per week (20 hours for single parents of young children). There are limits on how long participation in some of these activities can count, such as only six weeks per year for job search or job readiness (extended to 12 weeks when a state's economy is weak). In addition, hours of participation in some of these 12 activities do not count toward the work rate unless they are on top of 20 hours a week of participation in those that are considered "core" activities. A state gets no credit toward the work rate for any hours of participation that are less than the required number of hours, or for participation in activities that may fall outside of the restrictions on counting certain activities. As a result, many states *do not report*, and in some cases, their systems may not track, significant work activity participation taking place below these thresholds.

Furthermore, many of the activities that today's TANF recipients often need to be prepared for work do not count toward the work rate. For example, participation in substance abuse treatment that a recipient needs to be able to land and hold a job can only count as a part of job search/job readiness, and states generally can only count participation in job search/job readiness for six weeks in a year. Thus, after a person completes several months of substance abuse treatment and would then benefit from structured job search, the state is barred from receiving credit for the individual's participation in job search activities. And, if the individual already used her

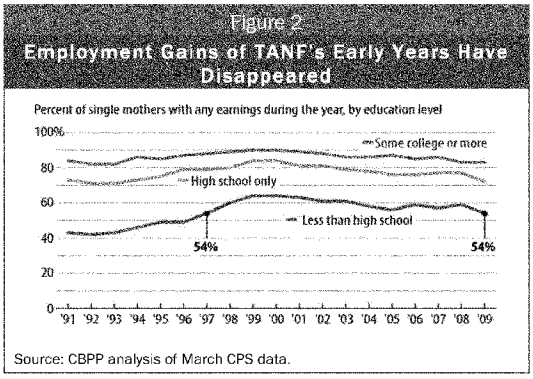
[3] Gayle Hamilton, "Moving people from Welfare to Work: Lessons from the National Evaluation of Welfare-to-Work Strategies," New York: MDRC, July 2002, http://www.mdrc.org/publications/52/full.pdf.

[4] The 12 categories of work activities are: unsubsidized employment, subsidized private sector employment, subsidized public sector employment, work experience, on-the-job training, job search and job readiness assistance, community service programs, vocational educational training (up to 12 months for an individual), job skills training directly related to employment, education directly related to employment (for those with no high school completion or GED), secondary school or GED, and providing child care to participants in community service programs. Participation in some of these activities can only count *on top of* 20 hours of participation in "core" activities. Some participation can only count for limited periods or if other limitations are met.

countable job search period as the first activity — an approach that many states take in their programs — the state would get no credit for her subsequent participation in substance abuse treatment.

By way of another example, a state operating a successful subsidized employment program, and committing substantial resources in helping families receive paychecks rather than cash assistance and get real work experience, cannot count these families as part of the work participation rate *unless the state continues to provide them with a TANF cash grant on top of their pay checks*. Such a barrier is counter-productive, especially since subsidized employment programs have been a tremendous recent success under TANF, with programs in 39 states and the District of Columbia placing over 260,000 persons in jobs in 2009 and 2010 through the now-expired TANF Emergency Fund. One thing that we learned here is that people are eager to work and will respond strongly to such an opportunity. In Illinois, for example, response was so overwhelming that the state had to close its subsidized employment program to new entrants after the first few months, and all told, it made over 35,000 paid job placements. But, because most of these families were not receiving cash assistance, they *did not count* toward the state's work participation rate.

Although work requirements are at the core of all state TANF programs, there is no evidence that participating in a narrowly-defined set of work activities improves participants' employment outcomes. Furthermore, the patterns of employment among poorly educated single mothers over the last 15 years highlight the limits of the current work requirements. TANF work programs have changed little between TANF's early years and the present. Yet employment rates among poorly-educated single mothers stopped increasing in 2000, about the same time the labor market started to weaken. These data suggest that a strong labor market is critical factor for achieving high rates of employment among poorly-educated single mothers. Between 2000 and 2009, the share of poorly-educated single mothers with any earnings during the year dropped by 10 full percentage points. Currently, the employment rate for poorly educated single mothers is 54 percent, the same as it was in 1997, when TANF implementation was just starting. (See Figure 2.)



TANF Work Participation Rate Is an Inadequate Measure of the Success or Failure of TANF as a Work Program

The need to meet TANF Work Participation Rate has played a large role in shaping state program design and has been a central focus of state actions. Yet the rate does not measure the full scope of welfare-to-work activities — and it does not measure whether states are successful at achieving the primary work-related goal of TANF — to improve recipients' employment outcomes. In virtually every state, TANF is temporary, and efforts focus on work. But the work participation rate does not capture this strong work focus of state TANF programs

across the country. Here is evidence that this is the case. Data from the 2008 panel of the Survey of Income and Program Participation (SIPP) indicate that among all parents who were new TANF recipients, 56 percent worked at some point during the first year they received TANF; among able-bodied recipients the share that worked was even higher, at 68 percent. In contrast, the TANF Work Participation Rate achieved in FY 2009 for the United States as a whole was just 29.4 percent. If one of the key goals in TANF is to help TANF recipients become active participants in the paid labor market, then what we should care about is the share of families who are *employed* within some specified period of time and whether states systems are in place to promote and encourage work, not whether those who are receiving assistance are engaged in a narrow set of work activities that may or may not increase their employment prospects.

Focus on meeting the work participation rate has led many states to discourage participation in activities that do not count towards the work rate, even if such activities are effective in helping recipients gain or retain employment. (To be sure, some states have wisely continued to provide activities that are tailored to meet the work preparation needs of families on their caseload even if such participation does not count toward meeting the work rate.) Moreover, the burden of verifying and documenting hours of participation consumes very large amounts of staff and work contractor time and resources that could be better spent helping recipients prepare for work than on paperwork. Of course, states should be held accountable — but to a measure indicating progress toward employment goals rather than to the details of processes; this is federal overregulation at its worst. The data-heavy capturing of participation processes fails to tell us much about outcomes such as ongoing employment, sustained exits from poverty or progress on employability.

The work rates are effectively a mismatch for the work-related needs of the caseload. In fact, the rates actually operate as a *disincentive* for states to incorporate evidence-based practices into their welfare employment programs and to design programs that address the often-complex employment barriers of the families receiving assistance. The current work rate rules penalize states that accommodate individuals with disabilities, for example, through work plans setting fewer hours of participation because of a disability, even though such accommodations may be required by the Americans with Disabilities Act. To avoid these disincentives, some states have stopped serving the most disadvantaged families in their TANF programs and now serve them in programs funded solely with state dollars that are not used to meet the state's maintenance-of-effort requirement.

States often gear engagement with participants toward meeting the work rates first and foremost, and may try only secondarily to meet the actual work-related needs of families they are serving. In short, the work rates (and states' pre-occupation with meeting them) interfere with states providing the types of help to prepare for work that many of the families on TANF need most if they are to become productive members of the workforce. In this way, the current work rate rules frustrate the fundamental purpose of TANF.

Families Not Counted as Meeting the Work Rate for Understandable Reasons

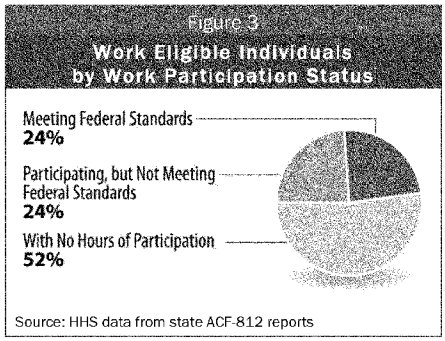
When we look at which recipients are *not* counting toward the work rate, we see understandable reasons for much of that and even clearer reasons why the work participation rate is an inadequate measure of success or failure. Reasons why recipients are not counted as meeting the work rate include: partial participation but not enough hours, for justifiable reasons; the presence of parents whom state policies or legislatures have sensibly determined should not be required to work or whom Congress has decided should be excluded from work participation measurement; and recipients who are in the process of being sanctioned.

The specific mechanics for calculating the work rate lead to rates that misleadingly suggest that about half of the work-eligible population is not engaged in employment-related activities.[5] However, an examination of the

[5] The TANF work participation rate that a state achieves is a formula. The numerator is the number of individuals who are participating in countable activities for the required minimum number of hours (while considering the restrictions on when activities can count). The denominator is the number of persons who are considered work-eligible (as defined by HHS) adjusted downward for certain groups that the federal law disregards from the work rate — single parents of a child under age 12 months (once in a lifetime), persons in sanction status (who are disregarded only for the first three months), and persons participating in tribal work programs. The denominator includes many individuals who states have determined

data that states have reported to HHS on the reasons why individuals are not counted as meeting the work rates shows that the share of recipients genuinely expected to be engaged in work but counted as *not* meeting the rate is actually small.

As HHS has reported to Congress, based on data from March 2011,[6] one-quarter of the work-rate population counts as meeting the work rate, while another quarter is participating in work activities but is not counted toward the work rate. (See Figure 3.) In other words, about as many people are engaged in work activities but not counted as meeting the work rate as are counted toward meeting the rate. This raises questions about the adequacy and validity of the work participation rate as a measure of engagement in work-related activities.



It also is worth looking at families with no hours of participation in March 2011. About half (52 percent) of those who are "work-eligible" individuals are listed as not having any hours of work participation, a figure that seems disturbing at first blush, but understandable upon closer examination. (See Figure 4.) Looking more closely at the breakdown of those with no hours of participation, people fall into the following categories:

Disregarded under federal law: People who are disregarded from the participation rate calculation under the federal statute make up 13 percent of those listed with no hours of participation. Individuals are disregarded from the calculation mostly for three reasons: (1) single parents of a child under age 12 months (once in a lifetime), (2) persons in sanction status (who are disregarded only for the first three months), and (3) persons participating in tribal work programs. (Persons who are disregarded from the work rate under federal law are technically considered "work-eligible" individuals, so HHS includes them in the universe of those with zero hours even though they ultimately are not included in the final work rate calculation; this can make for confusion in understanding what the numbers represent.)

- *People who are in the process of being sanctioned:* About 20 percent of those shown as having no hours of participation are those who are in the process of being sanctioned but are not disregarded from the work-rate population under federal law. Federal law disregards persons in sanction for three months. But this disregard does not cover those just getting notice of an impending sanction or those who have been sanctioned for more than three months. The sanction system is working with regard to those people, but the 52 percent figure may incorrectly imply that it is not doing so.

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should not be required to work or are in the process of being sanctioned but are not disregarded because the sanction has not yet been imposed or has continued for more than three months.

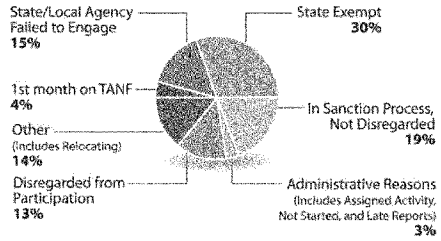
[6] "Engagement in Additional Work Activities and Expenditures for Other Benefits and Services, March 2011: A TANF Report to Congress," U.S. Department of Health and Human Services, July 2011.

- *People exempt under state laws or policies:* Some 30 percent of those with no hours are exempt under state law or policies, with 40 percent of these being people who are exempt due to a finding of illness or disability. Other state exemption reasons include individuals over age 60, illness or disability of a child or other family member, or other good cause. These exemptions are generally are granted for a limited duration, such as three to six months, and then are re-evaluated.

- *People in their first month on TANF:* Four percent of those without any reported hours of participation are those who are in their first month on TANF and have not yet been placed in a work activity.

- *Failure to engage in work activities:* Only about one in seven of those with no hours of participation (15 percent) are individuals whom the state or local agency has failed to engage in work or additional activities.
- *Other reasons:* The remaining 13.6 percent had other reasons for non-participation. Examples given by HHS include cases that are being closed mid-month, cases where an employment assessment is pending, cases where a family is about to reach the time limit, and cases where a scheduled work activity or appointment has recently been missed and appropriate action is pending.

Figure 4
Work Eligible Individuals with No Reported Hours of Participation by Reason for Non-Participation



Source: HHS data from state ACF-812 reports

TANF's Modest Response to the Economic Downturn Has Exposed TANF's Weaknesses as a Safety Net

A robust work-based safety net requires not only that individuals receive assistance to find employment when the economy is strong, but also that a safety net be available when the economy falters. In most years, the caseload in the old AFDC program rose and fell to reflect changes in the number of jobless single mothers. Beginning in 2002, however, the two trends diverged: the number of jobless single mothers started rising, while the number of families receiving TANF kept falling. While TANF caseloads have increased modestly more recently, the gap between the number of jobless single mothers and the number of families receiving assistance remains very wide. (See Figure 5.)

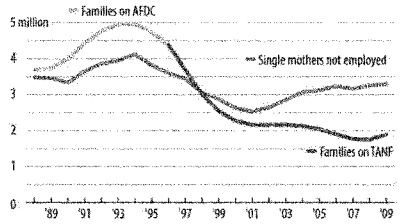
The recent recession has exposed serious weaknesses in TANF's ability to respond to significant changes in the economy, resulting largely from its block-grant structure. Under TANF, federal funding does not rise when caseloads increase in hard economic times — unlike AFDC, under which the federal government shared the costs of increased caseloads with the states. With AFDC, federal funding rose automatically during economic downturns as state caseloads expanded, enabling states to respond to rising hardship and poverty.

Under the TANF structure, many states' TANF programs have responded inadequately — or not at all — to the large rise in unemployment during this very deep recession, leaving large numbers of families in severe hardship. In 16 states, TANF caseloads rose by less than 10 percent between December 2007 and December 2009; in six states, caseloads actually fell. This performance contrasts sharply with that of SNAP (formerly known as the food stamp program), where funding expands automatically during economic downturns to respond to rising need. The number of SNAP participants rose by 45 percent during the same period, as the number of unemployed people *doubled* and they and other households lost income.

Moreover, states whose TANF programs were more responsive to the greater need for assistance are now cutting their TANF cash assistance programs to shrink the amount of TANF expenditures used to support unemployed parents, despite a continuing poor job market. At least four states have cut their already-low monthly cash assistance benefits, which will push hundreds of thousands of families and children below — or further below — *half* of the poverty line. Several states have also shortened *lifetime* time limits on TANF benefits (which already were 60 months or less) and others have cut TANF-funded support for low-income *working* families.

Many of these cuts — including cuts in services and supports to help poor parents find jobs — run counter to states' longstanding approaches to welfare reform. Moreover, the specter of cuts in benefits just when they are needed most — during a serious economic downturn — was discussed at length when the TANF law was designed in 1995 and 1996 and was an outcome that the law's designers sought to avoid. It is now clear that further work is needed to prevent this outcome in future recessions.

Figure 5
TANF Less Responsive Than AFDC to Changes In Joblessness Among Single Mothers



Source: CBPP analysis of March CPS data (for employment) and program data from HHS and states (for cases). Employment data for 1988 and 2001 use the latest available sample. AFDC/TANF cases include separate state programs and state-only programs, and exclude work supplement programs that generally provide only small and occasional payments.

Looking Toward Improving State TANF Programs

How can Congress help and encourage states to improve the effectiveness of work programs for families on the caseload while maintaining an adequate safety net for families who, through no fault of their own, are unable to find employment or are unable to work? Many TANF experts and state administrators believe that the work participation rate is a seriously flawed measure of performance that encourages TANF agencies to place recipients in activities that will count toward meeting the rate rather than activities that best improve the family's prospects of gaining and holding employment. The work participation rate also discourages states from serving some of the most disadvantaged families at all. The GAO has described the TANF work participation measure as of "limited usefulness" in evaluating TANF. There are a range of options from which Congress can choose to bring the focus to *work*, and not just work *rates*.

- **Redefine how TANF measures state performance.** The easiest way for states to meet the Work Participation Rate is to serve fewer families over time and to *avoid* serving families with significant employment barriers, even though they are the very families that have the most to gain from employment assistance. Congress should give states the option to develop alternative measures of success that more adequately reflect TANF's goals, such as participants' employment rates and earnings. In addition, states that serve a greater share of eligible families in need should be rewarded, not penalized, for providing a safety net to families who have nowhere else to turn for basic support for themselves and their children.

- **Redefine TANF's work requirements to better reflect the diversity of the TANF caseload.** Under current rules, only a narrowly defined set of activities count toward the Work Participation Rate, and these are not a good match for the needs of much of the current caseload. Simplifying the work requirements and expanding the types and duration of activities that can count toward the work rate would encourage states to serve more needy individuals, especially those whose employment prospects are the most limited without help.

- **Require greater investments in work activities.** States that do not meet applicable performance measures should be required to invest additional funds in work-related activities. The current penalty structure would *withdraw* federal funds from state TANF programs, further impairing state resources to meet families' employment-related needs. A state that fails to meet performance measures should be required to spend an increased share of its TANF spending (including both state and federal funds) on work-related activities rather than pay a fiscal penalty.

- **Redesign and adequately fund the TANF Contingency Fund.** Congress created the Contingency fund as an essential adjunct to the TANF block grant to provide states with needed resources during economic downturns when fewer jobs are available, since the block grant itself does not respond to changes in need. But the Contingency Fund is not well targeted and has provided only limited help to states during the current downturn. Congress can significantly improve the fund by: (1) making it more practicable for states with high unemployment to qualify for resources from the fund; (2) requiring states to use the fund for activities that respond directly to a weak economy — such as subsidized employment — rather than to simply help cover their ongoing costs; and (3) providing adequate contingency funding.

The work participation rate should be improved to measure employment outcomes for TANF participants, and work requirements should be simplified to allow states to guide recipients to the employment path that will lead them to the best employment outcomes. But, without other major improvements that extend beyond the program's work requirements and how they are measured, TANF will continue to fail the large majority of poor parents who today are neglected by TANF altogether as a result of the program's greatly shrunken reach in the face of increased need.

Congress should not only strengthen TANF but do so promptly. The last time TANF came up for renewal, in 2001, it took Congress more than four years to pass comprehensive reauthorization legislation — a delay that set back state program innovations. We should not allow the same thing to happen again.

Chairman DAVIS. And we will proceed now to questions. I would like to start now with Secretary Alexander. In 1996, welfare reform implemented a newer approach to helping low-income families. And in exchange for benefits, recipients were expected to work or prepare for work. While it was not the only policy to encourage work

among low-income families, welfare reform played a substantial role in increasing employment and earnings of single mothers and also reducing child poverty.

Yet according to HHS data and the testimony we heard today, relatively few families face a work requirement as a result of receiving welfare, and even fewer actually meet work requirements. What keeps States from engaging more welfare recipients in activities leading to self-sufficiency and what can we do to ensure the TANF program doesn't support this dependency but really focuses to work more effectively to end it?

Mr. ALEXANDER. Well, first of all, we operate a vast welfare system that encompasses much more than just TANF. And unfortunately, I think in our other programs like food stamps and Medicaid, there is scant—there is a scant work requirement or no work requirement at all. I think what we have learned from TANF from 1996 is that there was a focus on self-reliance, personal responsibility, the focus on work, it was time-limited, and that there was a focus on bringing families together in a healthy marriage. And I think that if we are going to proceed in the future and end dependency, we are going to have to work harder at encompassing all of our programs across the welfare spectrum and bring all of these together.

In all of these families that we touch, if they are on TANF they are on Medicaid; generally, they are on food stamps. So we have separated families. And we give them an EBT card, we put benefits on an EBT card, we separate things out. We have to approach this holistically with these families, with a life coach to try and bring them to self-reliance and personal responsibility.

So I think we can learn from TANF, but we have to move on from TANF and really do much much more. We have got to reach out to the business communities in a better way to engage them. And I think it can be done, but I think that the current requirements, the current TANF requirements are not conducive, as all of the speakers have said, to really measuring personal responsibility and self-reliance because we are not measuring real work participation.

Chairman DAVIS. Thank you. Professor Besharov, do you have any thoughts on this?

Mr. BESHAROV. Well, I think, first of all, having all the means-tested programs work in concert is tremendously important, as I indicated in my testimony. If there is no serious work requirement in food stamps, if it is relatively easy to go on disability and then have no work requirement, if the unemployment program doesn't enforce work or job-looking requirements, then we have only used one in four, or whatever, of the programs to encourage job-related activities. And I want to emphasize here that it doesn't have to be just looking for jobs. We have a population that also needs different forms of job training, transitional training, work preparation. Much of that is going by the board in this period, in part because we haven't mobilized all these other programs. So it is not just job search, it is also job training that ought to be part of this program.

Chairman DAVIS. Anybody else like to share?

Ms. PAVETTI. I think that one thing that is important when we think about this is to distinguish the difference between whether

people meet the work requirement and whether people are mandated to work. Because I think in TANF most people are mandated to work. They may not be meeting that requirement and I think that is important to consider about where we go.

The other thing that I think is important is that in all of our programs, if you look at data from when people come into the program and a year later, the vast majority do work, so it is really a temporary situation; it is not that people are on for long periods of time without working. Most people on food stamps or Medicaid work within a year. So I think we need to really think about what the portion of the population for which work is not working. A huge portion has to do with not being able to find jobs, not that they are not willing to take them when they are available.

Chairman DAVIS. Would Dr. Wetzler or Ms. Brown like to comment?

Ms. BROWN As part of our recent work on program overlap and duplication that we have been doing across the government, we have also looked at the types of activities that not necessarily focus on means-tested programs, but thinks like the WIA program and other employment and training programs. That is another example of where resources could be combined and perhaps reach a broader range of needs.

Chairman DAVIS. It would seem that the lack of data standardization and data matching across the States that we have talked to—several of us have had discussions on this in prior meetings—is going to be one key component to eliminating improper payments or dealing with some of the challenges that we have, I think, that would streamline and significantly reduce costs. And I appreciate your answers.

And I now would like to recognize the ranking member, Mr. Doggett from Texas, for 5 minutes.

Mr. DOGGETT. Thank you very much. And thank you for all of your testimony.

Dr. Pavetti, you discussed the TANF Supplemental Grant program. It is really a misnomer because these are not supplemental grants, but they are a crucial part of the way that Texas, Tennessee, Georgia, a total of some 17 States, address the problems that they face, and they were part of the reform in 1996. Isn't it true that these 17 States who had their assistance cut when the TANF Supplemental Program was allowed to expire this summer, that these are the same States that are already receiving less funding through TANF per person than most of the other States in the country?

Ms. PAVETTI Yes. The reason why the supplemental grants were included as a part of the TANF block grant was that there were a group of States that really fit two characteristics. One is that they had less spending per poor family, and the other is that there was some adjustment for our changes in population, so that it really was just a different way of getting funding to those States, but they have always been perceived as part of the original deal. I don't know where the name "supplemental" came from, but it is part of what they think of as their block grant, and for them it is a cut. And again, it is to the poorest States in the country.

Mr. DOGGETT. Well, I think the important point, we may have differences on the committee and among our witnesses about where the priorities ought to be in making changes here; whether they ought to be on marriage or work, or both, or the substance abuse issues that are so critical that you obviously have some creative ways of handling and note some of the problems within the current system. But whatever your priority is, in these 17 States, if this program is not renewed, if the expiration continues and they get shortchanged in the funds that they have to do any of the things—new, old, wrong, right, high priority or low priority—and that is why I think it is so critical that any extension include this Supplemental Grant program.

Dr. Pavetti, you were about to comment as your time ran out about a contingency fund. Would you like to elaborate on that?

Ms. PAVETTI. One of the other parts of the original deal was the contingency fund, which was really intended to help States during poor economic times. There was a recognition that with a block grant you needed to have some mechanism to provide additional assistance to States.

And there are two problems with the contingency fund, two main problems. One is there is no money, so there really is no money for States to draw on to provide extra help. And the other is the contingency fund is very poorly designed. And Mr. Alexander mentioned this in his testimony. It is very difficult for States to access that fund, and when they do access it, there is no guarantee that they actually use those resources for countercyclical activities.

So I think there are two things that need to happen. One is we need to fund it, and the second is we really need to think of a redesign that will allow it to do some of the countercyclical things that we know are successful, like subsidized employment, emergency assistance, things that really do help families who are looking for work and can't find it.

Mr. DOGGETT. And, Ms. Brown, if I understand correctly, this Governmental Accountability Study concluded that 90 percent of almost all of the decline in the TANF caseload is due to fewer eligible families receiving cash assistance?

Ms. BROWN Yes. That is a study we did where we actually looked at the time that the program changed, up until about 2005–2006. And at that time it was about 87 percent of the decrease in the caseload was caused—was related to families who were eligible but, for whatever reason, chose in their decision-making process not to participate.

Mr. DOGGETT. Thank you. And Dr. Pavetti, is one of the reasons for that low rate of participation that some of the States are diverting eligible families away from TANF?

Ms. PAVETTI They are. One of the things States did, particularly after the Deficit Reduction Act, was they made it much more difficult for families to get onto TANF. One of the ways a State can meet their work participation rate is to make sure that the only families who get on TANF are families who can meet that rate, so they just increased the standards. And so it means that the front door is closed to many families.

Mr. DOGGETT. What type of family would be excluded?

Ms. PAVETTI Well, you know, any family—like in one State that I visited, any family who cannot participate for 30 hours a week. So a family—I can give you an example of a woman whose case I reviewed in a study I did who had a very serious anxiety problem to the point that she could not leave her house, and she had sores throughout her head because she would pick her head, so that there was no way she could show up at the agency. That kind of—that person with those issues would not be able to receive assistance in a State that requires people to show up for 30 hours before they get assistance.

Mr. DOGGETT. Thank you. Thank you.

Chairman DAVIS. Thank you very much. I would like to recognize the gentleman from North Dakota, Mr. Berg, for 5 minutes.

Mr. BERG. Thank you, Mr. Chairman. And thank you all for being here. I appreciate the input from the witnesses, and obviously a scenario that needs a lot of review, it needs a lot of thoughtful debate.

Mr. Besharov, our last authorization, North Dakota, was part of trying to develop some new and innovative ways, and we came up with a program called Pay After Performance. In essence what it says is, during the first 4 months the TANF portion goes to the children, but the other portion is kind of held for that 4 months to ensure that that work requirement is fulfilled, and then the participant would receive their portion of that after that period. And quite frankly, it has shown in our State; we have had over a 50 percent participation rate.

And I guess my question is how can we use what we have done successfully in North Dakota and some of these other States to apply to a national level to create positive incentives within the program?

Mr. BESHAROV. Thank you very much, Mr. Berg. I think throughout the program the incentives have become skewed since its original passage in 1996, as Dr. Pavetti said, as a number of us have said. As the rules have gotten more complicated, as there is this footnote rule and that footnote rule. But many of the States, I think most or a vast majority, in fact, game the system. I think Gary even talked about his own State and how it does it. These participation numbers don't really reflect the level of nonparticipation that happens in a State.

So the short answer is the kind of innovation that you described has to be encouraged by the law, not discouraged. And my sense about that is to simplify the participation requirements so that the States have an easier way of explaining how they are going to show participation.

Mr. BERG. Mr. Chairman, just in a nutshell, how would you simplify them? If there was like one statement—you said, well, do this, it will simplify and make it easier—what would that be?

Mr. BESHAROV. Thank you very much because I do have a view about that. Forget about all this other stuff and say 15 percent of the caseload has to be in a work experience program, everything else falls into place. You can't have 15 percent, or make it 10 or whatever number you make; you can't get any percentage of the caseload into an actual work experience program without doing all the other things we want the State to do. That is all you would

have to do, and the States I think would be pretty honest about fulfilling that requirement.

Mr. BERG. Thank you. Dr. Wetzler, a lot of organizations believe TANF's recipients with substance abuses should be exempted. We kind of talked about that and you kind of in your testimony kind of addressed that, and I guess kind of almost got the impression that to some degree people with drug abuse would benefit from the activity. And I just want to know how participating in a work program will help people who are recovering from substance abuse?

Mr. WETZLER Yes, thank you, Mr. Berg. It is true that there are many people that seem to believe that somehow—that going to work is somehow going to be so stressful that it will lead people to not participate in treatment, or to actually relapse. But our experience over the last ten years has been that actually work has a very positive effect when it is done conjointly with treatment; that it helps people, it gives them a structure, it gives them a focus for their daily activities, it actually can increase self-esteem. And I think, most importantly, it actually increases expectations for what they should do and really combats a culture of dependency. And even if it is done, as we said before, about coercively or it is mandated in some way, it really does—people do participate and they do benefit from it, from the treatment.

Mr. BERG. Do you have like some specifics in your case management where again there is financial incentives or consequences in addition? How is that working?

Mr. WETZLER So in New York there are all sorts of sanctions that occur if people don't attend these mandatory appointments. For the person who is going to work and going to treatment simultaneously, they have a heavy schedule, they have to do both; and if they miss either one, they will be sanctioned and that will have some problems.

On the other side of it, we also have some positive incentives for people who actually do obtain employment. There are what we call performance milestones that people get for obtaining employment at the end of the day.

Mr. BERG. Thank you. I yield back.

Chairman DAVIS. Thank you. The chair now recognizes Mrs. Black from Tennessee for 5 minutes.

Mrs. BLACK. Thank you, Mr. Chairman. And Mr. Besharov, pronounce——

Mr. BESHAROV. Besharov.

Mrs. BLACK. Yes. Thank you very much. I will not kill your name.

So let me go back to a statement that you made, and in your testimony you talked about European countries and how many now have a larger portion of their population working than we do. Do you have a sense for why is that? Is that by policy or is it more employment availability, or what is it that makes that difference?

Mr. BESHAROV. I think those countries looked at the trend lines of a greater and greater proportion of their citizens not working and became frightened, as we should in this country. And whether it was Germany, the Netherlands the U.K., even now France, they said what levers does policy have to increase labor force participation? And actually one of the things they did is they

looked at TANF, and they took the ideas from TANF and applied them to the other social assistance programs that they ran. I think that is a large explanation for why their labor force participation is increasing while ours decreases.

I should add a footnote here. Someone is going to say, well, you know, you have to control for demographics and so forth, but I think that is the story line. And I think it was policy, and I think it was policy because the European countries saw what was coming and knew they couldn't afford that many people on, in effect, welfare.

Mrs. BLACK. Thank you.

Mr. Alexander, I want to come to you and ask you—or excuse me, it was Ms. Brown. In your testimony you note that over half of the current TANF caseloads consist of child-only cases, meaning that children are living with an adult who is not subject to the work requirements. And from your research, do you know if these families receive any assistance from TANF agencies in becoming self-sufficient? And second, is this like the old AFDC program, where these families receive benefits year after year until the child turns 18, without the family moving forward in independence from welfare benefits?

Ms. BROWN Regarding the question about whether they receive assistance for self-sufficiency, many don't. The types of families that are receiving the assistance, the child-only assistance, include families like where a parent may be SSI-eligible and determined that they were unable to work, so they are not able to participate in the TANF program, they are not eligible, but the child would be eligible for the benefits.

Another example would be if a caretaker, like a grandmother was taking care of their grandchild, that in many cases would not be an expectation that they work in some States, not even a means test. But there are also cases where there certainly would be opportunities to encourage work. And the flip side of that example of the caregiver is if a child were living with a caregiver that was of the age where they would be eligible for work and unable to work, there is—right now most of them are not required to do that.

Mr. BESHAROV. Could I add one outrageous example here to this? I don't know the exact number. The last time I looked, though, it was over 25 percent of the child-only cases involved the children of immigrants; immigrants not being eligible for TANF, therefore, they are not on TANF, but the child is eligible. So here is the irony.

Mr. BESHAROV. If you are a noncitizen, TANF's requirements don't apply to you but they do apply to citizens.

Mrs. BLACK. So in that case you might have a child then from birth until 18 years old is continuing to get the services without the parent ever being required to work?

Mr. BESHAROV. Sure. But the great thing about this country is most of those people are on the up escalator for work and they eventually get jobs and do better. But yes, that is a technical possibility and I am sure it happens in some number of cases.

Mrs. BLACK. Are there others that wanted to speak to that? I yield back my time.

Chairman DAVIS. I thank you.

With that I would like to recognize the gentleman from Washington State, Mr. McDermott for 5 minutes.

Mr. MCDERMOTT. Dr. Pavetti, I do casework in your office; it is always interesting and I have a case for you. It is a couple. He is 47, she is 45, high school education, they had a combined income of 90,000 bucks or 84,000 bucks when all this started back in 2007. They both lost their jobs. They have three kids, 7, 9, and 12. They have drawn on all their unemployment benefits, all 99 weeks, so they have nothing left. They have been using their 401(k), what little they had, to keep their mortgage payments up so they wouldn't lose their house, but now they are in foreclosure and they have no house and they are going to move into their car.

What State would you suggest they go to where they could find a program that would meet the needs of a middle-class couple that is being crushed by this economy of 9.2 percent unemployment? You can put them on all the work search you want, they can go out every day looking, they have been doing it for 2 years, they haven't found anything.

Where should they go? Or is there a State that has a program that meets the needs of a family like that that was once middle class 2 years ago and is now not?

Ms. PAVETTI Well, there aren't many. And the one that I think—and I mentioned this last time when I was here talking about program integration—the place where they would probably be treated—everybody is treated the same is Utah. So anybody that walks in the door in Utah, regardless of whether they are middle class or on TANF, goes through the same set of employment services, so that they really wouldn't be treated any differently there.

Mr. MCDERMOTT. Would they be able to get a cash grant? AFDC was set up in the thirties to deal with children. They need food and clothing and housing and medical care. That is what AFDC was about. Then in 2006 when we wrote this TANF bill, it was at the height of an economy that was booming, the bubble around the high-tech industry was going like mad, you could find a job anywhere, and now we are in a place where you can't find a job anywhere. And in fact people who have been unemployed are having difficulty because employers don't want somebody who has been unemployed 2 years. They want somebody—because you have got a bad credit rating. They have used their credit cards, they have got themselves into horrible messes. So where is the program, or what needs to be done to make something available for those people in what is now a totally different economy than 2006?

Ms. PAVETTI. I think part of what needs to happen is we need to acknowledge, one, that the economy is part of the problem and that unless Utah has jobs, even if they could get services, it is not going to lead to employment. So I think what needs to happen is really trying to figure out—and Mr. Besharov mentioned this—is that this is a time where it works for people to upgrade their skills; but it doesn't work to upgrade your skills if you can't work along with that or if you can't have some sort of cash support to do that. For that reason I would send them to Chairman Davis' State, to Kentucky, which does probably one of the best jobs in the country of really allowing people to do education and combine that with work.

Mr. MCDERMOTT. Would they let this person, this couple, go to community college——

Ms. PAVETTI. They would.

Mr. MCDERMOTT. Upgrade and get a welfare grant at the same time?

Ms. PAVETTI Yes. What they would do in Kentucky, what generally happens for people is they do encourage people who have the skills and interests to go to community college, and they provide a cash grant to help them get started. And then they basically have used quite a bit of their TANF funds to do work study so that they provide work for people after a year because of the work participation requirement. So it is one place where they probably could be able to figure out a way to move forward.

But I think that our system is not set up to serve that group of families. It is really set up on an expectation that people don't want to work, and need to be required to work, so that all that is generally provided for TANF recipients is job search. So they are required to show up and to participate in a class to look for jobs. There is not a lot of help that is provided beyond that.

Mr. MCDERMOTT. No help for the children. Will they get onto Medicaid for the kids?

Ms. PAVETTI Yes. I don't know what their assets are and how that would play out. I don't know the assets rules as well as I probably should. But they should be able to, if they meet the asset rules, to be able to get food stamps and Medicaid and, depending on the State, a cash grant.

Mr. MCDERMOTT. So the only thing they are eligible for is food stamps.

Mr. BESHAROV. I would just add that you opened your question with a statement that they have been on unemployment for 99 weeks. And what I would ask: What did they do, and what did we do for them in those 99 weeks? Because that is a long time for them to just be looking for a job without getting a different set of skills.

Look, it is very bad out there. I don't want to minimize how much unemployment there is. But every day people get jobs. There are about 3½ million available jobs today. I am sure the President tonight is going to say that there are jobs available for some number of people if we can retrain them. Part of that ought to be in that 99 weeks, and we shouldn't be asking TANF to do all the work here.

There are, as the chairman said, a whole set of programs that have not been harnessed for this emergency; they have not been harnessed, and they ought to be.

Chairman DAVIS. The gentleman's time has expired, but I am going to indulge the panel in continuing this discussion for a moment.

One of the challenges relates to integrating these siloed programs that in many cases don't talk to each other. Within certain constraints within States they have been able to get a degree of integration, but often bump up against the Federal statutes, which create additional costs and also has folks fall through the cracks.

But I know Mr. Alexander was chomping at the bit over here to share an insight. Since you came through the rain, I thought we would just give him a chance to do so.

Mr. MCDERMOTT. It is on his time.

Chairman DAVIS. I was looking at this as bipartisan right here.

Mr. MCDERMOTT. We share the extension.

Mr. ALEXANDER. Could you tell me which State you are from again? I am sorry, maybe I missed it.

Mr. MCDERMOTT. Washington State.

Chairman DAVIS. Which is usually like the environment you drove down in today.

Mr. ALEXANDER. Yes, absolutely.

You said they were 47 and 45, had a combined income of $84,000. They have three children, so presumably they at least have a high school education if they were making 40- to $50,000 a year. What I would say is that there are jobs available for them. The jobs may not pay exactly as much as they were making.

Part of my job as a welfare director, I have been in this business for over 15 years and have served at the head of agencies in two States. Every time I go into a store, whether it is Target, the Dollar Store, WalMart, I ask—I go up to the desk and ask for an application for employment. And nine out of ten times they give me the application. And I ask them: Are you hiring? They say, yes, we are. And then when I ask them what the general requirements are, most times it is basically a high school diploma or a GED.

And I will tell you from my experience that we have a lot of people in our programs, especially the food stamp program which has no asset test, that have an abundance of an education and they have assets and they choose not to go to work because they are getting these benefits. And I have questioned some people on the program as such.

What I would say to you is that I would like to speak to this couple, if you don't mind, and try and help them find a job. And I will tell you this, I was just in Philadelphia.

Mr. MCDERMOTT. Philadelphia.

Mr. ALEXANDER. I was in Philadelphia yesterday at what we call an "earn center," which is where clients come in to actually find jobs. And there was a management job available there, I can't remember the company, but it was a management track job; not a management job, but a management track job. And they were asking me—they were having trouble actually encouraging people in the earn center to take the position. So there are jobs out there.

And lastly, I just want to say that I am very interested in the discussion of substance abuse because it does present barriers to clients.

But I would like to sit and learn more from you. People want to work and can work. And I will give you an example. In Luzerne County in Pennsylvania, Lowes, which is a major corporation, has a distribution center of 1.5 million square feet. We have been working with Lowes to create jobs for intellectually disabled and physically disabled individuals. They have hired over 70 individuals with either intellectual or physical disabilities. Their productivity is as good or if not better than folks like you and I. Their tenacity to come to work and their enthusiasm to come to work is better

than you and I, and they are very happy that they have these jobs. Lowes happened to do this on its own with very little government money.

We have to do as government workers and as Congress and as States, we have to do a much better job of reaching out to the business community to try and create jobs. Will there be hundreds of thousands? I don't know. But certainly we can start to place one individual at a time. And I believe we can do that because the opportunities are there.

Chairman DAVIS. Thank you very much. I would like to recognize Dr. Price from Georgia for 5 minutes.

Mr. PRICE. Thank you, Mr. Chairman. And I want to thank the witnesses as well. This is an important topic and I think we are beginning to have some interesting conversation now, and I appreciate the input.

The folks that I hear from back home want to make—nobody wants anybody to go without help when they need it. And they want to know that the individual receiving the help is intent upon getting back on their feet and back in the mix.

And so I want to touch on the incentives that are in place right now that, as a couple of you have alluded to, make it such that individuals look at the, entry-level job or the down-income job from what they had before, and the incentives for them not to engage in that position because of the assistance that is provided, one. And, two, I want to—I have heard that we aren't aligning the work requirement with other programs in our system.

And I would ask kind of a general question: What is keeping us from doing that? Is that our ineptitude? Or is that the program is written in the wrong way or what? Mr. Alexander, would you like to start?

Mr. ALEXANDER. Yes, I would like to start off. Yes, it is the Federal Government. Because there is not a day that goes by that I don't get emails from Washington, from the Federal establishment, about new rules and regulations. And trying to run a 20,000-employee welfare agency, the largest in the Nation in Pennsylvania, I don't have time to read all that.

We need to have a new partnership with the Federal Government, with States, so that we have clear and simplified rules across all programs with clear performance measures. If we had that, States can innovate and achieve excellence, and we can work together with you to do that. The Federal Government should be there to monitor our progress, incentivize us, and pay us for performance. And if you do that, you will start to see States work more like private businesses. But we can't. We are inundated with the flood of rules and regulations and a myriad of programs, myriad of agencies. It is USDA, it is Department of Ed, it is HHS, it is CMS. We can't handle all this.

So even—this crosses Democratic and Republican. This is not a Republican issue. Most of my colleagues would agree that we need a new relationship.

Now, some people may want more benefits, some people might want less benefits. But the bottom line is we have to have clear expectations, and we can't be trying to figure out rules and regulations on a daily basis.

So we need to work across programs, start to bring some of them together to comport with one another. Most of these individuals or families exist in each of those programs, and we need a new redesign. And I think working together, if you engage the States, I think we can do this.

Mr. PRICE. Would you recommend that under a waiver of the existing programs not being able to meet—or is it a new law?

Mr. ALEXANDER No. The reason why I would not encourage—just by its nature, the word "waiver" means that the existing program is broken. We need a new redesign of and clear goals and performance measures that work: work retention, healthy living, children in school, drug-free society. We need to have these type of broad performance measures from the Federal Government. The Federal Government needs to get out of the business of trying to run what is going on in the State. And if the Federal Government wants to do that, I will be happy to give up my position and let them come in and just run everything.

Mr. PRICE. Mr. Besharov.

Mr. BESHAROV. This might be the first time I disagree with my learned friend here, Gary Alexander. Part of the problem is the Congress and the committee structure, because many of these programs are in different committees——

Chairman DAVIS. I would remind the gentleman that has been a tradition since 1789. So.

Mr. CROWLEY. Has TANF been around that long, Mr. Chairman?

Mr. BESHAROV. I think I have seen the waiver process generate knowledge and political support for reform. That is what happened in welfare reform and other programs as well.

So, Gary, yes, if they can get it; but if not, something like the super waiver that has been on the table for a number of years would be very helpful. And then not to recognize—not to not recognize what the chairman mentioned earlier, some States are trying to work around this entirely by their IT systems, which is to say if you can't fix it from Washington, the power of computers now will enable many States to do much of what we are talking about; not similar rules across States, but will let the States figure out the best way to work the programs together internally. And at a minimum, that ought to be encouraged in any new legislation.

Mr. PRICE. My time has expired, but I think you are absolutely right. I think that is the direction we should head, is to allow the States to be able to have the flexibility and then teach us what the heck we need to do to fix this.

Chairman DAVIS. I thank the gentleman. And now Mr. Crowley from New York is recognized for 5 minutes.

Mr. CROWLEY. Thank you, Mr. Chairman. Thank you for holding this hearing today, and I particularly want to thank Dr. Wetzler from New York, and from the Bronx in particular, from in his day job at Montefiore Hospital. So thank you for being here today.

Dr. Pavetti, research has shown that women leaving the TANF program are far more likely to stay employed if they have adequate child care and subsidies to pay for the child care. I have introduced Child First Act to increase funding for child-care subsidies so the

parents are better able to access child care, which in many States costs more than a college tuition. And I don't know about college tuition in New York, but I can attest certainly to high school tuition.

I was wondering if you could discuss the role child-care availability plays in helping parents find work, and maybe more importantly, help them to keep that work and keep those jobs after transitioning out of the TANF program.

Ms. PAVETTI. What we have learned through the years in TANF is that there was an expectation that people would move into low-paying jobs and they would move up a ladder, and that is really not what we saw. So what happens is people move into low-wage jobs and they stay in those low-wage jobs for very long periods of time, which means that they cannot afford child care, so that the only way they are able to work, particularly in low-wage jobs, is to have a child-care subsidy.

One of the things we have also seen in TANF is States have done very different things, so some of States have used a lot of their TANF dollars for child care and others have used lesser amounts. But what we do know is that you cannot have an expectation of work without also having a way for people to afford child care. It is not safe for kids, and it means a very unstable workforce if parents don't have child care. So I think it is a critical need. And I think that without it we can get nowhere.

The other thing I think is important, as you said, you increase funding. In many States, the TANF grant is so much lower than the cost of child care, without additional funds there isn't money to actually pay for the child care that is required to go to work.

Mr. CROWLEY. Thank you.

Dr. Wexler, I am glad that you highlighted some of the work that New York City is doing to make the TANF program work even better, particularly with case management.

Is it fair to say, based on your experience and your expertise, that New York has been successful in identifying TANF recipients in need of substance abuse treatment without requiring every TANF applicant or recipient to be drug tested?

Mr. WETZLER Well, I am sure there are about—today, about 12 percent of the caseload in New York City has identified substance abuse disorder, and it comes through when they apply for welfare. They get a basic screen at the welfare center, in a sense they are self-identifying, and then they get referred to us for a more thorough clinical evaluation——

Mr. CROWLEY. My question is, do you think that——

Mr. WETZLER. So there clearly are many, many more people than that that actually have a substance abuse disorder that are on the welfare system, but because they actually are participating and being referred for the work activities that are required, it is obviously not severe enough to interfere with that. So even though they are not identifying it, it isn't that severe or would ultimately become apparent when they actually are on the work site, in which case they would then be referred.

Mr. CROWLEY. I think the country has a lot to learn what New York is doing. If New York was required to drug test every TANF

applicant and recipient, that would most likely leave less money for treatment programs like yours.

Do you think it is a better investment, given the nature of the resources that we have, to drug test everyone or to provide treatment to those who have been identified as needing assistance, as is done now?

Mr. WETZLER. Well, it would be a huge, huge, practical problem to actually drug test everybody. It would be hugely expensive. There are two ways of doing drug testing. You can either do an oral swab, which is very easy but very expensive; you can do urine screens, which is much less expensive but kind of difficult to enforce. So it would be very difficult. It would be very expensive.

The other thing I would say is that you would probably identify somewhere around 35 to 40 percent of the caseload that would test positive in that case, and it is not clear that you actually would be able to have the treatment capacity to receive all those people into treatment. So it is not clear what you would even do with that information if you had it.

Mr. CROWLEY. Dr. Pavetti, can you comment on that, please?

Ms. PAVETTI. I think that the evidence we have from other programs or studies suggest that that number is too high. I am not sure it would be that high at all. And Florida's experience of doing drug testing has a very low percentage. So I think that the percent who would test positive wouldn't be that high.

The other thing I think is important about substance abuse is that there seems to be an impression that most States exempt people who have substance abuse problems.

I actually did work on substance abuse programs in TANF agencies, and that really is not the case. What New York has done is very much what other States do except most States don't do as much around providing case management or the treatment. But they do, if someone has a substance abuse program issue, they require them to participate in treatment, or they require them to participate in work, and they are sanctioned just like everybody else if they do not participate. So I think the idea that they are exempted is just a misnomer, and not accurate, based on what States actually do in practice.

Mr. CROWLEY. I thank you both. My time has run out.

I appreciate again, Mr. Chairman, your giving the opportunity for this hearing. I think the Nation has a lot to learn in terms of what is happening in New York today in terms of TANF and drug treatment, and I appreciate this hearing today very much. Thank you.

Chairman DAVIS. Thank you very much. And I would like to thank everybody for taking the time to come here today. I appreciate your help and understanding——

Mr. MCDERMOTT. Mr. Chairman, can I make a unanimous consent request?

Chairman DAVIS. Yes.

Mr. MCDERMOTT. I ask unanimous consent that an article from today's Politico, September 8, by Joe Stiglitz, called "All Roads Won't Lead to Economic Downfall and Doom," be entered into the record.

Chairman DAVIS. Without objection, so be it.

[The information follows:]

POLITICO

Stiglitz: All Roads Won't Lead to Economic Downfall, Doom

By: Joseph E. Stiglitz
September 7, 2011 10:54 PM EDT

The country is — or should be — focused on jobs. Some 25 million Americans who want a full-time job can't get one. The youth unemployment rate is as much as twice that of the already unacceptable national average.

America has always thought of itself as a land of opportunity — but where is the opportunity for our youngsters who face such bleak prospects? Historically, those who lose their jobs quickly got another, but an increasingly large fraction of the unemployed — now more than 40 percent — have been out of work for more than six months.

President Barack Obama will deliver an address Thursday outlining his vision of what can be done. Others should be doing the same.

Around the country there is growing pessimism. The rhetoric will be fine. But is there anything that anyone can really do — given the country's looming debt and deficit?

The answer from economics is: There is plenty we can do to create jobs and promote growth.

There are policies that can do this and, over the intermediate to long term, lower the ratio of debt to gross domestic product. There are even things that, if less effective in creating jobs, could also protect the deficit in the short run.

But whether politics allows us to do what we can — and should — do is another matter.

The pessimism is understandable. Monetary policy, one of the main instruments for managing the macro-economy, has proved ineffective — and will likely continue to be. It's a delusion to think it can get us out of the mess it helped create. We need to admit it to ourselves.

Meanwhile, the large deficits and national debt apparently preclude the use of fiscal policy. Or so it is claimed. And there is no consensus on which fiscal policy might work.

Are we doomed to an extended period of Japanese-style malaise — until the excess leverage and real capacity works its way out? The answer, I have suggested, is a resounding "no." More accurately: This outcome is not inevitable.

First, we must dispose two myths. One is that reducing the deficit will restore the economy. You don't create jobs and growth by firing workers and cutting spending. The reason that firms with access to capital are not investing and hiring is that there is

insufficient demand for their products. Weakening demand — what austerity means — only discourages investment and hiring.

As Paul Krugman emphasizes, there is no "confidence fairy" that magically inspires investors once they see the deficit go down. We've tried that experiment — over and over. Using the austerity formula, then-President Herbert Hoover converted the stock market crash into the Great Depression. I saw firsthand how the International Monetary Fund's imposed austerity on East Asian countries converted downturns into recessions and recessions into depressions.

I don't understand why, with such strong evidence, any country would impose this on itself. Even the IMF now recognizes you need fiscal support.

The second myth is that the stimulus didn't work. The purported evidence for this belief is simple: Unemployment peaked at 10 percent — and is still more than 9 percent. (More accurate measures put the number far higher.) The administration had announced, however, that with the stimulus, it would reach only 8 percent.

The administration did make one big error, which I pointed out in my book "Freefall" — it vastly underestimated the severity of the crisis it inherited.

Without the stimulus, however, unemployment would have peaked at more than 12 percent. There is no doubt that the stimulus could have been better designed. But it did bring unemployment down significantly from what it otherwise would have been. The stimulus worked. It was just not big enough, and it didn't last long enough: The administration underestimated the crisis's durability as well as its depth.

Thinking about the deficit, we need to reflect back 10 years, when the country had such a large surplus at 2 percent of GDP that the Federal Reserve Bank chairman worried we would soon pay off the entire national debt — making the conduct of monetary policy difficult. Knowing how we went from that situation to this helps us think through how to solve the deficit problem.

There have been four major changes: First, tax cuts beyond the country's ability to afford. Second, two costly wars and soaring military expenditures — contributing roughly $2.5 trillion to our debt. Third, Medicare Part D — and the provision restricting government, the largest drug buyer, from negotiating with pharmaceutical companies, at a cost of hundreds of billions of dollars over 10 years. Fourth, the recession.

Reversing these four policies would quickly put the country on the road of fiscal responsibility. The single most important thing, however, is putting America back to work: Higher incomes mean higher tax revenues.

But how do we get America back to work now? The best way is to use this opportunity — with remarkably low long-term interest rates — to make long-term investments that America so badly needs in infrastructure, technology and education.

We should focus on investments that both yield high returns and are labor intensive. These complement private investments — they increase private returns and so simultaneously encourage the private sector.

Helping states pay for education would also quickly save thousands of jobs. It makes no sense for a rich country, which recognizes education's importance, to be laying off teachers — especially when global competition is so fierce. Countries with a better educated labor force will do better. Moreover, education and job training are essential if we are to restructure our economy for the 21st century.

The advantage of having underinvested in the public sector for so long is that we have many high-return opportunities. The increased output in the short run and increased growth in the long run can generate more than enough tax revenues to pay the low interest on the debt. The result is that our debt will decrease, our GDP will increase and the debt to GDP ratio will improve.

No analyst would ever look at just a firm's debt — he would examine both sides of the balance sheet, assets and liabilities. What I am urging is that we do the same for the U.S. government — and get over deficit fetishism.

If we can't, there is another, not as powerful but still very effective, way of creating jobs. Economists have long seen that simultaneously increasing expenditures and taxes in a balanced way increases GDP. The amount that GDP is increased for every dollar of increased taxes and spending is called the "balanced-budget multiplier."

With well-designed tax increases — focused on upper-income Americans, corporations that aren't investing in America or closing tax loopholes — and smart expenditure programs that are focused on investments, the multiplier is between 2 and 3.

This means asking the upper 1 percent of our country, who now garner some 25 percent of all U.S. income, to pay a little more in taxes — or just pay their fair share. Investing this could have a significant effect on output and employment. And because the economy would grow more in the future, again, the debt to GDP ratio would come down.

There are some taxes that could actually improve the efficiency of the economy and the quality of life, with an even bigger effect on national output, if we correctly measure output. I chaired an International Commission on the Measurement of Economic Performance and Social Progress, which identified large flaws in our current system of measurement.

There is a basic principle in economics: It is better to tax bad things that generate negative externalities than good things. The implication is that we should tax pollution or destabilizing financial transactions. There are also other ways of raising revenues — better auctions of our country's natural resources, for example.

If, for some reason, such revenue enhancements are ruled out — and there is no good economic reason why they should be — there is still room to maneuver. The government can change the design of tax and expenditure programs — even within the current budget envelope.

Increasing taxes at the top, for example, and lowering taxes at the bottom will lead to more consumption spending. Increasing taxes on corporations that don't invest in America and lowering them on those that do would encourage more investment. The multiplier — the amount GDP increases per dollar spent — for spending on foreign wars, for example, is far lower than education, so shifting money here stimulates the economy.

There are things we can do beyond the budget. The government should have some influence over the banks, particularly given the enormous debt they owe us for their rescue. Carrots and sticks can encourage more lending to small- and medium-sized businesses and to restructure more mortgages. It is inexcusable that we have done so little to help homeowners, and as long as the foreclosures continue apace, the real estate market will continue to be weak.

The banks' anti-competitive credit card practices also essentially impose a tax on every transaction — but it is a tax with revenues that go to fill the banks' coffers, not for any public purpose — including lowering the national debt. Stronger enforcement of antitrust laws against the banks would also be a boon to many small businesses.

In short, we are not out of ammunition. Our predicament is not a matter of economics. Theory and experience show that our arsenal is still strong. Of course, the deficit and debt do limit what we can do. But even within these confines, we can create jobs and expand the economy — and simultaneously bring down the debt to GDP ratio.

It is simply a matter of politics: whether we choose to take the steps we need to take to restore our economy to prosperity.

Joseph E. Stiglitz served as chairman of the Council of Economic Advisers under President Bill Clinton. He was chief economist of the World Bank from 1997 to 2000 and was awarded the Nobel Memorial Prize in Economic Sciences in 2001. His most recent book is "Freefall: America, Free Markets and the Sinking of the World Economy."

Chairman DAVIS. If members have additional questions, they will submit them to you in writing, and we would appreciate your responses back to us for the record as well as to them. And with that, the committee stands adjourned.

[Whereupon, at 3:30 p.m., the subcommittee was adjourn]

QUESTIONS FOR THE RECORD

Mr. Tom Reed

September 16, 2011

Scott Wetzler, PhD.
Vice Chairman and Professor
Department of Psychiatry and Behavioral Sciences
Montefiore Medical Center
Albert Einstein College of Medicine
11 East 210th Street
Bronx, NY 10467

Dear Dr. Wetzler,

Thank you for testifying at the hearing of the Subcommittee on Human Resources of the House Committee on Ways and Means on September 8, 2011. Though I was unable to attend the hearing, the issue is of great interest to me and I look forward to engaging you in additional questions.

Given your background on substance abuse and work programs in Bronx, NY, I found particular interest in your testimony. I am interested in applying a drug testing component to Temporary Assistance for Needy Families as well as additional means-tested assistance programs, including Section 8 housing, Medicaid, and the Supplemental Nutrition Assistance Program.

In order to complete the record of the hearing, please respond to the following questions by Thursday, September 30, 2011:

1. As a result of your testimony that work requirements offer an opportunity for substance abusers to overcome addiction; is there a similar program which can be included as part of a reform to Temporary Assistance for Needy Families, and means-tested assistance at-large, which can bring testing, treatment and employment together? Specifically, at what rate of consistency of positive tests should recipients be able to return to full levels of assistance?

2. In your experience with work requirement programs, what costs do you find associated with drug-testing programs that can also be attributed to a similar program in Temporary Assistance for Needy Families?

3. How effective have you found the work requirement programs you administer to be in removing recipients from public assistance?

The Committee relies on electronic submissions for printing of the official record. Therefore, please send an electronic submission in Microsoft Word format to drew.wayne@mail.house.gov, matt.weidinger@mail.house.gov, ryan.martin@mail.house.gov and timothy.ford@mail.house.gov.

Your consideration of my additional questions is appreciated. Should you have any questions please contact Drew Wayne in my office by e-mail or at (202) 225-3161. I look forward to your response.

Sincerely,

Tom Reed
Member of Congress

Montefiore
THE UNIVERSITY HOSPITAL

EINSTEIN
Albert Einstein College of Medicine

September 22, 2011

Rep. Tom Reed
House of Representatives
1037 Longworth House Office Building
Washington, DC 20515-3229

Dear Representative Reed,

It is my pleasure to respond to your questions related to the September 8 hearing on the re-authorization of the welfare reform legislation. As I mentioned in my prior testimony, I oversee a program in the Bronx, NY for welfare recipients with substance use disorders. Since this program began over ten years ago, we have provided clinical evaluations for 22,000 individuals with substance use disorders, determined their appropriate level of treatment, determined their capacity to participate in the work requirements, and provided case management to assist them on their path to drug abstinence and self-sufficiency.

Individuals are referred for a clinical evaluation at my program based on a generic screening conducted by the case worker at the welfare center at the time of application for benefits. Essentially, these individuals are self-identified, representing 12% of the NYC welfare population, as there is no drug testing conducted at the welfare center. It is difficult to know about the degree of substance abuse in the remaining 88% of the welfare population who do not self-identify as substance abusers.

In my opinion, drug testing represents a critical component in the treatment of substance use disorders. Substance abuse is a chronic, relapsing condition, and motivation for treatment waxes and wanes. Substance abusers are notorious for minimizing or denying the degree of their substance abuse. Thus, drug testing provides objective evidence which clinicians can and do use to corroborate or contradict the patient's self-report. In almost all treatment programs, patients are regularly and frequently tested for the presence of drugs.

In my evaluation and case management program, we limit drug testing to those individuals who deny current substance abuse and who would otherwise not be referred for treatment. If these individuals test positive, despite their denial of substance abuse, we refer them for treatment (noting the lack of insight into the need for treatment). Since individuals who acknowledge substance abuse will be referred for treatment and will receive drug tests at the treatment program in the immediate future, it is unnecessary for us to administer the drug test. Once these individuals are engaged in treatment, our case managers track their progress in treatment, including the results of ongoing drug testing.

Department of Psychiatry and Behavioral Sciences
111 East 210th Street
Bronx, New York 10467

Scott Wetzler, PhD
Chief, Division of Psychology
Vice-Chairman and Professor
718-920-4920 (Office)
swetzler@montefiore.org

As I described in my prior testimony, we have found that the vast majority of substance abusers are employable and able to participate in the work requirements, as stipulated by the legislation within the time frames identified. Most substance abusers are able to meet the work participation requirements at the time of our initial evaluation, and even those individuals who are exempted from the work requirements because they require a brief period of intensive treatment, will be able to work within 4-6 weeks. In my clinical experience, work has a highly positive impact on the individual's recovery. Work should complement treatment, and I would characterize my philosophy as a "work early" if not a rigid "work first" approach.

With that as background, let me respond to each of your questions. In your first question, you ask whether individuals with positive drug tests should be able to return to full levels of assistance, both in the TANF program as well as in other means-tested assistance programs. Since substance abuse is a chronic, relapsing problem, it is often the case that these individuals will have a positive drug test after they have become engaged in treatment and even after they have completed treatment and been abstinent for a long period of time. From a clinician's vantage point, these drug test results provide important information on how to engage the individual in treatment, help the individual return to treatment, or refer the individual to a new level or kind of treatment. The NYC Human Resources Administration, our funding agency, has developed explicit treatment program standards which identify the clinical ramifications of positive drug tests at various points in time after treatment initiation. In short, if people continually test positive for substances, then they need to be moved to a different (i.e. more intensive) level of care, and if they do not comply with that mandated referral, then they will be sanctioned and lose cash assistance benefits. This is a clinical issue, not a punitive one; they need to be engaged in the appropriate level of treatment. In my view, if these individuals are being clinically evaluated and are engaged in treatment (and work, if appropriate), then they should be allowed to maintain benefits.

You also ask whether a program combining drug testing, treatment, and employment might be appropriate and effective for other means-tested assistance programs. As the cash assistance population has declined, the issue of mandated treatment (and employment) becomes even more relevant for other populations, especially the Medicaid population. In NYC, there are 8-10 times as many substance abusers on Medicaid as on cash assistance, and yet there is no oversight of their treatment. As I mentioned in my prior testimony, these individuals are enormously expensive since many do not remain engaged in outpatient substance abuse treatment. They access medical and substance abuse care in very ineffective and inefficient ways. Since many do not remain compliant with outpatient care, when they relapse, they go for inpatient detoxification, which is much more expensive. It can be a revolving door with multiple episodes of inpatient care per year. I believe that these individuals should be mandated into outpatient substance abuse treatment in order to maintain their Medicaid benefit. I further believe that case management programs, such as mine, can be very effective at helping these individuals remain engaged in outpatient treatment. Our program has demonstrated over 60% savings in substance abuse treatment costs by engaging patients in outpatient rather than inpatient treatment. Although I do not have comparable experience with the Section 8 housing or

Supplemental Nutrition Assistance programs, they are generally subsumed within the Medicaid population, and individuals with substance use disorders should be engaged in the same way.

In your second question, you ask about the cost of drug testing in the context of TANF and work programs. Since I only have experience with drug testing in the context of clinical evaluations and treatment, I cannot estimate the costs of implementing drug testing on large numbers of people either in the welfare center or in an employment program. There are two kinds of drug tests: oral swabs and urines. Oral swabs are easier to administer and are easily supervised, but are more expensive. Urines are much less expensive but are more labor intensive, often involving supervised urine collection. Although it is hard to generalize to the current cash assistance population, past estimates ran as high as 37% of the welfare population testing positive for drugs (as compared with the 12% who self-identify). If you were to consider expanding drug testing to the entire cash assistance population, then you would need to anticipate the ramifications of large numbers of positive tests. In many communities, there is not sufficient treatment capacity for all of the individuals who would test positive. Furthermore, many people who would test positive do not necessarily meet diagnostic criteria for a substance use disorder and therefore would not require treatment. When an individual has a severe enough substance abuse problem such that it interferes with their work functioning, it is apparent at the employment program, at which time the individual can and should be referred for a clinical evaluation leading to mandated treatment.

In your third question, you ask about the effectiveness of my program in removing recipients from cash assistance. Although our program engages individuals with severe and longstanding substance use disorders, we have been remarkably effective at helping them obtain employment. We were the subject of a random assignment study by the social policy research firm, MDRC, and another by CASA, the Columbia University Substance Abuse Research team. They found that 37% of people in our program obtained competitive employment within 6 months, according to Unemployment Insurance data. Since many individuals obtain "off-the-books" jobs, I estimate that at least 50% of these substance abusers became employed in one way or another. This is a remarkably high figure, considering the fact that in addition to substance abuse, many of these individuals have medical and psychiatric problems, limited education, a poor work history, and criminal records. Since we monitor their transition to employment for 6 months, we can also report that they have an excellent record of job retention over that time. In addition to the 50% who obtain employment, another 5-10% of our patients are considered permanently disabled due to a medical and/or psychiatric condition (substance abuse by itself is not considered a disabling condition), and are awarded Supplementary Security Income (SSI) or Social Security Disability Insurance benefits (SSDI). Thus, 55-60% of our population exits cash assistance with financial self-sufficiency. The remaining individuals sooner or later have an administrative exit from cash assistance due to non-compliance with work or treatment requirements. Some of them cycle back onto cash assistance at a later date.

I hope these responses are helpful, and do not hesitate to contact me for further clarification.

Respectfully,

Scott Wetzler, PhD.

MEMBER SUBMISSIONS FOR THE RECORD

Mr. Jim McDermott

POLITICO

Stiglitz: All Roads Won't Lead to Economic Downfall, Doom

By: Joseph E. Stiglitz
September 7, 2011 10:54 PM EDT

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There are policies that can do this and, over the intermediate to long term, lower the ratio of debt to gross domestic product. There are even things that, if less effective in creating jobs, could also protect the deficit in the short run.

But whether politics allows us to do what we can — and should — do is another matter.

The pessimism is understandable. Monetary policy, one of the main instruments for managing the macro-economy, has proved ineffective — and will likely continue to be. It's a delusion to think it can get us out of the mess it helped create. We need to admit it to ourselves.

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insufficient demand for their products. Weakening demand — what austerity means — only discourages investment and hiring.

As Paul Krugman emphasizes, there is no "confidence fairy" that magically inspires investors once they see the deficit go down. We've tried that experiment — over and over. Using the austerity formula, then-President Herbert Hoover converted the stock market crash into the Great Depression. I saw firsthand how the International Monetary Fund's imposed austerity on East Asian countries converted downturns into recessions and recessions into depressions.

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The second myth is that the stimulus didn't work. The purported evidence for this belief is simple: Unemployment peaked at 10 percent — and is still more than 9 percent. (More accurate measures put the number far higher.) The administration had announced, however, that with the stimulus, it would reach only 8 percent.

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There have been four major changes: First, tax cuts beyond the country's ability to afford. Second, two costly wars and soaring military expenditures — contributing roughly $2.5 trillion to our debt. Third, Medicare Part D — and the provision restricting government, the largest drug buyer, from negotiating with pharmaceutical companies, at a cost of hundreds of billions of dollars over 10 years. Fourth, the recession.

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Helping states pay for education would also quickly save thousands of jobs. It makes no sense for a rich country, which recognizes education's importance, to be laying off teachers — especially when global competition is so fierce. Countries with a better educated labor force will do better. Moreover, education and job training are essential if we are to restructure our economy for the 21st century.

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If we can't, there is another, not as powerful but still very effective, way of creating jobs. Economists have long seen that simultaneously increasing expenditures and taxes in a balanced way increases GDP. The amount that GDP is increased for every dollar of increased taxes and spending is called the "balanced-budget multiplier."

With well-designed tax increases — focused on upper-income Americans, corporations that aren't investing in America or closing tax loopholes — and smart expenditure programs that are focused on investments, the multiplier is between 2 and 3.

This means asking the upper 1 percent of our country, who now garner some 25 percent of all U.S. income, to pay a little more in taxes — or just pay their fair share. Investing this could have a significant effect on output and employment. And because the economy would grow more in the future, again, the debt to GDP ratio would come down.

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There are things we can do beyond the budget. The government should have some influence over the banks, particularly given the enormous debt they owe us for their rescue. Carrots and sticks can encourage more lending to small- and medium-sized businesses and to restructure more mortgages. It is inexcusable that we have done so little to help homeowners, and as long as the foreclosures continue apace, the real estate market will continue to be weak.

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It is simply a matter of politics: whether we choose to take the steps we need to take to restore our economy to prosperity.

Joseph E. Stiglitz served as chairman of the Council of Economic Advisers under President Bill Clinton. He was chief economist of the World Bank from 1997 to 2000 and was awarded the Nobel Memorial Prize in Economic Sciences in 2001. His most recent book is "Freefall: America, Free Markets and the Sinking of the World Economy."

SUBMISSIONS FOR THE RECORD

American Association of University Women

Written Testimony of the
American Association of University Women

for the

United States House of Representatives Committee on Ways and Means
Subcommittee on Human Resources

Hearing on

"Improving Work and Other Welfare Goals"

September 8, 2010

Chairman Davis and members of the Subcommittee, thank you for the opportunity to submit testimony for the hearing "Improving Work and Other Welfare Goals."

Founded in 1881, the American Association of University Women (AAUW) is a membership organization with approximately 100,000 members and donors, 1,000 branches, and 500 college and university institution partners nationwide. AAUW has a proud 130-year history of breaking through barriers for women and girls, and has always been a strong supporter of public education. Today, AAUW continues its mission through advocacy, education, philanthropy, and research.

AAUW believes increased access to education and training programs are necessary for poor women to become self-sufficient, attain jobs that pay a living wage, and move permanently off welfare. AAUW's 2011-2013 Public Policy Program affirms AAUW's commitment to supporting economic self-sufficiency for all women and advocates "strengthening programs, including welfare and vocational education, to improve postsecondary education access, career development and earning potential."[1]

The economic recession and its slow recovery have left millions of families financially insecure. While the number of families receiving food stamps in 2010 increased by nearly 15 percent, the number of families on welfare or Temporary Assistance for Needy Families (TANF) only increased by 1 percent over the same time.[2] Americans need help, but our safety net is failing to meet their needs and provide for a viable pathway out of poverty.[3] TANF is a vital part of that safety net, but since its creation it has been doing a poor job of helping families. Caseload numbers were decreasing prior to the recession, because fewer eligible families were receiving assistance.[4] Support to families and poor children is lacking, doing little to reduce child poverty.[5]

Furthermore, TANF's "work first" goals have resulted in very little job training or education contributing to our economy's persistent skills gap.

Increasing Education Levels is Key to Moving Families out of Poverty
AAUW supports policies which provide long-term solutions to economic inequity, such as providing women and girls with unrestricted access to education and job training. Statistics show that educational access is closely linked to economic security. Education and training improve employability by helping women and their families become financially empowered and economically self-sufficient.

According to a U.S. Department of Labor Women's Bureau report, "[t]he higher a person's educational attainment, the more likely they will be a labor force participant."[6] This Women's Bureau study also reported labor force participation rates by educational attainment for women age 25 years and over:

- less than a high school diploma–34 percent
- high school diploma–53 percent
- some college, no degree–62 percent
- associate's degree–72 percent
- bachelor's degree or higher–73 percent.[7]

Moreover, for a TANF recipient with basic skills equal to a high school diploma, an additional 200 hours of education and training (the equivalent of a semester's worth of courses) could lead to jobs that pay $5,000 to $10,000 more per year.[8] With at least one year of postsecondary education, poverty declines from 28 percent to 9 percent for women.[9] Finally, completion of a college degree can dramatically improve outcomes for families on welfare. Weekly earnings for women without a high school diploma are less than half of those with a college degree.[10] Adjusted for inflation, earnings for women with a college degree have increased by 33 percent since 1979. Women without a high school diploma have experienced a decline in inflation-adjusted earnings of the same period.[11]

Since welfare reform began in the 1990's, culminating in the passage of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) in 1996, the elevation of "work first" strategies has meant that fewer and fewer individuals can successfully enroll in education while receiving public assistance. The National Bureau of Economic Research has found that welfare reform has decreased the probability of both high school and college attendance among young adult women by 20-25 percent.[12] This must be remedied. The same NBER report explains that while the "work first" policies may not have been explicitly aimed at education, they nevertheless significantly affect educational acquisition. Welfare's focus on work must also include training and education to fix current problems.

Welfare Reauthorization
Reauthorization of TANF in 2005 did little to open doors for training and education that lead to sustainable careers for women on welfare. Although regulations promulgated by the U.S. Department of Health and Human Services in 2006 opened the door for more types of education

to count toward work participation rate requirements and permitted some unsupervised homework time to be counted toward those time thresholds, more needs to be done to ensure that individuals are encouraged to pursue higher education, vocational education, and job training.

AAUW continues to advocate for a greater recognition of the role education has in increasing women's self-sufficiency and decreasing reliance on public aid and will continue to urge Congress to make important changes in the way education is regarded in TANF. AAUW supports the position that post-secondary education should continue to be included as training and that the 12-month limit on vocational educational training should be increased to 24 months. In addition, states should again be able to apply for waivers so that programs that work by expanding educational opportunities, such as Maine's Parents as Scholars program, can receive funds.

AAUW strongly believes that welfare programs should be flexible to allow the highest level of education possible, because advanced degrees are more likely to promote self-sufficiency and help ensure that women are not locked into low-wage jobs. As welfare reform proposals are considered in Congress, AAUW will continue to push to increase education and job training programs for women.

Thank you for the opportunity to submit testimony.

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WRITTEN TESTIMONY

of the

AMERICAN PUBLIC HUMAN SERVICES ASSOCIATION

Submitted to the

Ways and Means Committee

Subcommittee on Human Resources
United States House of Representatives

HEARING ON

Improving Work and Other
Welfare Reform Goals

September 21, 2011

The American Public Human Services Association, its affiliate, the National Association of State TANF Administrators, and the membership that comprises APHSA appreciate the subcommittee holding hearings on reauthorizing the Temporary Assistance for Needy Families block grant. It is vital that this subcommittee ensure that TANF remain a viable tool in the broader human services system focused on improved outcomes for vulnerable children and families.

The American Public Human Services Association is a nonprofit organization whose membership includes the nation's cabinet-level government human service executives from each of the states. APHSA also houses several affiliate organizations, whose members administer program-level operations in each state, including TANF, Child Care, Child Welfare, and Nutrition Assistance. APHSA is a bi-partisan organization, whose ideas and direction come from the open exchange and deliberation of our members.

Overview of Recommendations

APHSA and the National Association of State TANF Administrators (NASTA) urge that the Temporary Assistance for Needy Families program be reauthorized with adequate funding; additional flexibility for states; and a continued emphasis on preparing clients for work, moving clients into employment, and facilitating access to work supports for low-income workers.

The specific recommendations can be framed by four overarching priorities for the reauthorization of TANF:

- Adjust the TANF block grant to reflect current purchasing power and index funding going forward.
- Maintain a focus on work as the expected avenue for most program participants to attain economic security, while providing the necessary ability to tailor work preparation activities in a manner that is often necessary to help stabilize families and most appropriately prepare parents to both enter and maintain employment.
- Enhance TANF's ability to be used flexibly in meeting state plans to carry out the block grant's four purposes, and restore the areas of state flexibility that were weakened by the Deficit Reduction Act.
- Provide a state option to develop additional performance measures over and above the work participation rate (WPR).

The flexibility within the original 1996 TANF block grant legislation allowed states to develop programs to address the self-sufficiency needs of each family on assistance, not just those who may be most ready for full-time employment. The TANF program also provided states the needed flexibility to provide non-

assistance services to low-income families to help avoid the need for assistance and to support work efforts.

Perhaps most importantly, TANF has changed the cultural message of financial assistance for the better, as clients recognize that although a temporary safety net exists, they are ultimately held responsible for acting on their own behalf and on behalf of their children. Public perception of the program has been greatly enhanced by this sense of mutual responsibility and the focus on work for able-bodied recipients. The recommendations included in this report are intended to further advance these efforts.

APHSA's recommendations can be divided into four broad categories:

- Appropriate level of TANF funding;
- Allowable uses of TANF funds;
- Employment services and outcome measures; and
- Special program and population concerns related to TANF.

Level of TANF Funding

The amount of the TANF block grant was established in the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) statute based on historical state spending. This amount has not been adjusted to take into account the declining purchasing power of the dollar since that time and the enormous change in the populations served under the block grant. Today, states continue to try to meet current needs with funding fixed at 1996 levels. The work focus under TANF has helped numerous households move to employment and to be better off economically, while the success of caseload reduction has enabled states to make significant investments to help stabilize families in the workforce through such means as child care, transportation, expanded employment services, earnings disregards, and state tax credits that supplement low wages and other critical work supports.

Currently, as caseloads begin again to rise in response to the severe recession, the resultant increased costs of cash assistance payments will have a substantial impact on states' ability to sustain these post-TANF investments for working poor households. Without adequate funding it will be very difficult to sustain this important dual focus of providing a cash safety net and stabilizing other low-income families in employment. It is critical that the level of funding available to states under the TANF block grant be sufficient to reflect current realities and the multiple services and supports the program provides to those on assistance as well as to economically struggling working families. Therefore APHSA recommends that Congress maintain the current level of overall funding for the basic TANF block grant using the

Consumer Price Index (CPI) increase since 1996 and employ reasonable allocation methodologies for new funds.

Use of TANF Funds

TANF began in 1996 as a very flexible state block grant that shifted both expenditure and policy choices to states within a defined level of funding. Over the past several years the program has become more narrowly defined.

Additionally, erosion of the real dollar value of available funds, inflexible restrictions on the allowable uses of TANF funding, and limitations of countable state maintenance-of-effort (MOE) funding have become increasing barriers to states looking to effectively (1) work with a varied caseload on assistance, some of whom have complicated barriers to employment and (2) serve post-TANF households to help them avoid the need to return to TANF. Additionally, a disturbing trend has been the reemergence of a quality control-based (QC) evaluation of TANF (and a related state block grant, child care funds) that was expressly eliminated in favor of measuring work preparation and work participation program outcome measures in the 1996 legislation. This QC approach does not reflect measurement of how well the program's core goals have been achieved and diverts valuable staff resources away from an outcome focus.

The following changes should be included in TANF reauthorization:

- Establish a standardized MOE requirement at 75 percent.
- Restore counting MOE under TANF purposes 3 and 4 without restriction to "eligible families."
- Oppose establishment of a national error rate for TANF and child care under the Improper Payments Information Act (IPIA).
- Exclude transportation and child care expenditures from the definition of "Assistance."
- Align Income Eligibility Verification System (IEVS) mandates for TANF with the SNAP program and/or allow alternative verification methods.
- Revise regulatory penalty provisions, thus making the option of appeal more viable for states.

Employment Services, Data Reporting and Penalties

Since enactment of PRWORA, TANF has been a program predicated on employment, but also cognizant of the need for individualized activities that help stabilize families, promote full engagement, and support job retention. It has often been difficult to balance the expectation of work and personal responsibility and the need to provide critical services to families so that children are best served. It is vital that cash

assistance should be underpinned in both good and bad economic cycles by the fundamental goals of employment, job retention, and the provision of TANF work supports for those who can work.

This powerful work message has led to major cultural changes that have effectively helped clients and gained broader acceptance for the program. The Work Participation Rate in TANF is an important measure that should be maintained, but must be tempered with the recognition that many reasonable work preparatory activities are no longer countable as they were prior to the DRA. Additionally, the provision of TANF work supports, which comprise over 60 percent of TANF expenditures, is often not reflected in the basic WPR measurement that states must achieve.

The following changes would be most beneficial for the TANF program going forward:

- Maintain a focus on work in balance with individualized activities that help stabilize families and prepare able bodied adults for employment.
- Restore and enhance state flexibility regarding activities that are countable toward the WPR.
- Maintain the Caseload Reduction Credit (CRC) and Excess MOE credit.
- Establish a pro-rata credit for partial work/hourly participation for all countable hours, including non-core activity hours, with the condition that such credit shall only be granted if at least 10 hours of core activities are satisfied.
- Eliminate the 90 percent two-parent rate and maintain the 50 percent all-families rate.
- Restore the pre-DRA exclusion of families without an aided adult from the WPR calculation.
- Allow states, on a case-by-case basis, to remove cases from the WPR during the month of application and the month following application.
- Expand countable work hours to include activities such as Voc Ed for up to 24 months; Job Search/Job Readiness training for longer periods of time; and ESL as Job Readiness training.
- Exclude teens and low-income working families from the 30 percent cap on countable vocational education activities.
- Establish additional performance measures for employment wages and job retention and provide states the option to utilize alternative performance measures to mitigate WPR penalties.
- Add language requiring that the Administration for Children and Families (ACF) must negotiate with states to waive penalties for failing to meet the WPR for the current recessionary period of

FYs 2008–2010, if the failure is clearly attributable to the economic environment and/or the state's status as a "needy state."

- Modify work verification plan requirements and related penalties.

Related Population and Policy Considerations

As a state block grant with a broad mission outlined by the program's four purposes, TANF touches many of the other human service programs. Some additional recommendations of related concern include the following:

- Establish TANF law that would encourage collaboration and give states the option to share basic information between TANF and child welfare agencies.
- Enact child support reforms including restoration of federal 66 percent match for reinvested child support incentive funds; encouraging "family first" distribution of child support at state option; providing temporary 90 percent FFP in child support for automated systems upgrades; and eliminating the assessment of child support penalties to TANF.
- Enhance responsible fatherhood programs and employment training programs for low-income non-custodial parents.
- Continue to address avenues to prevent teen pregnancy.

Conclusion

APHSA is pleased the Ways and Means Committee has reported a bill, HR 2943, to extend the TANF authorization until December 31, 2011. In do so, the Committee has ensured the aforementioned issues can be fully discussed and addressed. APHSA offers it expertise and experience as the Committee drafts a more permanent reauthorization of this vital program.

CENTER FOR FAMILY POLICY AND PRACTICE

TANF HEARING: IMPROVING WORK AND OTHER WELFARE REFORM GOALS

Testimony of Jill Groblewski, Submitted to the Ways and Means Committee of the United States House of Representatives

September 21, 2011

ABOUT CFFPP

Founded in 1995 as the policy arm of the *Strengthening Fragile Families Initiative*, the Center for Family Policy and Practice (CFFPP or the Center) is a nonprofit, nonpartisan organization that analyzes the impact of national and state welfare, fatherhood, and child support policy on low-income parents and their children. Because of limited advocacy and policy analysis from the perspective of very low-income and unemployed men of color, the Center focuses on their perspective with regard to these issues. In particular, the Center's work concentrates on parents who are in financial positions that would qualify them for Temporary Assistance for Needy Families (TANF) and other public assistance programs. These parents typically have very low earnings ($10,000 a year or less) and unstable, intermittent employment. While this scope may seem narrow, it includes large numbers of Americans.

Although the Center's work concentrates on the unique barriers affecting no- and low-income (typically noncustodial) fathers, throughout our history, CFFPP has also reached out to and worked with women's organizations and domestic violence advocates. In advocating for the well-being of low-income men, CFFPP is concurrently attentive to the needs and well-being of low-income women and children. The Center promotes policies to improve life outcomes for all community members, and provides education and information about the need for comprehensive social services – for men and women – that address the complex issues low-income families face.

INTRODUCTION

TANF is the primary safety net program for families in poverty, however, less than half of the families who are financially eligible for the program currently receive services.[1] TANF has the structure and, therefore, the potential to address the economic needs of low-income families, but the focus of services and outcome goals could be

improved to better address income insecurity. To that end, TANF reauthorization must take into account the realities of: growing and deepening poverty, persistently high unemployment, and the range of barriers that prevent low-income parents from achieving economic stability. Ideally, poverty would be eliminated by stable, full-time employment; however, the reality facing extremely low- and no-income families is that such employment is largely unavailable. Even preceding the Great Recession, adults who live in America's impoverished neighborhoods have not had adequate access to jobs, in general, and even less opportunity to secure employment that pays a family-supporting wage.

It is imperative that the greater economic picture inform the TANF reauthorization process. This country would benefit from a welfare reform program whose key components address the overwhelming need for education and training, job creation, and poverty reduction. TANF could be reauthorized to provide greater options and support to low-income parents who want to participate in education and training programs that prepare them to meet the demands of local labor markets. Adults who are trying to find work, but are unable to secure unsubsidized employment would benefit from being able to access a TANF-subsidized transitional job. And, for families who experience significant barriers to obtaining or maintaining secure, stable employment – as is the experience of the majority of parents currently receiving TANF cash assistance – our national goal should be to increase economic security and reduce poverty. Due to a range of issues (including chronic physical and mental health problems for themselves or a child, low cognitive functioning, etc.), not all parents are able to work outside of the home. The initial legislation that authorized TANF in 1996 recognized and addressed this fact by providing states exemptions to work participation rate requirements and 60-month time limits. There will always be circumstances that prevent some parents from being able to work outside the home. Therefore, further tightening TANF work requirements would be misguided and detrimental to children, families, and states, particularly in the current economic climate. TANF reauthorization should focus on 1) connecting adults to stable jobs that pay a living wage; 2) making sure that every adult who wants to work has access to a job, even if it means providing work subsidies; and 3) assuring the income security of the most economically vulnerable of America's families. In other words,

TANF's overarching goal should be to reduce poverty and improve the well-being of low-income families.

POVERTY

Since the implementation of TANF, the number of families receiving cash assistance has dropped significantly. Initially, this reduction in the welfare caseload coincided with the booming economy of the late 1990s, which saw a national decrease in poverty. However, the economic gains of the 1990s all but disappeared with the 2001 recession – well before the Great Recession. Poverty rates across all populations in the U.S. have been increasing steadily since 2001, and poverty itself is deepening. The 2010 poverty level for a parent and two children was $17,568 annually; and extreme poverty is defined as half the poverty level, or $8,784 for the same family of three. According to the U.S. Census Bureau's most recent data, the current poverty rate of 15.1 percent is the second highest it has been since 1965. Extreme poverty is the highest on record at 6.7 percent, which means that of the 46.2 million Americans who are living in poverty, nearly 45 percent now live in extreme poverty.[2]

Disaggregating the numbers by race, poverty rates are currently higher for white Americans (including white children) than they were in 1995, the year before TANF was enacted. Furthermore, the percentage of white Americans living in extreme poverty is at an all-time high. For African Americans and people of Hispanic origin, the 2010 poverty rates (overall poverty, extreme poverty, and child poverty) are lower than they were in 1995, however, the numbers have spiked dramatically in the past two years. Child poverty, in particular, grew a considerable 4.4 percentage points for African American and Latino children between 2008 and 2010.[3] Consistent with historic patterns, racial disparities are stark. African Americans and people of Hispanic origin are two to three times more likely to be in poverty than their white counterparts.

2010 rates[4]	Poverty	Extreme poverty	Child poverty
White Americans	9.9	4.3	12.4
African Americans	27.4	13.5	39.1
People of Hispanic origin	26.6	10.9	35.0

Recent growth in extreme poverty is partially attributable to welfare reform and the current structure of the TANF program.[5] In 1995, AFDC (the income support program that preceded TANF) provided cash assistance to 84 percent of low-income families who were eligible. By comparison, 40 percent of eligible families received assistance under TANF in 2005 (the most recent year for which data is available).[6] The federal Government Accountability Office (GAO) reports that 800,000 fewer children would live in extreme poverty if the percentage of TANF-eligible families receiving assistance returned to the 1995 participation rate.[7] In other words, if 84 percent (rather than 40%) of eligible families received assistance, more than three-quarters of a million children would be lifted out of extreme poverty. This is a worthwhile goal.

A particularly distressing recent trend is that an increasing number of single mothers in the United States are "economically disconnected." That is, they do not have employment earnings and are not receiving TANF cash benefits. In 2008, 35 percent of poor single mothers were not working or receiving cash assistance. This number is up from 16 percent in 1995.[8] Similarly, six million Americans are now reported to have no income other than food stamps.[9] However,

> All of these who are in families with children should be eligible for TANF. This implies that there are millions of people in families who have severe need, who have sought out public assistance, and who have navigated the system successfully enough to receive food stamps, but who are not receiving TANF cash assistance.[10]

Some of this economic disconnection could be reduced by eliminating TANF diversion policies and practices. Forty-two states use formal diversion strategies, such as requiring up-front job search.[11] Although many custodial parents apply for TANF because their search for employment has been unsuccessful, they may be instructed to apply for jobs while their TANF application is being processed. This practice may not be an inherently bad idea, however, such requirements often have the effect of discouraging parents from applying for needed assistance. Also, regardless of a parent's ability or the barriers that may impede a successful search, failure to meet such a requirement can be grounds for denying an application for cash assistance, a practice which contributes to the growing number of economically disconnected families.

Reauthorization could take steps to alleviate deep poverty by 1) eliminating diversion policies and practices that discourage or disqualify families from receiving

TANF and 2) giving states incentives and rewards for providing income assistance to a greater percentage of eligible families. It is worth noting that deep poverty would be reduced if more eligible families simply received cash assistance; however, expanding the caseload will not affect the overall poverty rate. TANF benefits are too low to lift any family above the poverty line. Benefit levels are less than one-third of poverty in 30 states, and "...even the combined TANF and food stamp benefit is below the federal poverty level in all states, and less than 75% of the poverty line in over 40 states."[12]

EMPLOYMENT

TANF focuses on employment as the route out of poverty; however, this approach is limited by the realities of the labor market. First, it is important to recognize that most low-income mothers work – as they did before welfare reform – in low-wage, often unstable service sector jobs. Although parents are working, they experience intermittent spells of unemployment and earn insufficient wages, contributing toward the large number of families in poverty. The average wage for most women leaving TANF is between $7-8 an hour[13] (or $14,000 to $16,000 annually, assuming full-time, year-round employment), which is decidedly below the poverty level for a family of three. Despite the fact that education has greater potential for moving parents into higher-wage occupations, this path out of poverty is constrained by TANF's "work first" philosophy that emphasizes taking any available job rather than pursuing education or training.

Another limitation to eliminating poverty through work is, obviously, the current jobs crisis. Since May 2009, the official unemployment rate has dipped below nine percent only twice (in February and March 2011).[14] Aside from 1982-1983, this is the highest rate of unemployment the United States has experienced since the early 1940s,[15] and the Congressional Budget Office projects that unemployment will remain at 9 percent through 2012.[16] The official unemployment figure does not take into account people who have become discouraged from actively seeking work or those who are working part-time but would prefer (or need) full-time employment. Therefore, actual unemployment is likely higher than the official rate. Also, according to the Economic Policy Institute, the United States is facing a shortfall of 11 million jobs.[17] In other words, there simply are not enough jobs for the number of people looking for work.

These numbers highlight not only the need to create jobs and provide education and training to ensure that adults possess the skills local employers need, but the unemployment landscape also calls into question the feasibility or reasonability of any suggestion to increase states' TANF work participation rate requirements. Rather than requiring stricter work requirements, the current economy justifies expanding the activities that count as work participation. TANF reauthorization can better respond to the recent economic downturn by encouraging participation in education and training programs and counting these hours toward work participation, eliminating limits on attending school, and extending the length of time parents can engage in job search as a work participation activity.

As the primary economic safety net program, it is reasonable to assume that TANF would have seen a dramatic caseload increase in response to the need brought on by the Great Recession. With so many adults and families out of work, the food stamp program (or "SNAP," the Supplemental Nutrition Assistance Program), which is still an entitlement to those who apply and are eligible, increased its caseload by 67.8 percent from December 2007 to December 2010. Over the same time frame, TANF experienced only a 14.3 percent increase in the number of families served by the program.[18] Unemployment Insurance (UI) cannot be relied upon as a safety net for formerly-employed low-income Americans either, since low-wage workers are frequently ineligible for unemployment benefits. UI requires a minimum number of quarters worked, number of hours worked, or amount earned, and thereby excludes people in low-wage occupations from being eligible to collect benefits. In fact, in 2008, less than 40 percent of unemployed workers received UI.[19] As a social welfare program, TANF has shown that it does not respond well to the economic needs of no- and low-income families. Reauthorization should strengthen TANF to better act as a safety net and respond to increased need, particularly during economic downturns.

While it is outside the purview of TANF to directly address the current economic situation and jobs crisis, reauthorization cannot be considered separate from or outside of this context. To assert that parents can work their way out of poverty is an impossibility, given high and persistent levels of unemployment and underemployment, the fact that wages have stagnated over the past 30 years, and the educational and skill deficits that

many low-income parents must overcome. Low-income parents and employers both would benefit if TANF were reauthorized to place greater emphasis on 1) providing support to adults to attend education and training programs that match local labor market needs and 2) connecting low-income parents to local employers. Furthermore, jobs should be available to every adult who wants to work, even if it means providing subsidies for transitional jobs. These kinds of programs have proven successful[20] and should be expanded by TANF reauthorization.

FURTHER BARRIERS TO ECONOMIC SECURITY

In 1997, states spent around 70 percent of TANF funds on cash assistance.[21] Today, 70 percent of TANF is spent on work supports like child care, transportation, and emergency assistance, and 30 percent goes toward cash assistance.[22] Providing supplemental support to working families is something that TANF has done well and should continue to do. As a social welfare program, however, TANF is ill-equipped to respond to the needs and circumstances of parents who face the greatest barriers to employment. Families currently receiving TANF payments are generally considered "the hardest to serve." In other words, these are families who are dealing with some of the most intractable obstacles to securing or maintaining employment. For some families, it is not reasonable or realistic to expect that economic support will only be needed temporarily or that a work-based program can address the kinds of ongoing challenges parents are facing. While most low-income parents work at least part-time or intermittently, many are unable to work consistently for a host of reasons, including:

- chronic mental or physical health problems that are severe enough to impede or interrupt work efforts, but not severe enough to qualify for disability benefits;
- needing to provide care for a child or other relative with a serious physical or mental health problem;
- coping with the consequences of domestic and/or sexual violence victimization;
- substance abuse and/or addiction;
- limitations in cognitive functioning and/or undiagnosed learning disabilities;
- low educational attainment; and
- housing instability.

Many low-income adults struggle with one or more of these issues, while simultaneously trying to make ends meet for their family. As a temporary program that focuses on getting parents to work, TANF was not designed to address these challenges. However, as the primary income support program for families in poverty, TANF reauthorization is an opportunity to take these realities into account. Some very low-income parents will never be able to work consistently outside of the home and it is important to increase TANF's capacity to provide families in such positions with stable, reliable income. Improving TANF for parents whose circumstances have been determined to inhibit their ability to work would include: increasing benefit levels to bring families up to at least a subsistence standard of living; discouraging the use of sanctions, which add to economic instability and family stress; and eliminating the 60-month lifetime limit.

CONCLUSION: MOVING FORWARD

Poverty in the United States is deeply entrenched. Despite the resilience of the "American Dream," the majority of Americans do not experience economic mobility; our parents' incomes are highly predictive of our incomes as adults; and people at the bottom of the economic ladder are among the least likely to achieve upward economic mobility.[23] These circumstances have been structured and maintained by a variety of policies, which have proven to exert greater influence on life outcomes than individual efforts or characteristics have.[24]

As one example, housing policies have had far-reaching effects on the access low-income communities of color – particularly African American communities – have had to education, employment, and, consequently, economic stability. Historically, the unequal distribution of GI Bill home loans (between white and black servicemen post-WWII), Federal Housing Authority (FHA) redlining policies, and "urban renewal" policies of the 1970s all contributed to the formation of racially segregated, economically disadvantaged communities that still exist today. In effect, these policies limited where African American families could live, prevented them from building assets through home-ownership, and depressed the value and quality of housing stock in communities of color.[25] Since funding for public schools is primarily raised from the property tax base, these housing policies created an educational disadvantage in low-income communities. Low property values have resulted in insufficient resources and poorer quality schools for

low-income students. This educational disadvantage places limits on students' future career opportunities and income possibilities.

Community resources and economic stability were further undermined as jobs shifted away from the stable-income manufacturing sector into the lower-wage service sector, and as jobs moved from downtowns to the suburbs and exurbs in the 1980s. For many inner-city residents and others living in economically-distressed communities, stable, well-paying employment is out of reach – both academically and geographically. Over time, these policies and circumstances have combined to create a self-supporting, reinforcing cycle in which high concentrations of poverty, poor housing stock, low-quality schools, and minimal job opportunities prevent residents of low-income neighborhoods from being able to attain economic security and stability.

Taking into account these realities – of history, the economy, the current jobs situation, and the fact that some parents face ongoing challenges that will consistently disrupt their work efforts – CFFPP supports focusing on a goal of poverty reduction and including the following policies in this round of TANF reauthorization:

- Expand opportunities for education and training that meet local labor market needs and connect low-income adults to employers.
- Change work participation rate requirements to include education and training and longer periods of work search.
- Create funding streams for transitional jobs so that every parent who wants to work has access to a job.
- Eliminate diversion policies and practices that discourage or disqualify parents from TANF eligibility.
- Provide incentive funding and rewards to states that meet a higher standard of providing TANF services and cash assistance to eligible families.
- Improve income stability for the most economically vulnerable Americans by increasing benefit levels, reducing the use of sanctions, and eliminating time limits.

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[1] U.S. Government Accountability Office "Highlights of GAO-10-164, Temporary Assistance for Needy Families: Fewer Eligible Families Have Received Cash Assistance Since the 1990s, and the Recession's Impact on Caseloads Varies by State," February 2010; LaDonna Pavetti (CBPP) and Dorothy Rosenbaum (CLASP) "Creating a Safety Net That Works When the Economy Doesn't: The Role of the Food Stamp and TANF Programs," April 2010.

[2] U.S. Census Bureau "Income, Poverty, and Health Insurance Coverage in the United States: 2010," September 2011.

[3] Ibid.; and Children's Defense Fund "The State of America's Children: 2011."

[4] U.S. Census Bureau "Income, Poverty, and Health Insurance Coverage in the United States: 2010," September 2011.

[5] Pavetti and Rosenbaum "Creating a Safety Net That Works When the Economy Doesn't," April 2010; U.S. GAO "Highlights of GAO-10-164," February 2010.

[6] Ibid.

[7] U.S. GAO "Highlights of GAO-10-164," February 2010.

[8] Elizabeth Lower-Basch "CLASP TANF Policy Brief: Goals for TANF Reauthorization," January 2010.

[9] Jason DeParle "Living on Nothing But Food Stamps," January 2, 2010. Webcast at: *The New York Times*, www.nytimes.com/2010/01/03/us/03foodstamps.html [Accessed 8/29/11].

[10] Elizabeth Lower-Basch "CLASP TANF Policy Brief: Goals for TANF Reauthorization," January 2010.

[11] Sheila Zedlewski and Olivia Golden (The Urban Institute) "Next Steps for Temporary Assistance for Needy Families," February 2010; Elizabeth Lower-Basch (CLASP) "Testimony for the Record: Hearing on TANF's Role in Providing Assistance to Struggling Families," March 11, 2010.

[12] Legal Momentum "Welfare Reform at Age 15," April 2011.

[13] Ibid.

[14] National Council of State Legislatures "National Unemployment Summary," 2011. Webcast at: *NCSL*, www.ncsl.org/?tabid=13307 [Accessed 9/21/11].

[15] U.S. Bureau of Labor Statistics "Employment status of the civilian noninstitutional population, 1940 to date," 2011.

[16] Matt Cover "CBO: Unemployment Will Remain Near 9 Percent Through 2012," September 13, 2011. Webcast at: *cnsnews.com*, http://cnsnews.com/news/article/cbo-unemployment-will-remain-near-9-percent-through-2012 [Accessed 9/21/11].

[17] Rebecca Thiess (EPI) "The Great Recession's Long Tail: Third Anniversary Underscores Severity of Labor Market Woes," February 2, 2011.

[18] Legal Momentum TANF Program Reports and Caseload Updates, May 2010 and July 2011.

[19] Rebecca M. Blank (Brookings Institution) "High Priority Poverty Reduction Strategies for the Next Decade," August 2008.

[20] Pavetti and Rosenbaum "Creating a Safety Net That Works When the Economy Doesn't," April 2010.

[21] Legal Momentum "Welfare Reform at Age 15," April 2011.

[22] Zedlewski and Golden (Urban Institute) "Next Steps for TANF," February 2010.

[23] Ray Boshara (New America Foundation) "Promoting Defiant Apples: Exploring the Potential of an Economic Mobility Policy Agenda," April 2011; Tom Hertz (Center for American Progress) "Understanding Mobility in America," April 26, 2006.

[24] Patrick Sharkey (Economic Mobility Project) "Neighborhoods and the Black-White Mobility Gap," July 2009; Tom Hertz (CAP) "Understanding Mobility in America," April 26, 2006.

[25] Racial disparities in income and wealth, along with the policies that helped to create and perpetuate them, are well documented. Resources include United for a Fair Economy's 2011 "State of the Dream" report and the Insight Center's Closing the Racial Wealth Gap Initiative.

Comments for the Record
House Ways and Means Committee
Subcommittee on Human Resources

Hearing on Improving Work and Other Welfare Reform Goals
Thursday, September 8, 2011, 2:00 PM

By Michael G. Bindner
Center for Fiscal Equity

Chairman Davis and Ranking Member Doggett, thank you for the opportunity to submit comments on these issues. We will leave it to others to comment on the actual execution of the TANF program and will concentrate instead on the appropriateness of proposals to improve work as part of upcoming legislation to extend TANF and related programs.

The work opportunities available to most TANF participants can easily be described as low wage work and, without significant resources in human development, are likely dead-end jobs. Such jobs often receive tax subsidies, such as the Earned Income Tax Credit and the recently expired Making Work Pay tax credit. One must look askance at any programs which transfer the responsibility for providing adequate wages from the employer and the consumer to the taxpayer.

The recently expired Making Work Pay tax credit subsidized low wage labor where the preferred option would be a higher minimum wage, forcing employers and ultimately consumers to pay for the services they receive. Minimum wage laws are necessary because they level the playing field so that employers cannot initiate a "race to the bottom" by allowing workers to compete against each other to offer ever lower wages, often leaving families in the impossible position of having to bid well below what would otherwise be a reasonable standard of living in order to survive.

Increases to minimum wages and benefits, such as mandatory sick leave are, by far, the best incentive to get people to work. Mandatory sick leave would also help the prospects of health care reform, as parents would no longer be forced to resort to emergency room care because the doctor's office is closed during working hours, thus decreasing costs for all.

Another area that will help make work more attractive is income support for families. Such support addresses real market failure in the employment market. It is entirely appropriate to use tax benefits to assure that all families receive a decent wage.

The United States Department of Agriculture estimates that it should cost $1,000 per month per child to provide a decent level of subsistence. The federal government could easily guarantee half of this amount using tax reform, with states providing the other half with coordinated tax benefits.

This credit would replace the earned income tax credit, the exemption for children, the current child tax credit, the mortgage interest deduction and the property tax deduction. This will lead employers to decrease base wages generally so that the average family with children and at an average income level would see no change in wage, while wages would go up for lower income families with more children and down for high income earners without children.

This shift in tax benefits is entirely paid for and it would not decrease the support provided in the tax code to the housing sector – although it would change the mix of support provided because the need for larger housing is the largest expense faced by growing families. Indeed, this reform will likely increase support for the housing sector, as there is some doubt in the community of tax analysts as to whether the home mortgage deduction impacted the purchase of housing, including second homes, by wealthier taxpayers.

One major obstacle in getting TANF recipients into the working world is the quality of skills they bring to the table. Indeed, a recent survey of the vocabulary of TANF recipients in public housing puts it below the level of the average seven year old. Not seventh grader, seven year old.

State based efforts to mopve TANF participants to a level of basic – or even advanced literacy – should be applauded. Indeed, provisions to not only provide remedial education to all who require it should be a mandatory part of TANF reform, not just in states that chose to.

Literacy training must also be provided to fathers if required. Indeed, to facilitate this, the restriction on benefits to intact families must be abolished. Furthermore, compensation for this training should be as rewarding as work, so participation should be compensated at the minimum wage.

In addition to the wage, participants should also receive the same Child Tax Credit as those who work, as well as the same level of health insurance, which could be offered to them as if they were employees of the education provider – thus ending the second class care they receive through the Medicaid program, as well as the need to pay benefits through large, yet underfunded, social welfare bureaucracies at the state level. Public housing should be replaced with residential training programs for both parents and children.

Program participants must be treated as adults. If they are, they can be expected to behave as such. All too often, the fiscal, welfare and immigration policy of the United States seems designed to provide a pool of low wage workers for the food service industry – from the field to the fast food counter. **While these jobs may provide some degree of upward mobility, at times they are akin to slavery**.

In the 21st Century, we can do better than that. If some products cannot be produced without what amounts to subsistence wages, than perhaps those products should not be produced at all, either at home or abroad**. It should not, indeed it must not, be the policy of the United States Government to shield consumers from paying decent wages to those who feed us.**

Establishing a decent level of income through paid remedial training, increased minimum wages and increased family support through an enhanced refundable child tax credit will also **reduce the need for poor families to resort to abortion services in the event of an unplanned pregnancy.**

Indeed, if state governments were to follow suit in increasing child tax benefits as part of coordinated tax reform, most family planning activities would be to increase, rather than prevent, pregnancy. It is my hope that this fact is not lost on the Pro-Life Community, who should score support for this plan as an essential vote in maintaining a perfect pro-life voter rating.

Thank you again for the opportunity to present our comments. We are always available to members, staff and the general public to discuss these issues.

Contact Sheet

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Hearing on Improving Work and Other Welfare Reform Goals
Thursday, September 8, 2011, 2:00 PM

All submissions must include a list of all clients, persons and/or organizations on whose behalf the witness appears:

This testimony is not submitted on behalf of any client, person or organization other than the Center itself, which is so far unfunded by any donations.

Elizabeth Lower-Basch
Center for Law and Social Policy
Testimony for the Record

September 8, 2011

Hearing on Improving Work and Other Welfare Reform Goals

Subcommittee on Human Resources
Committee on Ways and Means
U.S. House of Representatives

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Mr. Chairman, Members of the Committee, thank you for the opportunity to share CLASP's views regarding changes that should be made to improve the Temporary Assistance for Needy Families (TANF) program. CLASP develops and advocates for policies at the federal, state and local levels that improve the lives of low income people. In particular, we focus on policies that strengthen families and create pathways to education and work. TANF has the potential to contribute toward both of these goals, but this potential is rarely realized.

A few days after this Committee held its hearing, the U.S. Census released the official poverty numbers for 2010. These numbers reveal a story of increasing hardship among America's children, particularly its youngest children. In 2010, 22 percent of children were in families with incomes under the poverty level, and 10 percent were in families in extreme poverty — with incomes less than half of the official poverty level. More than one in four children under the age of 5 were in poverty, with 12 percent in extreme poverty.

We know that such poverty is associated not just with immediate hardships — inadequate nutrition, unstable housing, low quality child care, increased rates of child abuse and neglect — but also long term effects on educational outcomes and adult earning potential. When compared with children from more affluent families, poor children are more likely to have low academic achievement, to drop out of school, and to have health, behavioral, and emotional problems. These linkages are particularly strong for children whose families experience deep poverty, who are poor during early childhood, and who are trapped in poverty for a long time. With child poverty and extreme poverty at these rates, we cannot consider TANF a success.

Based on the experience of other countries, we can conclusively reject the claim that we must accept persistently high levels of poverty and deprivation as the necessary price for ensuring high levels of labor force participation. Countries like the Netherlands — which now has a higher rate of female labor force participation than the United States[1] — prove that it is not necessary to threaten parents with destitution as the alternative in order to engage them in work. The combination of job training, assistance in finding employment, and supports that make it possible for parents to work have been demonstrated to be an effective option for promoting employment, even while benefits that remain far more generous than those in the United States provide all families with a measure of economic security.

In my testimony, I will discuss first the question of funding for TANF, both federal and state. Then I will turn to the issue of work participation rates, and what they mean. Finally, I will briefly discuss some of the questions raised by the Chairman at the hearing, regarding testing recipients for substance abuse and controlling the locations at which TANF benefits may be withdrawn.

TANF Funding

I begin with the question of funding, because in a federally funded, state-operated program like TANF, the level of funding sets the basic framework for what we can expect to accomplish. If

[1] Data downloaded from St Louis Federal Reserve, FRED Economic Data, Data series NLDLFPWNA and USALFPWNA

we are dissatisfied with what states are doing with the TANF program, we must either provide more funding, or accept that they will do less of some things that they are currently doing in order to do more of other things.

The TANF block grant has not been adjusted to account for either inflation or population growth since its creation in 1996. Inflation alone has eroded more than 30 percent of the real value of the block grant. Moreover, this year, for the first time since TANF was created, the Supplemental grants provided to 17 states with historically low grants or rising populations were not fully funded. The TANF extension bill that Chairman Davis introduced and that the House has approved does not provide funding for these grants in FY 2012. This means that these states will have less money available to serve needy families than in previous years, even in nominal terms.

These cuts have had real effects on the TANF program and on the families whom it serves. The recession has put states into a bind, squeezed between significant increases in the demand for assistance and services, and drastic declines in state tax revenue. Even before the recession, benefits had been eroded by inflation, but since the expiration of the TANF Emergency Fund a year ago, several states have cut benefit levels, while others have shortened time limits. Many states have cut back on the support services they provide to TANF recipients and those leaving cash assistance for jobs. These choices are not based on what policymakers believe are good for children and families, but simply on the need to cut spending.

In the face of budget shortfalls, some states are making choices that would literally have been unimaginable a few years ago. For example, Arizona has enacted a law that says that cases where a relative other than a parent is caring for a child, and where the relative is not receiving assistance for herself, should be subject to the same time limit as families where the parent is receiving assistance. This means that grandparents and other caregiver relatives who take in children, keeping them out of state custody and foster care, are cut off from assistance after just 24 months. This policy is both short-sighted and cruel.

I urge this Committee to extend the Supplemental grants along with the TANF block grant. In addition, when TANF is reauthorized, it is critical that some form of countercyclical additional funding for TANF be provided on a permanent basis. This funding should not be available to all states at all times, but should include "triggers" so that it automatically kicks in when warranted by economic conditions, without the need for Congressional action. With this exception, CLASP believes that the Emergency Fund is a better model than the original Contingency Fund created by the 1996 legislation. The Contingency Fund was never accessed during the 2001 recession, and in practice has rewarded states that are more aggressive about claiming existing spending as Maintenance of Effort, rather than encouraging increased spending on core income supports. By contrast, the Emergency Fund encouraged states to develop new subsidized employment and short-term benefit programs, and largely protected cash assistance programs from cuts.

In addition to the federal block grant, the second key component of TANF funding is the state Maintenance of Effort (MOE) requirement. As you recall, AFDC, the predecessor to TANF, was a matching program. When the TANF block grant was created, Congress required states to continue to spend at least 75 percent of what they had spent under AFDC (80 percent if they failed to meet the work participation rate requirements). Both spending under TANF and

increases in spending on other programs serving needy families can be counted as MOE. This was designed to ensure that states would continue to invest their own funds in programs serving low-income families.

I was therefore deeply concerned by Secretary Alexander's testimony recommending that the MOE requirement be removed. Secretary Alexander suggests that this requirement penalizes states that run programs more effectively and efficiently. However, as long as millions of children remain in poverty, the notion that there is no valuable way that states could spend this money to assist these families is simply ludicrous. Given the wide range of services that can be claimed as MOE, and the fact that this requirement is not adjusted for inflation, the MOE requirement has become increasingly easier to meet over time. A state that is at risk of falling below the MOE threshold is a state that has chosen not to prioritize the needs of the most vulnerable families in our society. In fact, many state administrators have told me that the MOE requirement is helpful in enabling them to avoid even deeper budget cuts in this time of fiscal retrenchment.

However, in order to ensure that the MOE requirement continues to have its original intent, I believe that when TANF is reauthorized only spending by governmental entities (including counties and other sub-state entities) should be countable. While it made sense for states to claim spending by non-governmental third parties to access the Emergency Fund, and draw down badly needed funding for programs for low-income populations, allowing this policy to continue has the potential to completely undermine the MOE requirement. A reasonable limit should also be set on the definition of "needy families" so that states may not claim expenditures on families earning well above the median income.

I would love to see TANF funding restored to the level that it would have been today had the original 1996 welfare legislation included an adjustment for inflation. However, I recognize the low probability of this occurring given the current focus on deficit reduction and the many competing priorities for spending. In the absence of additional funding, it is important to be realistic about what states can reasonably accomplish, and to seek out areas in which savings could be achieved without harming low-income families.

Work and the Work Participation Rate

The evidence presented by the Government Accountability Office (GAO) and others indicates that the changes made to the work participation rate requirement by the Deficit Reduction Act of 2005 had little if any positive effect. They did, however, force states to spend more resources documenting that individuals receiving assistance are participating in countable work activities, leaving fewer resources available for actually providing services, including those that help individuals succeed in employment. There is no reason to believe that further tightening the work requirements would do anything other than exacerbate this situation.

Members of this committee have repeatedly expressed concern about the low levels of work participation among TANF recipients, and have stated that states are not taking the requirement to engage recipients in work seriously. I respectfully suggest that this is simply not the case. To a remarkable degree, TANF agencies have internalized the mission of engaging recipients in

activities leading to self-sufficiency, and would continue to enforce a work expectation even in the absence of any federal requirements.

In support of this statement, I note that during the past years, the provision included in the American Recovery and Reinvestment Act that allowed states to continue to benefit from the caseload reduction credit achieved in FY 2008 substantially reduced the effective work participation rate requirement for most states. However, the overwhelming majority of states made absolutely no modifications to the work expectations for recipients, even as unemployment rates doubled, or even tripled. A recent Congressional Research Service analysis of Census data found that in 2009 just 11.4 percent of all poor single mothers received cash assistance but did not work at any point during the year, down from over 40 percent in the early 1990s.[2]

If this is true, why are the work participation rates reported by states so low? The Department of Health and Human Services (HHS) recently issued a report summarizing the data on work activities provided by states in response to the requirement included in last year's Claims Resolution Act. HHS found that in March 2011, just under one-quarter of work eligible individuals were in fact participating enough to count toward the federal work participation rate requirement. A similar number were participating in some work-related activity, but did not count toward the federal participation rate, because they did not have enough verified hours, the activity did not meet the federal definitions, or other such reason. This figure is almost certainly an undercount, as many states did not have the capacity to collect data on uncountable activities. Another 10 percent of work eligible individuals (about 20 percent of those not participating for any hours) were under sanction or in the process of being sanctioned.

Of those not participating, 30 percent were exempted under state rules, based on illness or disability of the recipient or family member, caring for an infant, domestic violence, or other reason established by the state. Many of these exemptions were likely appropriate. But assume for the moment that some of these individuals could have benefited from appropriate work-related activities and should not have been exempted. Is it likely that making the work participation rate target higher would encourage states to change their exemption policies? Based on the evidence of the DRA, it appears not, because the state would still not get credit for engaging these individuals in appropriate activities. By contrast, allowing partial credit and expanding the list of countable activities might encourage states to engage these individuals in appropriate activities, as they would have a reasonable hope of getting credit for doing so. However, even with the possibility of getting credit, states may decide that they cannot afford to provide more intensive supports and work activities for individuals with extensive barriers to employment.

In his testimony before the Committee, Professor Besharov flagged the role of education and training in preparing individuals for high quality jobs that require higher levels of education and skill. While I do not agree with all of Professor Besharov's remarks, this is an area in which we agree. Low-income parents will need better skills in order to have a chance at competing for the good jobs of tomorrow. Moreover, periods of high unemployment are indeed a particularly good time to invest in education and training, because the opportunity cost — the foregone opportunity

[2] Thomas Gabe, Welfare, Work and Poverty Status of Female-Headed Families with Children: 1987-2009, Congressional Research Service, July 15, 2011.

to build human capital through employment — is lower. An increasing number of education and training programs are being designed that combine basic education with specific vocational skills. These offer great potential for enabling low-wage workers to progress up the career ladder over time. However, as my colleague Julie Strawn testified before this Committee last year, too many TANF programs have adopted policies that limit recipients' ability to participate in education and training programs.[3] The federal rules and regulations are more of a hindrance than a help in this regard. In particular, I would urge the Committee to expand the time period during which education can be counted as a stand-alone activity, and to allow participation to be verified based on academic performance in lieu of hours.

Beyond such small modifications to the work participation rate, states that are willing to be held accountable for the outcomes they achieve in their programs, such as employment entry, job retention, or poverty reduction, should be given the ability to opt out of the process-focused participation rate either for the entire TANF population or for groups participating in specific programs such as career pathways initiatives. Several states are already using such measures internally, to monitor the performance of contractors or county agencies, and to guide policy development. Performance measures and targets should be negotiated between the states and HHS, with adjustments for populations served and economic conditions. States taking up this option should be required to report data that demonstrate that they are not "creaming" or setting up barriers that discourage services to less employable participants.

Other Requirements on States

In his opening statement at the hearing, Chairman Davis raised the possibility of adding additional requirements on states as part of reauthorization, such as requiring them to limit the locations at which cash benefits may be withdrawn, or mandating chemical testing of recipients for drugs. Both of these proposals raise significant concerns.

As Chairman Davis noted, California is among the states that have already limited the locations where TANF cash benefits may be withdrawn. This has come at significant financial cost to the state, as contractors have had to check the location of every ATM in the network, and to program the system to accept or reject each one. Moreover, the fact that a recipient withdrew cash at a casino does not mean that she used these funds for gambling — the gaming industry is a major employer of low-wage workers, and recipients may well be working at these locations. In very rural areas, a liquor store may have the only ATM for many miles.

Forcing states to use chemical drug tests on all applicants or recipients of assistance is even more misguided. As Professor Wetzler testified before the hearing, it is both more effective and more efficient to screen recipients for substance abuse by means of a combination of self-identification and functional assessments (e.g. seeing whether they are able to participate in other work activities). Such assessments are less expensive than chemical tests, identify individuals who are abusing alcohol as well as other drugs, and do not raise the constitutional concerns of suspicionless testing. The funds required to conduct drug tests would be far better invested in quality treatment and case management programs, such as those provided at Professor Wetzler's

[3] Julie Strawn, Testimony at Hearing on the Role of Education and Training in the TANF Program, CLASP, April 20, 2010. http://www.clasp.org/admin/site/publications/files/CLASP-Ed-and-Training-Testimony-final.pdf

program. The notion that widespread drug testing would save money is simply wrong, based on both inaccurate notions of how much money TANF recipients receive, and vast overestimates of the share of recipients who use drugs. (Note that Professor Wetzler's estimate of the prevalence of substance abuse is based on a caseload including single adults receiving general assistance, whom he acknowledges to be far more likely to have substance abuse issues than the parents who receive TANF cash assistance.)

Even beyond the specifics of these proposals, mandating such policies for states is an unwarranted and burdensome imposition on states, which is inconsistent with the notion of a flexible block grant. It is particularly disheartening to hear such unfunded mandates proposed at a time when state budgets are already stretched to the limit and effective programs are being cut for lack of funding. In this age of austerity, every dollar that is spent responding to a new federal requirement is a dollar less that is available to meet the real needs of children and families.

Conclusion

It has now been 15 years since TANF replaced AFDC. Lawmakers created TANF at a time when the economy was booming, and they based its policies on the assumption that jobs would be plentiful. Moreover, at the time, federal policymakers believed that states needed to be forced to think of TANF as a work-focused program.

Today, we are coming out of a deep and lingering recession. Unemployment levels remain very high, with less educated and inexperienced workers particularly hard-hit, as they must compete with dislocated workers or recent college graduates for even entry-level jobs. At the same time, state agencies have thoroughly internalized the notion of TANF as a work-focused program, with most states setting shorter time limits and more stringent sanction policies than those envisioned when TANF was created. With state budgets cut to the bone, there is a real risk that deeply needy families will not receive critical services.

As Congress considers reauthorization, I urge you to adopt policies that encourage states to provide adequate and accessible income supports to needy families and to prepare recipients for jobs of the future with opportunities for subsidized employment and education and training.

For a fuller discussion of CLASP's priorities for TANF reauthorization, see:
Elizabeth Lower-Basch, *Goals for TANF Reauthorization,* CLASP, Updated January 24, 2011.
http://www.clasp.org/admin/site/publications/files/TANF-Reauthorization-Goals.pdf

September 22, 2011

The Honorable Geoff Davis
The Honorable Lloyd Doggett
Subcommittee on Human Resources
House Committee on Ways and Means
1101 Longworth House Office Building
Washington, D.C. 20515

RE: Letter of Record: promote asset limit reform in the TANF program to encourage work, access to financial services and financial independence among working poor families

Dear Chairman Davis and Ranking Member Doggett,

The Center for Public Policy Priorities thanks you for holding the September 8 hearing on the reauthorization of the Temporary Assistance for Needy Families (TANF) block grant. We agree with the subcommittee that essential reforms are needed to ensure the program is responsive to the needs of low-income families, particularly during recessionary times when formerly middle class families may need assistance, and provides opportunities to help TANF recipients get out of poverty and on the road to financial independence.

We urge the Committee to take an important step toward this goal by eliminating asset limits for TANF recipients. Asset limits force struggling families to choose between meeting their basic needs and saving for the future, which creates an impediment to achieving financial independence undermining the core goal of the TANF block grant. The original intent behind asset limits was to ensure that only those most in need received benefits. However, the federal ceiling for asset limits has not increased since 1996 and still remains at $2,000. In Texas, our asset limit is only $1,000 and the fair market value of any vehicle valued above $4,650 is counted toward that limit. This vehicle standard has not been updated since 1977. The vehicle asset limit forces parents to choose between owning a reliable car and providing for their children, which creates an impediment to work, further undermining the primary goal of TANF.

By restricting TANF recipients to minimal savings, asset limits prevent recipients from saving or accumulating the kind of assets—such as higher education or retirement—that can help families get out of poverty and weather temporary financial crises such as the loss of a job during an economic recession.

Studies have clearly proven that **both** income and assets are keys to economic security. We recommend Congress:

- **Eliminate the asset limit test (including vehicle asset limits) in TANF.** Enforcing asset limits is counterproductive by discouraging savings. Eliminating the asset test provides the most administrative savings—saving significant staff time and providing a better allocation of resources towards helping recipients find work.

- **If Congress cannot raise the asset test, it should raise it to $10,000 and retain state flexibility to set higher limits.** While raising the asset limit will not have the same type of administrative savings we seek, it will remove the disincentive to saving. A higher test should also follow the lead of SNAP and exclude all retirement accounts and college education investment accounts such as 529s and Coverdells. We also recommend excluding Savings Bonds.

Thank you for focusing on strategies to provide maximum economic opportunity to enable struggling families to achieve financial independence.

Sincerely,

Celia Cole, Senior Policy Analyst

Cc: The Honorable Dave Camp, Chairman, Ways and Means Committee
The Honorable Sander Levin, Ranking Member, Ways and Means Committee

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Statement of:

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Submitted to the House Committee on Ways and Means to be included in the record of the Subcommittee on Human Resources September 8, 2011 Hearing on "Improving Work and Other Welfare Reform Goals"

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Temporary Assistance for Needy Families (TANF) is a critical program for low-income families; however, the current family-cap policy denies additional income support to poor women who have a baby while enrolled in TANF. The family-cap policy does not directly address the goals of welfare reform, ie, helping low-income families end their dependence on governmental support by obtaining stable jobs at a living wage.

States had the option of implementing the family-cap policy and 24 states did so (see Table 1). The law does not require that states evaluate their programs to determine if the policy has achieved its intended result: to deter poor women from giving birth.

A policy such as the family cap can make a powerful statement about the beliefs and values of American society. Therefore, it is critical to understand the impact of such a policy, which assumes that poor women make reproductive decisions based on whether they can expect to receive an increase in their cash assistance with the birth of a new child. As the time approaches for Congress to consider reauthorizing our national welfare program, it is important that legislators examine the past almost 2 decades of family-cap policy experience and ask whether this policy has achieved its objectives and helped poor women succeed economically.

The family cap is not effective

There have been approximately 10 evaluations of the family cap in various states that have implemented it. In a study of 32 current and former welfare recipients in New Jersey, none of the women knew what the family cap was. After being informed of the policy, more than half of the women said it would *not* influence their decision to have a child while receiving TANF. Three-quarters of the women said that the family-cap policy would not influence them in the future on whether or not they would decide to have a child while receiving TANF.

Analysis of data from the National Survey of Family Growth found that poor and non-poor women had no differences in reproductive health behaviors both before and after the family-cap policy was implemented, including contraception use, pregnancy, sterilization and births. The only exception was abortion, where poor women were more than twice as likely to have had an abortion than non-poor women before welfare reform. After welfare reform that disparity grew, with poor women more than 3 times as likely to have an abortion as non-poor women 7 years after welfare reform.

A study of the 24 states with the family cap found that most state welfare agencies do not provide welfare recipients with written information specifically about the policy.

Of eight other studies of the family-cap policy that used diverse sources of quantitative data, 7 failed to find any association with the family-cap policy and women's fertility. However, two studies found that an increased abortion rate was associated with the family-cap policy.

State policies are inconsistent with the goals of the family cap

In the study involving the 24 family-cap states, administrators reported that very few formal state-level evaluations of the policy had been conducted; most administrators did not believe that

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the policy was effective. Moreover, the researchers concluded that related state policies were inconsistent with the goals of the family cap. In sum,

- Of 24 states that implemented the family cap, only 6 of them conducted an evaluation of the policy.
- Three states have repealed the family-cap policy, one of which found through evaluation that it was not shown to be effective in reducing poverty.
- Some states have other policies that are inconsistent with the family-cap policy; for example, 10 states lack a Medicaid family planning waiver.
- Some states continue to collect child support payments from the fathers of children who have been subject to the family cap. Instead of passing the funds through to the families, some states keep most or all of the child support payment even though no additional TANF monies are provided for the capped child.
- Some states carry over the family cap to a birth to a teen daughter who was part of a household enrolled in the TANF program.
- Of 24 state welfare administrators, 15 felt the policy was ineffective and 5 were unsure of its effectiveness. The 4 who felt the family cap was effective did so in the absence of any empirical evidence.

Overall, the empirical evidence related to the impact of the family-cap policy is mixed but mostly indicative of a lack of an effect on poor women's fertility. Most studies, whether directly measuring the family cap or using proxies for childbearing among welfare recipients, did not find an effect. In addition, an experimental design, considered the most rigorous form of evaluation, reported an *increase* in abortions among welfare recipients subject to the family cap, particularly among recent enrollees.

TANF reauthorization should eliminate ineffective policies

Congress must carefully take into account the evidence-based and ethical justifications for reauthorizing a policy that appears to have little effect on women's fertility but instead may put them in the position of continuing to raise their children in poverty. Until now, policymakers have not considered the family-cap policy's disproportionate impact on low-income women and women of color. Nor have they considered the family-cap policy's impact from within a human rights framework. In fact, the United States is a signatory to several international covenants that have articles pertinent to the family-cap policy, including the Universal Declaration of Human Rights, in which the US figured prominently in its development. This document stipulates that all are born free and equal in dignity and rights (Art 1.), deserve protection from interference with privacy, family and home (Art. 12), and have the right to marry and found a family, entered into with free and full consent (Art. 16); that motherhood and childhood are entitled to special care

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and assistance (Art. 25), and that all children, whether born in or out of wedlock, shall enjoy the same social protection.

The TANF program is a key support for helping poor Americans weather a depressed economy and high joblessness. Given the lack of impact of the family-cap policy on recipients' fertility or income, it is incumbent on Congress to eliminate the family-cap provision when it reauthorizes TANF.

For further information, contact Diana Romero, PhD, MA, Diana.Romero@hunter.cuny.edu, 212-396-7743.

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Table 1. U.S. States that Implemented the Family-Cap Policy

State	Year of Family Cap Implementation
Arizona	1995
Arkansas	1994
California	1997
Connecticut	1996
Delaware	1997
Florida	1996
Georgia	1994
Idaho	1997
Illinois	1995*
Indiana	1995
Maryland	1996†
Massachusetts	1995
Minnesota	2003
Mississippi	1995
Nebraska	1996‡
New Jersey	1992
North Carolina	1996
North Dakota	1999
Oklahoma****	1997
South Carolina	1996
Tennessee	1997
Virginia	1995
Wisconsin	1996
Wyoming	1997

† Family cap repealed by state legislature in 2004.
†† All counties used state "opt out" provision since 2002 in order to not implement the family cap; in 2008 the state legislature repealed the policy.
‡Family cap repealed in 2007.
**** Family cap repealed in 2009

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TANF

Welfare reform or welfare deform? Historically, "welfare reform" has made life more difficult for impoverished children and their families. Temporary Assistance to Needy Families (TANF) P.L. 104-193, is the latest attempt at reforming welfare. It imposes 2-year time limits on impoverished families. After two years many impoverished families, who for the most part are single mothers, lose their safety net and are sentenced to becoming homeless in the United States of America.

The anti-family and anti-child message is clear, working is more important than parenting as women are expected to look for work soon after their babies are born. This means babies and very young children are housed in day care centers and in the care of strangers instead of their parents.

Welfare officials and politicians continue to tout the propaganda that TANF results in reduced caseloads are going down. The truth is that poverty has risen. With these strict timelines, what happens to that family when they no longer are eligible for aid? Where do they go? How do they live? About 70% of the TANF federal and state matching money goes to welfare bureaucracies and to balance state budgets. Less than 30% of it goes to "payments to families with children." Before TANF, 80% of the AFDC money went to "payments to families." TANF has been a resounding success for everyone, but poor families.

RECIPIENT IMPACT STATEMENT

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The hearing will focus on oversight of the TANF program along with proposals to improve work and other TANF goals as part of upcoming legislation to extend TANF and related programs.

Thank you for the opportunity to provide a statement for the record of the TANF program.

In 1996 Congress abolished the Aid to Families With Dependent Children (AFDC) program and replace it with the ill-conceived TANF program that gave States a block grant and allow States to do whatever they want to do with that money. It was communism for the States that they received money but was not required to spend it on the poor. States were given the green light to do whatever they wanted to do what the TANF money as long as it meet one of four (4) goals of the TANF program:

- Assist needy families so that children can be cared for in their own homes;
- Reduce the dependency of needy parents by promoting job preparation, work and marriage;
- Prevent out-of-wedlock pregnancies; or
- Encourage the formation and maintenance of two-parent families.

The bill did not define a needy family. It did not require that families be financially needy. They can be socially needy. All of these goals open the door for TANF funds to be used by families who are required to meet TANF work requirements. It would be interesting to see how much of the money is used directly for families required to meet the TANF work requirements.

If this Committee is really concerned about meeting work requirements they can amend the TANF bill to provide that TANF funds can only be used for families who are required to meet the TANF work requirements.

At least the AFDC program helped children. The TANF program is designed primarily to help local and State governments to manipulate the claiming process to use TANF dollars for families not required to meet the work participation rates.

AFDC	**70%** Payments to Families
TANF	**30%** Payments to Families

This is a great testimony to the success of the TANF program insofar as local and State government is concerned. But it is disheartening when it comes to the poor.

TANF's proponents argue that the caseload has gone down. This is true. But is there any evidence that those who were terminated from TANF are doing better than they were when they received TANF? There is no verification to support the false assertion that families are better off without financial assistance. How many TANF kids end up in foster care?

If a TANF parent "fails" to cooperate with the welfare bureaucrats because who or she does not have childcare (and refuses to commit the felony of child neglect to please the TANF bureaucrats) they are severely punished by the TANF program in many States – all cash aid is terminated and food stamp benefits are reduced. On the other hand, if the welfare bureaucrat denied benefits to an impoverished family in violation of the welfare rules – there is no punishment. It is called "government immunity. The bureaucrats still get their welfare check which they call a paycheck.

California is welfare recipients have contributed about $15 billion to the California General Fund. No wonder States love this program.

Annually welfare recipients contribute over $1 billion to the California General fund and receive a fixed income of what the benefit level was in 1984.

California's welfare recipients have contributed about $15 billion to the California General Fund. No wonder States love this program. They reduce benefits to impoverished families while using the TANF program to operate other government programs. California just reduced benefits by 8% lowering California's impoverished families fixed income to 1984 benefit level. On the other hand the people who run the program and enact legislation impacting the program are receiving salaries and benefits that reflect 2011 and not 1984.

Recommendations:

I. At least 70% of the TANF funds should be spent directly on payments to families who meet the TANF eligibility rules.

II. No child should be punished for the behavior of the parent(s). That is barbaric mid-evil behavior.

III. No family should be sanctioned if it leaves the family with income that does not cover their housing and utility costs. Children need a place to live with their natural parents. To do otherwise is *anti-family*. NOTE: TANF currently is anti-family.

IV. Simplify the federal participation rates by giving States more flexibility to define which TANF recipients are required to participate. Also give the States more flexibility is defining participation. Current regulations do not recognize self-employment as an activity when the entrepreneur is just starting out or is treading water due to economic difficulties. TANF forces entrepreneurs to DROPOUT of their self-employment activities that could eventually lead to earning enough income to hire others employees to become a low-paid employee to someone else.

V. Require States to contribute 50% of the TANF MOE rather than reducing State participation in the TANF program. If the States' share is reduced, then the federal share should be increased provided that 70% of all TANF funds are provided to impoverished families eligible for TANF and not used to offset State budget deficits.

VI. If States do not spend the MOE amount, then States should be punished by reducing their federal participation rates in all other programs that corporations receive from the Tax Code known as "tax expenditures" for any entity doing business or selling products in the State.

Congressman Danny Davis and Congresswoman Gwen Moore

Congress of the United States
Washington, DC 20515

September 21, 2011

The Honorable Geoff Davis
Chairman
House Committee on Ways and Means
Subcommittee on Human Resources
Washington, DC 20515

The Honorable Lloyd Doggett
Ranking Member
House Committee on Ways and Means
Subcommittee on Human Resources
Washington, DC 20515

Dear Chairman Davis and Ranking Member Doggett:

We commend the Subcommittee on Human Resources of the Committee on Ways and Means for taking up the important task of extending (or reauthorizing) Temporary Assistance for Needy Families (TANF) and Fatherhood and Healthy Families programs. As you consider proposals for improving work and other welfare reform goals for Fiscal Year 2012, we strongly urge you to oppose mandatory drug testing and screening legislation for recipients and applicants of TANF cash assistance. It is our contention that the emphasis of emerging discussions related to welfare reform should be placed on creating mobility programs that are informed by best practices and research and assessed for their equitable impact in addressing the needs and circumstances of low-income and racially/ethnically diverse populations residing in disinvested communities. Moreover, it is vital that we ensure that cuts in government spending are not shouldered by the most economically vulnerable families, who are experiencing record unemployment, increasing rates of poverty, failing schools, and crumbling physical community infrastructure, and who are most hard hit by the foreclosure crisis.

The long deep recession and slow recovery have taken their toll on American households unable to obtain and retain gainful, sustainable employment, particularly African American households who tend to reside in areas hardest hit by the economic crisis. Uncertainty about the future following the brinkmanship of the debt ceiling, ensuing U.S. credit rating and stock market whiplash, resulted in no net new jobs (the first time since February 1945 - World War II) and record unemployment numbers. According to the August Labor Statistics numbers, the national unemployment rate remains stuck at 9.1 percent, while the African American unemployment rate of 16.7 percent reached its highest level since 1984 (in over 27 years). The unemployment picture for African-American males and teen is abysmal. Unemployment rates for African American males and teens rose from 17 to 18 percent and 39.2 to 46.5 percent respectively. Additionally, the drop in the average workweek for private nonfarm payroll from 34.3 hours to 34.2 hours—a decrease in average hourly earnings of 0.1 percent—reveals a new crop of workers in the labor market who are underemployed and undercompensated.

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In short, jobs are few and far between. Employment gains have slowed tremendously since April and Americans are struggling to make ends meet. They are either underpaid or unemployed. Meanwhile, federal and state governments have responded to the crisis in America with cuts to much needed education, training and human service programs, while TANF continues to stand along the sidelines. From the onset of the Great Recession and throughout the slow recovery, TANF has yet to respond effectively to the needs of low-income populations. TANF is ill-equipped to cope with today's failing job market because it lacks a countercyclical component vital to weathering a recession. While it is true that TANF's work goal was instrumental in significantly reducing caseloads when the economy was more robust, it is equally true that there was a "welfare reentry" of recipients placed in low-paying jobs without growth opportunities and benefits, resulting in recipients being shifted from one form of poverty to another, and the rolls of the underemployed working poor grew dramatically.

During the recent economic downturn, the growth of TANF caseloads varied significantly among states in –response to worsening economic conditions. In some states, TANF caseloads remained stagnant or continued to decline, but, in sharp contrast, caseloads in the Supplemental Nutrition Assistance Program increased significantly in all states during the same time period. Earlier this year, the Center on Budget and Policy Priorities reported that states are already implementing some of the harshest cuts in recent history for many of the nation's most vulnerable families with children who are receiving TANF assistance. These cuts will reportedly affect 700,000 low-income families that include 1.3 million children; representing over one-third of all low-income families receiving TANF nationwide.

It is our belief that creating more barriers to the receipt of TANF is ill-conceived. Mandatory drug testing falls into that category of ill-conceived barriers. Implementing laws requiring mandatory "suspicionless" drug testing and screening for families is punitive and is not premised on any reasonable rationale. For example, even in the absence of evidence that drug use and/or abuse is particularly prevalent among TANF beneficiaries, this summer, Florida signed a harmful law mandating that applicants for cash assistance pass a drug test before collecting any benefits. At the same time, the State is cutting funding for substance abuse services for not only TANF recipients but also for low-income parents across the board. Such random testing is not only reckless and based on insidious stereotypes but mostly a costly and an inefficient way of identifying recipients in need of drug and substance abuse treatment. Additionally, imposing further sanctions on welfare families will have harsh effects on children. There are better ways to address drug and substance abuse among TANF beneficiaries without adding immeasurably to their already insurmountable barriers or thwarting their efforts to move to self-sufficiency.

We urge you to design a better strategy for reducing the deficit, one that would ensure that low-income families are afforded greater access to post-secondary education and job training programs. Rather than working to enact laws that will make it more difficult for TANF to expand when the need for assistance rises, we, in Congress, should be working together to find ways to make this vital safety net program stronger. Given our nation's high unemployment and lack of job opportunities, investments in education and job training would guarantee more pathways out of poverty for populations with significant barriers to employment.

With a weakening jobs market and alarming growing gap between black and white unemployment/wealth, Congress can ill afford not to act quickly and decisively given the economic crisis that exists in America generally and the African-American community in particular . With one in six Americans living in poverty the largest on record dating back to when the census began tracking poverty in 1959, 50 million "food insecure" Americans , and 17. 2 million children are at risk of going hungry, our nation needs new and rich ideas and responsive approaches to ensuring the well-being of children and their vulnerable families and communities.

Controlling the debt and deficit must be a top priority, but it is absolutely reprehensible to do so at the expense of poor and low-income families who struggle to make it every day. We should all be committed to ensuring that we all share equally in the burden and responsibility of America's recovery. While the improvements, thus far, in our economy and job market are moving us toward healing as a nation, our most vulnerable throughout the country have yet to feel the benefits. Let us work together as a nation to restore the unity and fundamental fairness that we as a country hold dear, as well as work to promote the democratic principles upon which this country was founded.

Sincerely,

DANNY K. DAVIS
Member of Congress

GWEN MOORE
Member of Congress

SHEILA JACKSON-LEE
Member of Congress

KAREN BASS
Member of Congress

YVETTE CLARKE
Member of Congress

MAXINE WATERS
Member of Congress

KEITH ELLISON
Member of Congress

ELEANOR HOLMES NORTON
Member of Congress

GREGORY MEEKS
Member of Congress

ELIJAH CUMMINGS
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LYNN WOOLSEY
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JERROLD NADLER
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ROBERT BRADY
Member of Congress

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STEVE COHEN
Member of Congress

BARBARA LEE
Member of Congress

HENRY C. "HANK" JOHNSON
Member of Congress

JESSE JACKSON JR.
Member of Congress

ED TOWNS
Member of Congress

DONNA CHRISTENSEN
Member of Congress

JOSÉ SERRANO
Member of Congress

Coordinator for the Connecticut Alliance for Basic Human Needs (CABHN)

Testimony of Ellen Small Billard, MSW
***Coordinator*, Connecticut Alliance for Basic Human Needs (CABHN)**

Subcommittee on Human Resources of the Ways and Means Committee
Hearing on Improved Work and other Welfare Reform Goals

September 8, 2011

My name is Ellen Small Billard, and I am Coordinator of the CABHN Network, the Connecticut Alliance for Basic Human Needs. **Thank you for the opportunity to submit written remarks on the issue of TANF Reauthorization and the overall goals of the welfare program.**

CABHN is a statewide advocacy and outreach network committed to helping Connecticut families meet their basic needs, achieve self-sufficiency, and attain economic security. It is also a participating member of the Welfare Working Group of Connecticut. The Welfare Working Group consists of approximately 25 dedicated advocates who have worked together since 1995 to monitor the impact of Connecticut's family welfare program and the federal TANF program on low-income families and to propose policies to improve the program.

CABHN and the Welfare Working Group have provided consistent leadership and advocacy on improving Connecticut's TANF program, Jobs First, since the initiation of welfare reform in the mid-1990s.

It is the aim of CABHN and the Welfare Working Group to inform both state and federal policymakers of the impact of the TANF Block Grant on the program's participants and to offer recommendations as to how the program can be reformed to better serve vulnerable families in Connecticut and nationwide.

In 2010, we released two policy reports and held a legislative forum, detailing the experiences of program participants and highlighting several key policy recommendations to improve the efficacy of the program.

The reports, a summary of the responses received during ten focus groups conducted with program participants statewide, reflect the experiences of Jobs First program participants, detail the challenges these families face in moving from poverty to gainful employment, and offer constructive solutions to help them make a successful transition to self-sufficiency.

Although I will detail many of our findings in my written remarks, the full reports can be accessed at:

- **Increasing Opportunity: Improving the Jobs First Employment Services Program**; released November 2010 (http://www.larcc.org/files/larcc_files/documents/jfesp2010.pdf)
- **Welfare to Work, or Welfare to *Worse*?**; released Spring 2010 (http://www.larcc.org/files/larcc_files/documents/jfesp2010.pdf)

By sharing with this subcommittee the results of our study as they relate both to our state Jobs First program and the federal TANF program, we hope members gain a better understanding of both the challenges the TANF program creates for states, as well as the restrictions it places on program participants.

Key findings highlighted in the reports include:

- Federal TANF requirements regarding work participation and eligible training opportunities significantly hinder the Jobs First program's ability to meet the needs of program participants
- Lack of resources has significantly hindered the ability of Jobs First administrators to provide case management and education/training opportunities, key to helping families move out of poverty
- The Jobs First program is overly focused on meeting the federal work participation rate, and therefore cannot focus on helping families secure stable employment, achieve long-term stability, and move out of poverty
- Families face multiple and persistent barriers to obtaining and maintaining gainful employment, which should be addressed as part of the TANF program
- Without increased education and training opportunities in competitive, relevant fields that pay a living wage, families cannot escape poverty

Most importantly, **the responses of our focus group participants highlight that Connecticut's current Jobs First program is not moving families out of poverty and into stable jobs that pay a living wage.**

In fact, it is worth noting that **of the over 50 recipients of cash assistance interviewed for our report, not one felt that he/she had moved out of poverty and into stable employment**.

Before we explore the ways in which we can improve the TANF Block Grant and affect long-term change, it is important to first gain a more complete understanding of who exactly the families are who utilize the assistance provided through the TANF Block Grant. **These families have names and they have stories; *they are not just arbitrary numbers that count toward a state's work participation rate.*** It is important to understand the unique challenges and significant barriers to work they face in comparison to the majority of the working population. These barriers make the transition from poverty into stable employment and self-sufficiency all the more difficult for these families.

These barriers include, but are not limited to:

- Access to safe and reliable childcare.
- Access to reliable transportation.
- Lack of available jobs.
- Limited education.
- Limited educational opportunities. Opportunities for adult basic education and post-secondary educational opportunities are limited for individuals on cash assistance due to federal requirements defining appropriate "work" activities and state requirements limiting the amount of time individuals have to complete any educational activities.
- Physical and cognitive disabilities. In particular, mental health needs can make it difficult for individuals receiving cash assistance to obtain and maintain stable employment. Often it is their mental health needs that lead them to the crisis situation that requires them to apply for cash assistance.
- Abusive partner relationships.
- Limited English proficiency.
- Lack of child support payment and father-involvement.
- Responsibility to care for other family members, not just their children.
- Homelessness.
- Difficulty maintaining stable employment while also participating in additional education and training opportunities. [1]

Most families enrolled in Connecticut's Jobs First program experience many of these challenges concurrently, finding it difficult to overcome one without overcoming the other. The Jobs First participants we spoke with emphasized their discontent and often embarrassment for needing to utilize government assistance. Each expressed a strong desire to work and to become self-sufficient. All wanted to provide for their children and families without the need for government assistance.

Unfortunately, Connecticut's Jobs First program often emphasizes its need to comply with federal work participation requirements over its need to meet the unique needs of families experiencing financial crisis. The contributing factors to financial need exceed the need for a job. Unfortunately, the requirements of the federal TANF Block Grant actually provide incentive for states to treat the symptom rather than the illness. **This approach yields neither long-term change nor significant gains for families trying to escape poverty.**

One reason TANF does not succeed in moving families out of long-term poverty is that it was not designed to respond to the needs and challenges of a changing and often tumultuous economy. The program requires families to meet work participation requirements in times of economic prosperity where industries expand and jobs abound, as well as in times of deep economic recession where even middle class families struggle to maintain employment. Families on TANF face even greater challenges during economic recession.

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[1] "Welfare to Work, or Welfare to Worse?" A study conducted by the Connecticut Alliance for Basic Human Needs. Prepared by Ellen Small. Spring 2010.

For example, poverty rates did decrease after welfare reform during a period of greater economic prosperity during the late 1990s and more families on TANF found work. **These gains, however, have proven unsustainable as two economic recessions during the 2000s have stymied poverty reduction efforts and led to increased poverty levels.** As work opportunities evaporate, TANF families are simply running out of options.

According to the Annie E. Casey Foundation's 2011 KIDS COUNT Data Book, child poverty rates have risen significantly over the past few years:

> "Pre- and post-2000 trends are clearly illustrated by changes in the rate of child poverty. Between 1994 and 2000, the child poverty rate fell by nearly 30 percent. This was the largest decrease in child poverty since the 1960s. **Since 2000, however, the child poverty rate has increased by 18 percent, meaning that the economic recession of the past few years effectively wiped out all of the gains we made in cutting child poverty in the late 1990s.** In 2009, 2.4 million more children lived in poverty than in 2000, and many experts predict that the child poverty rate will continue to increase over the next several years." [2]

It is important to note, however, that the stated goals of the program are actually to simply provide a temporary cash supplement and to move participants into jobs – **not to lift families out of poverty.**

This is certainly not to say the program does not benefit families. On the contrary, participants told us repeatedly just how valuable the cash assistance component of the program proved in helping their families avoid complete financial crisis. **It is my strong position that the cash assistance component of the TANF block grant is a life-preserver for some of our nation's most vulnerable families.** The removal or reduction of this vital safety net would be disastrous.

But TANF can do more: this program has the unique opportunity to not only provide temporary aid to families who are in crisis, but also to lift them out of poverty; to train them to perform in jobs that will pay a living wage and provide opportunities for upward mobility; to ensure the future economic security for families receiving assistance through TANF.

A former recipient of cash assistance in Norwich, Connecticut highlights the problem with TANF's "work-first" approach:

> "They try to get you into programs or trainings quickly because that will allow them to get you off assistance faster – but it won't get you out of poverty." [3]

I would argue that TANF's overall framework – a singular focus on "work first" – actually impedes the greater success of the program and hinders families from escaping poverty.

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[2] "2011 KIDS COUNT Data Book: Summary and Findings." Annie E. Casey Foundation. 2011. http://datacenter.kidscount.org/databook/2011/OnlineBooks/2011KCDB_FINAL_S_f.pdf

[3] "Increasing Opportunity: Improving the Jobs First Employment Services Program." Prepared by Ellen Small Billard. CABHN and the Welfare Working Group of Connecticut. November 2010.

The work-first approach is particularly problematic as:

- **Families face multiple barriers to obtaining and maintaining employment.** These barriers must be addressed if families are to move off of welfare and into work permanently.
- **Finding work right now is extremely difficult, even for middle-class, educated, and skilled workers.** Lower-income families tend to have fewer skills, less education, and access to fewer resources. The program must provide additional funding and flexible requirements in times of increased financial hardship and greater unemployment.
- **The TANF program must move families into jobs that pay a living wage,** rather than requiring them to meet strict work participation requirements that only serve to push them into low-wage jobs.

According to Elizabeth Lower-Basch of the Center for Law and Social Policy (CLASP), this push for "work first" hinders opportunities for program participants to further their education and hone skills that would allow them not only to secure stable employment, but also to increase their future earnings potential:

> "With 'work first' as the mantra, most recipients were denied the opportunity to participate in education and training that might have given them access to better jobs. Instead, they were pushed into a labor market full of low-wage jobs that did not provide enough income to make ends meet. **Research has shown that too often these jobs fail to serve as stepping stones to better jobs in the future**." [4]

Thus, TANF participants find themselves trapped both by the need for temporary cash assistance and the program's strict work participation guidelines. Although the program does provide vital cash assistance to families in crisis, it does not ensure these families will move well beyond the verge of crisis and permanently out of poverty.

The responses we received from Connecticut's Jobs First program participants clearly demonstrate that **job training and educational opportunities are imperative to moving families out of poverty.**

A participant of Connecticut's Jobs First program in Hartford, Connecticut said:

> "How do you expect people to get a job if they don't have an education? I wanted to go to school and get an education. I did NOT want to receive cash assistance. But I had to care for my child, and I was not able to comply with the Jobs First program if I went to school. *You have to help people get a real education, not just give them certificates for trainings."* [5]

TANF program participants need skills, not just jobs.

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[4] Lower-Basch, Elizabeth. "TANF Policy Brief." Center for Law and Social Policy. Updated January 24, 2011.
[5] "Increasing Opportunity: Improving the Jobs First Employment Services Program." Prepared by Ellen Small Billard. CABHN and the Welfare Working Group of Connecticut. November 2010.

Without additional education and training, they do not have the upward mobility to attain stable jobs that earn a living wage and raise their family out of poverty. They will remain trapped in low-wage jobs, teetering on the verge of financial crisis, if we do not invest our resources in ensuring their future economic security.

Although the goal of securing stable employment is certainly laudable, the achievement of this goal should not come at the expense of a family's opportunity for future economic security. **Instead, the primary goal of the TANF program should be to lift families out of poverty, not merely to move them into low-wage jobs.**

One of our focus group participants in Norwich, Connecticut highlights the benefits of such an approach:

> "If the state provided Jobs First participants with training and education that could actually lift them out of poverty, they would have better jobs and pay more taxes in the long run. I want to pay taxes! I want to move out of poverty." [6]

I urge this subcommittee to recommend a framework shift for the TANF Block Grant program that emphasizes long-term positive outcomes, rather than short-term fixes; a shift that invests in the future of America's workforce by training more skilled laborers, rather than just pushing workers into low-wage jobs that will not help them escape poverty.

Specifically, CABHN supports a revised TANF framework that:

- **Shifts program focus from work participation requirements to a more outcome-based model which focuses on moving families out of poverty, rather than just off of cash assistance.**
  - Current work participation measure places unfair burdens on families in crisis and on states as it encourages moving individuals off cash assistance and into jobs quickly.
  - Program currently is not designed to ensure families move into gainful, sustainable jobs and achieve self-sufficiency.
- **Permits more education and training options to count toward federal work participation rates, thus creating greater opportunity for future economic security.** This includes increased access to subsidized employment, Adult Basic Education, developmental education, post-secondary education, and specialized training in competitive, growing fields.
  - Parents enrolled in cash assistance are often discouraged from pursuing adult basic education or post-secondary educational opportunities because of pressure to participate in activities that count toward federal work participation requirements.

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[6] "Welfare to Work, or Welfare to Worse?" A study conducted by the Connecticut Alliance for Basic Human Needs. Prepared by Ellen Small. Spring 2010.

- **Increases work supports for parents receiving TANF cash assistance.** This includes expansion of the federal Earned Income Tax Credit and increased funding for subsidized child care that will aid parents with young children to obtain and maintain stable employment.

Participants in the TANF program want to get good jobs. They want to escape poverty. They want to provide opportunity and economic security for their families. They don't want to live off of government assistance.

One of our focus group participants exemplifies this desire:

> "Whoever says, 'When I grow up, I want to be on welfare?' Who actually wants to be in this situation?" [7]

Revising the framework of the TANF Block Grant as suggested above will prove a significant step in reducing poverty and reducing the need for cash assistance nationwide. In addition, it will prove a wise investment in the future economic security of some of America's most vulnerable families.

Finally, these revisions will transform the TANF Block Grant from a program that serves as a temporary band-aid for families experiencing economic crisis to a program that stabilizes families in crisis and equips them to become productive members of America's workforce.

Thank you for your time and consideration to improving this valuable and necessary program.

Ellen Small Billard, MSW

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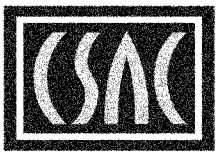
[7] "Welfare to Work, or Welfare to Worse?" A study conducted by the Connecticut Alliance for Basic Human Needs. Prepared by Ellen Small. Spring 2010.

County Welfare Directors Association of California and the California State Association of Counties

CWDA



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Statement for the September 8, 2011 Hearing Record

TANF Reauthorization: Improving Work and Other Welfare Reform Goals

Submitted by
The County Welfare Directors Association of California
and
The California State Association of Counties

The County Welfare Directors Association of California (CWDA) and California State Association of Counties (CSAC) welcome the opportunity to submit a statement for the record on the reauthorization of the Temporary Assistance for Needy Families Program.

CWDA represents the human service directors from each of California's 58 counties. CWDA's mission is to promote a human services system that encourages self-sufficiency of families and communities and protects vulnerable children and adults from abuse and neglect.

CSAC represents county government before the California Legislature, administrative agencies and the federal government. CSAC's long-term objective is to significantly improve the fiscal health of all California counties so they can adequately meet the demand for vital public programs and services.

In California, counties administer and provide county financial support for social services programs, with oversight from the state.

During the recession, California's TANF (known as CalWORKs) caseload has increased 32 percent since 2007. It continues to rise, given the State's sustained high unemployment rate. In 2009, there were 1,368,207 CalWORKs cases. Unemployment is currently 12.1 percent, the second highest rate in the nation.

Due to rising caseloads and high unemployment rate, California's counties worked closely with the State last year to access the TANF Emergency Contingency Fund (TANF-ECF) created under the American Recovery and Reinvestment Act. Approximately 45,000 subsidized jobs in California were created with TANF ECF

funding. Counties worked with small business and non-profit sectors to identify jobs and place CalWORKs and summer youth recipients in them.

All 58 California counties participated in the TANF-ECF program, which also provided low-income families with non-recurring short term assistance or basic assistance to meet a families' ongoing needs. In Los Angeles County alone, more than 10,000 CalWORKs recipients and 15,000 summer youth were placed into subsidized jobs. In addition, the San Francisco Jobs NOW program placed over 3,800 low-income persons into subsidized jobs. Nationwide, about 260,000 persons were placed into jobs with TANF-ECF funding.

Due to its success in getting individuals back to work, CWDA and CSAC urge that a similar subsidized employment program be created in a TANF reauthorization bill.

We also note that there is concern among Subcommittee members about the expenditure of TANF cash assistance in casinos and other adult entertainment venues. As noted in Chairman Davis' opening statement, California has acted to address this issue. We wish to highlight, however, that the withdrawals of cash at ATMs in casinos constituted less than .05 percent of the $3.4 billion in EBT CalWORKs cash redemptions in 2009.

As the Subcommittee considers reauthorization of TANF, California's elected county officials and human services directors have crafted a set of TANF reauthorization priorities delineated below.

These recommendations are organized around four guiding principles:

- Maintain the overall work focus of the program, while recognizing that "work first" does not mean "work only." Research indicates that the most successful welfare-to-work programs combine work with training and supportive services, as appropriate.
- Restore and enhance state (and, in California, county) flexibility to tailor work and family stabilization activities and services such as child care to families' individual needs.
- Measure states' performance in a fair and comprehensive manner that recognizes multiple potential positive outcomes for families.
- Rebuild the partnership between the federal government, states and counties and move forward with common goals.

Maintain Work Focus, With Training and Support for Families

1. Recognizing that not every family can immediately enter the workforce, especially in the current economic climate, countable work hours should be expanded to include:

    a. Vocational training and education for up to 24 months (current limit is 12).

b. A longer period of job search and job readiness training, including participation in job search/job readiness through the life of a case if combined with work and elimination of the four-consecutive-week constraint for job readiness activities.

c. English as a Second Language training and GED preparation.

d. Additional supportive activities such as mental health and substance abuse treatment.

2. Encourage and enhance linkages across programs to better serve families. Because many families have involvement in multiple systems, encourage collaboration and give states a clear ability to share basic information between TANF and other agencies, such as child welfare, education, workforce development and child support agencies. Incentivize states to serve families across these programs.

Restore and Enhance Flexibility and Trust

1. Recognize participation in work activities in a manner that reflects labor market conditions and the realities of families served by TANF, by:

   a. Establishing a pro-rata credit for partial participation in work and work-related activities, including hours spent in non-core activities.

   b. Eliminating the unrealistic 90% two-parent participation rate. The all families rate should apply to all cases.

   c. Restoring the pre-Deficit Reduction Act (DRA) exclusion of families without an aided adult from the work participation rate calculation. States like California chose to aid children independent of their parents or caregivers in a number of circumstances, which allows the counties to keep in contact with these families, spot problems and work with families to overcome issues that arise. Federal rules should not penalize states like California for this decision or, worse, force these states into a situation where they have no choice but to consider cutting off assistance to these children and losing all contact with struggling families.

   d. Recognizing activities that help stabilize families as participation in work activities.

2. Encourage stable funding and maximize effectiveness of TANF funds, by:

   a. Increasing the availability of funds to offset lost purchasing power due to the TANF block grant, with new funding targeted toward cash assistance for families or services to help aided parents, and non-custodial parents, find and retain employment. To the extent that state participation is required, use a more traditional matching structure rather than an all-or-nothing MOE.

b. Not establishing a national TANF error rate, given that the program was block-granted and states given flexibility to create programs that vary widely.

3. Provide for reasonable time to engage families. Specifically, states should have the option, on a case-by-case basis, of excluding new cases from the work participation rate for the month of application and the month following application, recognizing that most states take 30 to 45 days to process an application and provide benefits retroactively, making the third month of assistance the first month in which a family can realistically be engaged in work activities for a full month.

Measure Performance Fairly and Comprehensively

1. Start with a clean slate. The Deficit Reduction Act and subsequent rules represented substantial program changes, which took states many months to implement and have caused work participation rate calculations to also be delayed at the federal level. Further, the current deep recession has negatively impacted states' ability to help clients find and retain employment. Because these changes, as well as the current recession, will negatively impact states' participation rates, we recommend using state performance between FFY 2008 and FFY 2011 as a baseline to measure improvement into the future, rather than a basis for penalties that would only serve to pull resources out of TANF (or other needed human services programs) due to state budget crises.

2. Give states the option to use additional performance measures. The work participation rate is not the only measure of program success. Additional measures should be developed, in partnership between the federal government, states and counties, which could be used to measure the impact of both TANF assistance and non-assistance expenditures. Possible examples include employment wages and job retention.

3. Recognize the impacts of unemployment on TANF participation. States should be given additional credit toward their work participation rates if the state's unemployment rate has risen above a base rate (we suggest using FFY2005 as the baseline). For example, for every 1 percentage point increase in the unemployment rate above its FFY2005 baseline rate, the state could receive 5 percentage points credit toward its work participation rate. This is consistent with research done by Beacon Economics (2009) which cited several studies indicating that a one-point rise in unemployment rates raised AFDC caseloads by as much as 6 percent.

Rebuild the Partnership

1. Identify and build on common goals. The four purposes of TANF, which are clearly delineated in the 1996 enabling legislation, provide a framework for the program's next phase. This reauthorization offers an opportunity to consider how to best work together at all levels of government, and across program lines, to help children and families in poverty move toward self-sufficiency. Counties encourage the federal government to view us as partners and to engage us in TANF reauthorization as well as the development of program rules and regulations.

2. Revise onerous work verification requirements. The Deficit Reduction Act and subsequent program rules moved states away from the task of enhancing work participation and family self-sufficiency and back towards the process-heavy Aid to Families with Dependent Children model. Overly stringent work verification requirements negative impact employers, educational institutions, service providers, clients and counties. States and counties welcome effective program oversight, but urge a more outcome-driven focus more consistent with the TANF program envisioned in 1996.

Thank you for giving CWDA and CSAC the opportunity to submit this statement for the record. We stand ready to assist the Subcommittee as it prepares to reauthorize the program.

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Feminists for Life of America

Statement by Feminists for Life of America

Submitted to the House Committee on Ways and Means to be included in the record of the
Subcommittee on Human Resources
September 8, 2011 Hearing on
"Improving Work and Other Welfare Reform Goals"

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As advocates for women and children, we know that Temporary Assistance for Needy Families (TANF) is a vital resource for women and families living in poverty. Ninety percent of adult welfare clients are mothers, and children outnumber adults 2 to 1 on welfare rolls. Census Bureau reports this year tell us that 9.2 million families were living in poverty in 2010, with 1 in 5 children under 18 living in poverty. We also know that 69% of women who have abortions cite lack of financial resources in their decision to abort. As the committee considers how to address the needs of the poor and working poor, we ask the Chair and members to remember the woman.

The support women and their children receive through TANF is valuable not only to the recipients, but also to those who serve them. Pregnancy resource centers and local social service agencies depend upon services and opportunities TANF provides in order to direct their pregnant and parenting clients to needed resources. In fact, in its report *A Passion to Serve, A Vision for Life,* the Family Research Council lists a large number of TANF's resources in its directory of "community networks and public health linkages."

Feminists for Life includes TANF as a source of help in literature for pregnant women and parents—our "You Have Better Choices" brochure and "Raising Kids on a Shoestring," a national resource directory for pregnant women and parents.

Recent Guttmacher Institute reports indicate that 61% of women who have abortions already have at least one child. This fact coupled with the knowledge that two-thirds of women abort because of economic pressures tells us that in many instances, women feel driven to make a modern-day "Sophie's Choice"—choosing between the best interests of their born and unborn children. We empathize with these women and ask the committee to consider these untenable situations during their deliberations.

We already know the perils of failed policy when it comes to TANF. Since TANF's inception, Feminists for Life has worked to educate legislators about the punitive effects of the family cap and similar measures. In numerous studies, the family cap has proven to be ineffective in reducing the number of pregnancies (planned or unplanned). In 2001, Congressman Chris Smith of New Jersey cited a GAO report on the family cap's effect on out-of-wedlock births. The Congressman stated the "GAO report confirms what I and many others have been saying: that cutting support for women receiving TANF benefits if they have another child would only lead to increased poverty and possibly more abortions, not fewer pregnancies."

According to two different studies, the family cap has been linked to a rise in abortion rates. A study conducted at Rutgers University reported that when the family cap was instituted in New Jersey, the first state to implement the child exclusion policy, the result was an increased 1,429 abortions among welfare recipients. A second study looking into the family cap in Arkansas found a similar correlation between the family cap and abortion rates. In 2006, researcher Rebekah Smith wrote in the *Harvard Journal of Law and Gender*, "when faced with

the birth of a child for whom no assistance will be available for basic necessities, a woman may choose abortion as the state-sanctioned remedy."

In addition to our efforts against the family cap, Feminists for Life has worked to make education more accessible to pregnant women and parents—including those among the poor and working poor. The latest Census poverty data shows that 26.3% of those without a high school diploma are poor compared to 10.9% of those with at least "some college." Affordable and family-friendly education is the key to reducing the feminization of poverty. A study called "Yesterday's Non-traditional Student is Today's Traditional Student" recently published by CLASP shows that 23% of undergraduates are student parents. Many of these parents rely on public supports like Pell grants or TANF when working their way through school. In considering how to reform TANF, we would ask the committee to include more opportunities for those who wish to build their livelihood through higher education—with particular attention to policies that allow for the pursuit of 4-year degrees.

Women in abusive situations also face great and increasing challenges under the current welfare system. While states can choose to provide for domestic abuse counseling and support, these programs are limited in scope and vary from county to county and city to city. In addition, federal policy allows states' TANF programs to offer financial incentives for couples who decide to marry. These fiscal policies can encourage some women in desperate poverty to become legally committed to an abusive partner.

Additionally, one of the legal requirements of receiving TANF is that recipients must pursue child support enforcement. While FFL has long been an advocate of increased child support enforcement, we cannot ignore the complexity of some of the relationships involved and the possibility that violence is a factor. Because of this mandate in TANF, women may be forced into declaring the identity of the father (if they don't know for sure, as in cases of rape) and the state would follow up with collecting child support. Often there are reasons—sometimes cases of abuse—that fathers are omitted from the birth certificates in the first place. Christina Schnetzer of the Ohio Empowerment Coalition shared her personal experience the welfare and domestic violence at a briefing on Capitol Hill in 2010. Schnetzer said,

> After divorcing a violent man, I did once again face violence… I am sickened that, after years of trying to find adequate counseling, I found no real help. No real relief. Even ten years later, the family violence option that was enacted in Ohio lost funding before the remaining 15 counties were trained through Child and Family Services to even recognize domestic violence. My county was one of the fifteen. But a family counselor at a conference did tell me about a program that paid people to get married under TANF guidelines.

Schnetzer's first marriage was an abusive one, but it offered financial security; and so, like so many women, she felt trapped in it. FFL asks the committee to keep women like Christina

Schnetzer in mind when considering how to shape child support enforcement or violence prevention policies in TANF.

TANF is a crucial support for families struggling to climb out of poverty. While reforms are necessary to ensure the best use of federal and state resources, we implore the committee to consider how its proposed changes will affect women's decisions and well-being. As always, Feminists for Life remains available to committee members that have questions or would like further comment.

Goodwill Industries International

Testimony Submitted for the Record
United States House of Representatives
Committee on Ways and Means
Subcommittee on Human Resources
Hearing on Improving Work and Other Welfare Reform Goals
Submitted on September 22, 2011

Submitted by
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Testimony Submitted for the Record
United States House of Representatives
Committee on Ways and Means
Subcommittee on Human Resources
Hearing on Improving Work and Other Welfare Reform Goals
Submitted on September 22, 2011

Mr. Chairman, Ranking Member, and Members of the Committee, on behalf of Goodwill Industries International, Inc., I appreciate this opportunity to submit written testimony on improving Temporary Assistance to Needy Families (TANF).

Goodwill Industries® is comprised of 158 independent, community-based Goodwill® agencies in the United States. Collectively, Goodwill's network of local agencies provides employment training, job placement services and other community services to nearly 2.5 million people annually. In addition, 170,000 people obtain meaningful employment as a result of Goodwill career services programs. Collectively, these employees earn $2.7 billion in salaries and wages and contribute to their communities as productive, taxpaying citizens.

Goodwill Industries looks forward to working closely with Congress, the Administration and other stakeholders to improve the TANF program (TANF) through the reauthorization process. Nearly 160,000 TANF recipients received Goodwill services last year. In addition, state TANF administrators referred 110,000 individuals to local Goodwill agencies for help.

Since TANF was created in 1996, Goodwill Industries has provided more than 1.5 million TANF recipients with pre- and post-employment services, including skills training, job search assistance, job retention support, and other career programs tailored to their needs. Goodwill career counselors seek to develop individualized career plans that aim to help people find jobs and move up the career ladder. Recognizing that it's not enough to just get a job, Goodwill agencies use a holistic "family strengthening" approach, and therefore provide or help provide access to a range of supportive services such as assistance with child care, transportation, and stable housing, The experience of our local agencies informs us that this strategy is very effective in helping people find a job, to remain attached to the labor force, and to advance in careers.

For example, the Goodwill headquartered in Louisville, KY is in its fourth year administering a TANF program to families in need. The program – known as the Power of Work program is funded by a grant from KentuckianaWorks and the Department of Community Based Services, and is aimed at moving families from temporary assistance into long-term work. Participants undergo an intensive, four week course in job preparation, including resume writing, mock interviews, and workplace etiquette and time management. A graduation ceremony is held at the end of the course – an occasion that, for many participants, marks their first graduation of any kind and provides them with a sense of accomplishment. "The face of TANF has changed," says Kimberly Boyd-Lane, program manager at the Goodwill. "There are people with master's degrees,

of all backgrounds, walking through our doors. If their basic needs of food, shelter and clothing are not being met, they are unable to concentrate on gaining and obtaining their goals." By completing the Power of Work program, participants free themselves from the cycle of poverty and gain a better qualify of life. As Boyd-Lane says, "They are not only getting a job, but getting into the field they're meant to." The experience of our community-based agencies informs us that this strategy is very effective in helping people find a job, to remain attached to the labor force, and to advance in careers.

Based on the experience of its network of local agencies in communities nationwide, Goodwill Industries International has the following recommendations:

Funding
The 2010 Census Bureau data recently revealed the largest number of poor people in the 52 years that poverty has been measured, 46.2 million, and the highest overall poverty rate, 15.1%, since 1993. The poverty rate for single mother families increased to 40.7%, the highest rate since 1997. A larger anti-poverty investment is urgently needed for the $16.5 billion block grant.

Goodwill Industries appreciated the emergency TANF funding as it created incentives for states to aid more poor families. The TANF Emergency Fund expired on September 30, 2010 resulting in the dismantling of subsidized jobs programs and decreases in cash assistance. More resources are needed to increase access and reduce barriers at the state and local level and to raise sub-poverty benefit levels.

Congress should reinstate the TANF emergency fund and expand the Administration's proposal to assist more families who are living in extreme poverty. In addition, Congress should address some of the structural flaws within the program during reauthorization this year.

Access Barriers
Goodwill agencies provide support services – including financial skills strengthening and services for youth and families – that enable people from all backgrounds and walks of life to obtain and maintain economic independence and an increased quality of life. Many of these individuals – particularly individuals with disabilities, limited English proficiency, or limited literacy – turn to Goodwill because they are ineligible for TANF assistance or have found it difficult to enroll and maintain enrollment in the program.

Goodwill urges Congress to consider strategies to increase access and reduce barriers especially for populations that have a history of unemployment rates that are higher than the national average. In addition, Congress should consider extending the 60-month lifetime limit to some of these harder-to-employ populations or waive the lifetime limit during emergency circumstances.

Education, Training, and Employment
Goodwill agencies take a holistic approach to providing job-training and other supports to people with barriers to employment. Many Goodwills run local one-stop centers through

the Workforce Investment Act (WIA) supported by the Department of Labor. States and localities have the option to include TANF programs in their centers and local Goodwills also offer these services, however more needs to be done to ensure that TANF is a true partner in the WIA system. As reported in a 2010 Government Accountability Office study, "several challenges including program differences between TANF and WIA and different information systems used by welfare and workforce agencies, inhibited state and local coordination efforts."[1] Goodwill is pleased to see the strides that the Department of Labor (DOL) and Health and Human Services (HHS) have taken to overcome these challenges.

Goodwills have been successful in working with TANF recipients in part due to strong ties within their communities. A Washington-based Goodwill agency provides a Community Jobs program funded through the Washington State Department of Commerce. The Community Jobs program is a subsidized employment and training program for TANF recipients. Parents enrolled in the program are job-ready but still possess barriers to achieving independent employment in the community. Participation in the program involves 20 hours of work experience training at a nonprofit work site – Goodwill pays the participants' wages during their training and is reimbursed for wages through the contract. In addition, participants must also participate in 10 hours in a job-training or educational activities, (i.e. activities such as GED or basic computer classes), and 10 hours of barrier removal (i.e. going to court, domestic violence classes, doctor appointments, etc.). Goodwill's Community Jobs program is successful in part due to the strong community partnerships the agency has and the experience in providing other types of services to alleviate barriers to employment.

Goodwill recommends that TANF reauthorization include a focus on collaboration between DOL and HHS to share best practices and outcomes via the one-stop centers, TANF administrators, and other social service providers.

Research shows access to education is closely linked to economic security. Many community-based Goodwills are collaborating closely with community colleges to leverage their unique strengths and resources to develop and deploy local joint ventures that support career advancement, family and financial strengthening skills development with stackable credentials, and job placement with career navigation support.

Goodwill recommends that Congress maintain provisions that allow participation in post-secondary education to count as training.

Innovation and Capacity Building

Hard economic times have led to an increase in the number of families seeking assistance from Goodwill not only for employment assistance but also for low-priced clothing and household products. Goodwill agencies are innovative and sustainable social enterprises that support job-training, employment placement services, and other community

[1] Government Accountability Office, "Support for Low-Income Individuals and Families: A review of Recent GAO Work" February 22, 2010, pg. 10.

programs. Goodwill sustains its services by selling donated clothes and household items at Goodwill retail stores and online, providing contract services, and securing grants and donations from private and public sources. Eighty-four percent of collective revenues raised go directly toward supporting and growing critical community-based programs and services.

A challenge for many nonprofits to address the rising need of individuals seeking assistance is related to the capitalization costs of expanding infrastructure. Congress recognized the potential for a system of capitalizing new Goodwill facilities in Section 413(h)(3)(A) of the Social Security Act, which allowed HHS to grant $10 million combined to two community-based Goodwills for the purpose of purchasing additional sites and the construction of new facilities. In exchange, the agencies were expected to demonstrate job placements for those leaving welfare to work with services funded by the proceeds from the new donated goods stores. A three-year evaluation of the grant showed that the agencies met and exceeded the placement quotas.

GII is requesting that Congress build on its success by capitalizing new Goodwill Job Connection programs in additional sites across the country. The purpose of the capitalization funds is to infuse capital into the network of Goodwills to accelerate its ability to build self-sustaining employment platforms in support of employment, training, and workforce development programs. Local Goodwills are established organizations with proven track records that have expressed their commitment to using federal capitalization funds to address the needs of their communities.

Goodwill believes that the capitalization model is an effective way for the federal government to address the immediate needs of communities in hard economic times through job training and placement programs while creating programs that will stand ready to address the changing needs of communities for the next 30 years and beyond.

Goodwill Industries urges Congress to support legislation that would allow self-sustaining social enterprises, like Goodwill, to continue to grow and meet the needs of their communities.

Conclusion

Thank you for taking the time to consider these recommendations. We look forward to working with Congress to consider changes to the TANF program that would result in providing improved supports for people who have low incomes. As our nation recovers from this economic downturn, Goodwill stands ready to leverage its existing infrastructure to supplement government programs that enhance the dignity and quality of life of individuals, families, and communities by eliminating barriers to opportunity and helping people in need to reach their fullest potential though the power of work.

September 22, 2011

The Honorable Geoff Davis
Chairman
House Committee on Ways and Means
Subcommittee on Human Resources
Washington, DC 20515

The Honorable Lloyd Doggett
Ranking Member
House Committee on Ways and Means
Subcommittee on Human Resources
Washington, DC 20515

Dear Chairman Davis and Ranking Member Doggett,

Thank you for your work to ensure TANF beneficiaries have opportunities to obtain meaningful employment and become self-sufficient. As you continue this critically important work, **the undersigned organizations are writing to ask that you actively oppose any legislation that would mandate suspicionless drug testing for TANF beneficiaries**. Conducting suspicionless drug testing of all TANF beneficiaries would place unnecessary financial burdens on taxpayers and state budgets in order to enact an ineffective policy. Not only is drug testing costly and prone to returning false-positives, but the provision of a drug test also does nothing to address drug dependence and other underlying issues. Denying nutrition, shelter and other basic assistance would punish families with children during an economic downturn. In addition, a federal mandate to states to drug test all TANF applicants and recipients would be duplicative since existing federal statute governing TANF already permits states to conduct drug testing. There is no basis for a new unfunded federal mandate to require states to do so.

Suspicionless drug testing is a flawed and inefficient way of identifying recipients in need of drug treatment. Claims that testing will save money are built upon the assumption that the tests will return a high number of positive results. However, welfare recipients use drugs at rates similar to the general population,[1] and the vast majority of TANF recipients do not use drugs. In Florida, where suspicionless drug testing is now the law, only 2% of those individuals tested have come up positive for illegal drugs.[2] Drug tests easily identify marijuana use but often miss cocaine, methamphetamine, and opiate-based drugs that ordinarily clear out of the body within a few days.[3] Tests do not indicate if a person is impaired, or whether they are using less than they have in the past. Drug testing also fails to identify other serious problems like alcohol dependence and mental health disorders. In addition, a federal district court invalidated a Michigan law in 2000 that mandated suspicionless drug testing of all welfare applicants violated the Fourth Amendment right against unreasonable searches.[4]

Methods of screening for drug dependence that are more cost-effective and reliable include in-person interviews and questionnaires that are less likely to damage the mutual trust relationship between social worker and client like a drug test would.[5] More than half the states use questionnaires designed to identify problem users and refer them to treatment (called a "screen-and-refer" method) that have high accuracy rates, are able to distinguish between drug

use and drug abuse, are able to also detect alcohol abuse, and are far less costly than drug testing.[6]

States should be spending what limited funding they may have on addiction treatment, counseling, replacement therapy and other services that will actually meet underlying needs. Although proponents of drug testing argue that it will encourage those who fail to seek drug treatment, their proposals generally fail to provide additional treatment funding to address the lack of capacity, even though drug treatment is an extremely efficient use of taxpayer money. Further, drug testing of TANF beneficiaries will perpetuate the stigma that keeps many individuals suffering from addiction from seeking the treatment they need and potentially applying for TANF assistance.

Suspicionless drug testing proponents have presented legislative proposals to require testing of TANF beneficiaries as a way to reduce budget deficits, but the evidence strongly discredits this assertion. Since most individuals refrain from using drugs on a regular basis, and the vast majority of testing kits can return false positives,[7] an enormous amount of taxpayer money would be spent on the small number of positive results that emerge from a much larger population that is tested. Accordingly, the cost per positive result from drug testing could be anywhere from $500 to thousands of dollars,[8] or may run between $20,000 and $77,000 per person, as businesses and government employers have found when they have done testing.[9] A report commissioned by the Idaho state legislature found that the cost of administering drug tests would exceed the taxpayer money saved from dropping individuals who failed a test.[10]

Children would be the biggest losers if a drug testing policy were implemented.[11] Denied access to the entire amount of basic assistance, families may be unable to meet children's core basic needs. Research shows that children who are denied public assistance are at greater risk of hospitalization and food insecurity.[12] Children suffer even when only the "adult portion" of the benefit is eliminated, and the impact on children may be even greater now since family budgets are already strained further by the recession. Furthermore, the recent Census Bureau report showing record levels of poverty in this country underscores the need to ensure children and families receive the benefits on which they rely.[13]

In conclusion, requiring suspicionless drug testing of TANF beneficiaries could adversely impact state budgets, impede more effective and efficient efforts to address problematic drug use, and dramatically increase the vulnerability of families and children struggling to make ends meet. It is unfair to expect the neediest among us to get drug tested in order to receive help, which is exactly why the South Dakota state legislature rejected a drug testing measure this year.[14] South Dakota was not alone as the vast majority of more than 30 states to consider drug testing legislation over the last year have rejected the idea.[15] We urge you to actively oppose drug testing of TANF beneficiaries and take all necessary steps to ensure that it does not receive consideration in Congress.

Sincerely,

A Better Way Foundation
ACLU

Advocare
American Probation and Parole Association
Blacks in Law Enforcement of America
Civic Trust Public Lobbying Company
Chicago Legal Advocacy for Incarcerated Mothers
Colorado Criminal Justice Reform Coalition
Correctional Education Association
Council on Addictions of New York State, Inc.
Desiree Alliance
Drug Policy Alliance
Drug Policy Forum of Hawaii
Drug Policy Forum of Kansas
Drug Policy Forum of Texas
Ella Baker Center for Human Rights
Families Rally for Emancipation and Empowerment
FedCURE
Friends of Recovery of Delaware and Otsego Counties, Inc.
Fortune Society's David Rothenberg Center for Public Policy
HIV Prevention Justice Alliance
International CURE
Jewish Social Policy Action Network
Law Enforcement Against Prohibition
Legal Action Center
Legal Momentum
Legal Services for Prisoners with Children
Los Angeles County HIV Drug & Alcohol Task Force

Maryland C.U.R.E.
Mennonite Central Committee U.S., Washington Office
Middle Ground Prison Reform
NAACP
NAADAC, The Association for Addiction Professionals
National African American Drug Policy Coalition Inc.
National Association for Public Health Policy
National Association of Social Workers
National Association on Alcohol, Drugs, and Disability
National Employment Law Project
National H.I.R.E. Network
National Lawyers Guild Drug Policy Committee
National TASC
NETWORK, A National Catholic Justice Lobby
Ohio Justice & Policy Center
Perspectives, Inc.
Prisoners & Families for Equal Rights and Justice
Public Interest Law Center of Philadelphia
Public Justice Center
Rainbow PUSH Coalition

Recovery Association Project
Reentry Central
Safe Streets Arts Foundation
Safer Alternative for Enjoyable Recreation
St. Leonard's Ministries
Sargent Shriver National Center on Poverty Law
Sensible Colorado
Social Action Linking Together (SALT)
StoptheDrugWar.org
TASC, Inc. (Illinois)
The Leadership Conference on Civil and Human Rights
The Real Cost of Prisons Project
Treatment Communities of America
United Methodist Church, General Board of Church and Society
Virginia CURE
Women's Alliance for Theology, Ethics and Ritual
Women's ReEntry Network

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LEGAL
momentum
The Women's Legal Defense
and Education Fund

Statement of Legal Momentum

Submitted to the House Committee on Ways and Means to be included in the record of the Subcommittee on Human Resources
September 8, 2011 Hearing on
"Improving Work and Other Welfare Reform Goals"

395 Hudson Street New York, NY 10014 T 212.925.6635 F 212.226.1066 www.legalmomentum.org
Legal Momentum is the nation's oldest legal defense and education fund dedicated to advancing the rights of all women and girls.

We agree with Chairman Davis that significant improvements are needed in the Temporary Assistance for Needy Families (TANF) program. In the wake of the recently released data on poverty in 2010,[1] we also hope that the Committee will acknowledge that TANF falls far short of adequately achieving its stated purpose to "provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives," 42 U.S.C. § 601(a)(1). We urge the Committee to focus its attention on this issue.

Currently, TANF barely functions as a safety net.[2] It aids only about one fifth of poor children, and its benefit amounts are far below the official poverty standard. In many places, TANF is administered in a fashion that seems intended to make it difficult for needy families to access benefits. TANF's sub-poverty benefits condemn millions of women and children to the most extreme poverty, exposing many to hunger, eviction, and other serious material and social deprivations. Such hardship in a country as rich as ours violates basic principles of social justice and human rights.

TANF's flaws especially impact single mother families, over 40% of which live in poverty. About 90% of adult recipients of TANF are single mothers, over half with a child below age 6 and over a quarter with a child below age 2. A third of adult recipients have a disability, a substantial portion are domestic violence victims, and 40% lack a high school degree.

We urge Congress and the Obama Administration to move forward with comprehensive reauthorization legislation that will increase federal funding and raise participation rates and benefit levels in TANF.

FAR TOO FEW POOR FAMILIES RECEIVE TANF

TANF was created in 1996 to replace AFDC. In 1995, AFDC's last full year, AFDC aided 84% of eligible families and the monthly number of child recipients averaged 62% of the number of poor children. In 2010, TANF aided no more than 40% of eligible families, and the monthly number of child recipients averaged only 21% of the number of poor children.

TANF BENEFITS ARE MUCH TOO LOW

In every state, TANF benefit levels are far below the official poverty line, currently $1,526 a month for a family of three.[3] In July 2010, the state benefit level for a family of three ranged from $170 to $923 a month and was $432 (28% of poverty) in the state with the median state benefit level. Since TANF's enactment, benefits have declined in real value in all but three states, with a decline of 20% or more in 30 states.

TANF HAS BEEN WOEFULLY UNRESPONSIVE TO THE 'GREAT RECESSION' AND ITS CONTINUING AFTERMATH

Although the "Great Recession" that began in December 2007 technically ended in June 2009, high rates of poverty and unemployment continue. In contrast to other federal programs like SNAP (formerly Food Stamps) TANF has been largely unresponsive to the increased need. While family poverty increased 1.2 million from 5.8 million poor families in 2007 to 7.0 million poor families in 2010, monthly TANF enrollment increased only 190,000 from 1.73 million families in 2007 to 1.92 million families in 2010. Similarly, while SNAP enrollment increased 63% between December 2007 and March 2011, TANF enrollment increased only 14% in this period.

TANF REAUTHORIZATION MUST INCREASE PROGRAM RESPONSIVENESS AND STATE ACCOUNTABILTIY FOR AIDING NEEDY FAMILIES

TANF reauthorization must result in new accountability mechanisms to halt and reverse the continued decline in TANF participation among poor and eligible families. There should be access protections like those in SNAP and a financial bonus system like that in SNAP that rewards states achieving high participation rates.

Other changes are also essential if TANF is to become an effective safety net. Benefits must be raised. Education and training for living wage employment must be encouraged. Funding for child care and subsidized employment must be increased.

(For further information, contact Timothy Casey, tcasey@legalmomentum.org, 212 413-7556)

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[1] See Legal Momentum (2011), *Reading Between The Lines Women's Poverty In The United States, 2010,* http://www.legalmomentum.org/our-work/women-and-poverty/resources--publications/reading-between-the-lines.pdf; Legal Momentum (2011), *Single Mother Poverty in the United States in 2010,* http://www.legalmomentum.org/our-work/women-and-poverty/resources--publications/single-mother-poverty-2010.pdf.

[2] See Legal Momentum (2011), *Welfare Reform at Age 15: A Vanishing Safety Net for Women and Children,* http://www.legalmomentum.org/our-work/women-and-poverty/resources--publications/welfare-reform-15.pdf; Legal Momentum (2010), *The Sanction Epidemic in the Temporary Assistance for Needy Families Program,* http://www.legalmomentum.org/assets/pdfs/sanction-epidemic-in-tanf.pdf; Legal Momentum & National Resource Center on Domestic Violence (2010), *Not Enough: What TANF Offers Family Violence Victims,* http://www.legalmomentum.org/assets/pdfs/not-enough-what-tanf-offers.pdf; Legal Momentum (2009), *The Bitter Fruit Of Welfare Reform: A Sharp Drop In The Percentage Of Eligible Women And Children Receiving Welfare,* http://www.legalmomentum.org/assets/pdfs/lm-tanf-bitter-fruit.pdf.

[3] See Center on Budget Policy and Priorities (2010), *TANF Benefits Are Low And Have Not Kept Pace With Inflation,* http://www.cbpp.org/files/10-14-10tanf.pdf; Legal Momentum (2009), *Meager And Diminishing Welfare Benefits Perpetuate Widespread Material Hardship For Poor Women And Children,* http://www.legalmomentum.org/assets/pdfs/tanf-meager-benefits.pdf.

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Title of Hearing: Improving Work and Other Welfare Reform Goals

Documented need for CASH ASSISTANCE – We have documented 266 families with children within the Greenbrier Connections Collaborative area (Monroe, Greenbrier, Summers, Pocahontas counties) that have no cash income. One recommendation in regard to the capacity "Families have an enhanced capacity to provide for their children's needs" is to create a direct connection between federal food stamp (SNAP) participants and an additional guaranteed minimum cash income of $6,000.00 a year or $500.00 a month to all families with children. This would mean the difference of a family having a roof over their head and being able to stay together. The cost to the government for homelessness would decline if a family had the cash needed to stay in their home.

One area not being addressed in looking at foster care, adoption and Child Protective Services (CPS) is the ability of the family to provide basics for their children. Without cash, we would all be at risk for being evicted for non-payment of rent or our mortgage. We would be at risk of losing our automobile to repossession. We would be at risk of having our utilities turned off by the electric and water companies for nonpayment. This in turn would make us at risk for neglect of our family/children if we could not provide shelter, utilities, etc. We would not be able to look for a job, much less keep a job if we did not have transportation, especially in rural areas. These stresses on families would multiply which could lead to domestic violence and child abuse. This in turn could lead to a CPS investigation and the possibility of a family losing their children. Then a child is placed in foster care and someone is paid $600.00 a month per child to care for the child. In our current economic recession, many families are facing the scenario described above for the first time in their life. They soon become aware that a $340.00 TANF check once a month will not pay the rent, utilities, auto payment, auto insurance, health insurance, taxes, etc…

While researching family income and the ability of families to pay for basics, we were finding families with no cash income. Monroe County already knew this was a growing problem since they have a flex fund that helps families as a fund of last resort in existence for ten years and have been identifying families with no cash income as part of the application process. Upon further investigation, a 2007 USDA report about incomes of SNAP cases said that 15% of all cases nationwide have no cash income. Within the four county collaborative we work in, that would come to 750 SNAP cases if we used the 15% national percentage. We estimate that more than 20,000 SNAP cases/families in West Virginia have no cash income. We requested data from local, regional and state officials beginning in March 2009 to determine actual

numbers of SNAP cases with no cash income. We were finally successful in July 2009 to receive the requested data from a state level person for the month of June, 2009. The actual number in our four county collaborative was higher than our 15% estimate. There were 811 SNAP cases with no cash income. 266 of these 811 SNAP cases/families have children. Greenbrier County has 138, Monroe County has 55, Pocahontas County has 26 and Summers County has 47 families with children with no cash income.

Our next step was to determine how many of the 266 SNAP cases/families with children in our collaborative area were CPS cases. How many had been investigated? How many of the 266 families had lost their children due to neglect? We are still trying to get accurate statistics. This information should be easy to get by the state DHHR office. The CPS intake form on page 2 has Demographic-Employ/Income/School and says Enter the Approximate Monthly Gross Income. This information is available at http://www.wvfacts.org/WVFact/learning/guides/Intake/CPS_Intake.htm

According to a NCANDS report provided to our collaborative there were 1,588 (duplicated) CPS referrals in 2006. These were listed by allegation type as follows: Physical Abuse 282, **Neglect or Deprivation of Necessities 580**, Medical Neglect 23, Sexual Abuse 71, Psychological or Emotional Maltreatment 184, No Alleged Maltreatment 372, Other 76. It is clear that neglect or deprivation of necessities were highest for CPS referrals in 2006.

The Center for the Study of Social Policy states that child neglect can be a consequence of family crisis, such as stresses associated with the lack of resources. We live in a material world in America. As of January 21, 2009, there were 8,928 TANF families in West Virginia according to a USDHHR report. A report by the Child Welfare League of America: Advocacy: State Fact Sheets 2009 for West Virginia gives the following data: The number of families receiving TANF in March 2008 was 8,569, a 12.3% decrease from March 2007. The total number of individuals receiving Temporary Assistance for Needy Families (TANF) in West Virginia decreased from 23,271 in March 2007 to 18,702 in March 2008, a decrease of 19.6%. In 2003, a family of three receiving only TANF and food stamp benefits in West Virginia was at 42.4% of the federal poverty guidelines. In 2006, West Virginia spent $115,049,674.00 in TANF funds. These funds were used as follows:

1. 32.4% on basic assistance
2. 3.93% on child care
3. 14.5% on transportation
4. **49.2% on non assistance**

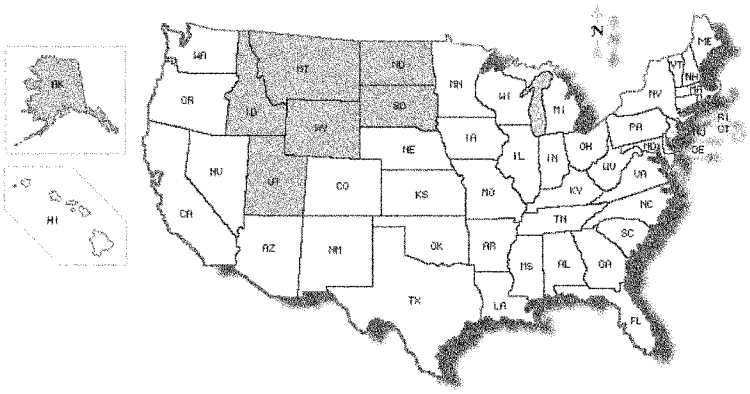
In 2007, West Virginia collected and distributed $179,519,305 in child support funds, a 2.7% increase from 2006. In these distressing economic times, it would be prudent to spend 100% of TANF funds on basic assistance for those already on TANF and those that have little or no cash income. The fact that 49.2% of TANF funds are spent on non assistance is open to question. Where is this money going? $6,000.00 divided into $115,049,674.00 TANF funds equals 19,175. This means that TANF funds could provide 19,175 families with $6,000.00 a year. As of March 2008, there were 8,569 families receiving TANF

which would leave enough current funding to provide 10,606 more families with $6,000.00 per year. MOE or Maintenance of Effort funds should only be used for basic assistance for families. No family in America should have to live without cash assistance.

The following information was taken from Supplemental Nutrition Assistance Program (SNAP) Studies:

1997	22.9 million people – 9% had no income = 2.061 million individuals with no cash income
1998	19.8 million people – 9% had no income = 1.782 millions individuals with no cash income
1999	18.2 million people – 8.5% had no income = 1.547 million individuals with no cash income
2000	17.2 million people – 8.4% had no income = 1.445 million individuals with no cash income
2001	17.7 million people – 9% had no income = 1.593 million individuals with no cash income
2002	19 million people – 11% had no income = 2.09 million individuals with no cash income
2003	21.3 million people – 12% had no income = 2.556 million individuals with no cash income
2004	23.9 million people – 13% had no income = 3.107 million individuals with no cash income
2005	25.7 million people – 14% had no income = 3.598 million individuals with no cash income
2006	26.7 million people – 14% had no income = 3.738 million individuals with no cash income
2007	26.5 million people – 15% had no income = 3.975 million individuals with no cash income
2008	28.4 million people – 16% had no income = 4.544 million individuals with no cash income
2009	33.7 million people – 18% had no income = 6.066 million individuals with no cash income

In March 2011 there were 8,025,719 individuals that had no cash income in America. That is more individuals than the populations of Wyoming, North Dakota, South Dakota, Montana, Idaho, Alaska and Utah



NOTES:
Population of Wyoming (544,270), North Dakota (646,844), South Dakota (812,383), Montana (974,989), Idaho (1,545,287)Alaska (698,473)Utah (2,763,885)= 7,986,645 individuals

6-15-11

We end this statement with a quote "I am convinced that the simplest approach will prove to be the most effective-the solution to poverty is to abolish it directly by a now widely discussed measure: the guaranteed income" - Martin Luther King Jr. in his final book Where Do We Go From Here: Chaos or Community? (1967) from the chapter entitled "Where We are Going".

We request consideration by the Committee and for inclusion in the printed record of the hearing. Thank you.

National Association of Working Women

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September 21, 2011

Statement by Linda Meric, Executive Director of
9to5, National Association of Working Women

Comments to be included in the record of the September 8, 2011 hearing on
"Improving Work and Other Welfare Reform Goals"

For the Human Resources Subcommittee
Of the House Ways and Means Committee
United States Congress

On behalf of the members and constituents of 9to5, National Association of Working Women, I urge you to take action to reauthorize and strengthen the TANF program to improve outcomes for low-income children and families.

9to5 is a 38-year-old national, membership-based organization of low-income women, working to improve policy on issues related to ending discrimination, strengthening the safety net, and creating good jobs with policies that promote family-flexibility. Many of our members are or have been directly affected by TANF, and have first-hand experience and knowledge about what works and what doesn't as they struggle to move themselves and their families out of poverty.

Over the last 15 years, TANF has failed to provide a path out of poverty or even a safety net for the nation's neediest families, those it was designed to assist in reaching economic self-sufficiency. Welfare caseloads have plummeted 57% since the law's enactment, but few families who have left TANF have achieved economic security. Assistance that was previously received by 3 of 5 children in poverty now reaches only 1 in 5. Benefits have been frozen at 1997 levels, meaning their actual value has dropped 30%; they are far below the federal poverty level.

Congress must enact legislation by September 30, 2011 to reauthorize or otherwise extend TANF. When TANF is reauthorized, significant changes are needed. Cash benefit levels must be increased to restore their value in real dollars. Efforts must be undertaken to ensure these basic benefits reach all of our nation's lowest-income children and families. Full family sanctions that penalize children when their parents are unable to meet program requirements must be eliminated.

Education and training must be emphasized, not discouraged, so women (and men) can retool and get the skills they need to move into living wage jobs with long-term advancement

opportunities. Allowable education activities should include everything from ESL classes and GED preparation through technical training and post-secondary education, whatever is most effective to assist individual participants in achieving long-term economic security.

Child care, consideration for caregiving responsibilities and other severe barriers to employment, food and transportation assistance, and other work and income supports that enable parents to secure (in a strong economy) and retain employment and help families make ends meet must be fully funded as part of, or alongside, reauthorization. Subsidized employment like that which successfully created hundreds of thousands of jobs through the TANF Emergency Contingency Fund, must be provided, particularly in today's weak economy. Time limits on program participation and limits on hardship extensions should be frozen during periods of high unemployment, so that families' lifetime welfare timeclocks are not ticking or ending at a time when the majority of Americans are facing significant financial and economic stress. Domestic violence protections should be mandatory, not optional, for states.

States' success in implementing the TANF program should be measured by their progress increasing enrollment of low-income children and families, improving family and child well-being, and reducing poverty rates, rather than looking at artificial measures such as reduced caseload and compliance with work requirements and participation rates that are especially unrealistic in the current economy. States must be held accountable for meeting concrete goals and delivering concrete outcomes that illustrate improved economic security for participating children and families. Fair treatment and due process for TANF participants must also be guaranteed.

9to5's members across the country know first-hand that TANF must be strengthened to improve outcomes for our nation's lowest-income children and families. Current federal budget concerns cannot be used to further weaken the program and put these families at even greater risk. Federal budget and policy priorities reflect our nation's values – TANF needs significant improvements and investment to assist our nation's lowest-income families. Thank you for your consideration, and I look forward to your response.

Sincerely,

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National Indian Child Welfare Association

TESTIMONY OF THE
NATIONAL INDIAN CHILD WELFARE ASSOCIATION
AND NATIONAL CONGRESS OF AMERICAN INDIANS

FOR THE HOUSE WAYS AND MEANS SUBCOMMITTEE
ON HUMAN RESOURCES

REGARDING

THE HEARING ON IMPROVING WORK AND OTHER WELFARE REFORM GOALS

Terry L. Cross
Executive Director—National Indian Child Welfare Association

NICWA
National Indian Child Welfare Association

Jacqueline Johnson Pata
Executive Director—National Congress of American Indians

INTRODUCTION

The National Indian Child Welfare Association (NICWA) and the National Congress of American Indians (NCAI) jointly submit this statement to the Ways and Means Subcommittee on Human Resources concerning the Hearing on Improving Work and Other Welfare Reform Goals. Our primary focus will be on issues specific to American Indian and Alaska Native children and families, namely the Tribal Temporary Assistance to Needy Families program (TANF), the Native Employment Works Program (NEW), and the discretionary grants for Coordination of Tribal TANF and Child Welfare Services to Tribal Families at Risk of Child Abuse or Neglect.

First, we thank the Subcommittee for its ongoing attention to the unique needs of tribal families and children. This committee's past actions, which have supported and promoted tribal self-determination appropriately, honor the federal trust responsibility this government has with tribal governments. The federal trust responsibility is an obligation born of the United States' broken treaty promises, failures in its historical "course of dealings" with tribes, and its current role in the ownership, management, and control of lands, resources, assets, and funds. Because of this unique history, the United States consciously assumes the responsibility to ensure the well-being of its Native peoples.

From its inception in 1935 until 1996, Aid to Families with Dependant Children Program (AFDC) required tribal members and families in need to enroll in state welfare programs to receive assistance. These offices were often far from tribal communities and did not provide culturally appropriate services. For this reason, tribal members and families went underserved, making the conditions of poverty and unemployment on reservations even more dire. In 1996 Congress, due in great part to the work of this subcommittee, passed the Personal Responsibility and Work Opportunity Reconciliation Act (PWORA) (P.L. 109-171) also known as "Welfare Reform." Seeing that tribal members and families were being underserved and that the federal trust responsibility was not being honored, part of this reform was the recognition and support of tribes' authority to administer their own assistance and work readiness programs. Congress, and this committee, also recognized the difficult economic circumstances on many reservations, and PWORA gave tribes the necessary flexibility to create programs that could tackle their communities' unique needs. Additionally, due to amendments created by the Deficit Reduction Act of 2005 (P.L. 109-171), when Congress and this committee took the important action of reauthorizing PWORA, it also provided funding for programming to create, implement, and evaluate TANF programs that coordinate tribal TANF with child welfare services. Because poverty is a major risk factor for child maltreatment, these programs seek to simultaneously improve financial well-being and family well-being. For all of these important decisions, we thank this committee. By supporting the self-determination of tribes, services that better fit the unique needs of tribal constituents are now being provided, and states have been relieved from the responsibility of managing caseloads across difficult divides—culturally and geographically.

Today, under the tribal TANF block grant program, there are 63 approved tribal TANF grantees serving 298 tribes and the non-reservation Native populations over 121 counties, all of which rely on this funding to help their most needy families live at the most basic level.[i] Combined, all tribes/tribal programs annually receive almost $182 million in federal funding. TANF is complemented in tribal communities by the NEW program, which currently serves 78 grantees and 10,000 clients who provide educational activities and job training and support employment activities. NEW receives over $7.6 million in funding each year.[ii] TANF also funds 10 demonstrational grantees working at the intersection of poverty and child welfare. Each of these projects has received between $105,000 and $150,000 annually for a period of the last five years (2006-2011), for a total of $7.8 million in federal funding over the total period of the program.[iii]

Since PWORA and welfare reform, tribes have sought to combat poverty and unemployment with a broad range of efforts to attempt to stimulate their economies, hoping to promote job creation and alleviate poverty. In spite of these attempts, GOA reports find that unemployment and poverty rates on reservations remain high, and opportunities for economic growth are minimal.[iv] Native people have the highest poverty rate of any racial group in the nation. 2009 data show that the poverty rate for American Indian and Alaska Native peoples was 27.3%, almost twice the national poverty rate of 14.2%.[v] The average poverty rate on reservations in 2009 was 36.8%.[vi] In fact, three of the top 10 poorest counties in America, including America's poorest county, Ziebach County, SD (which lies almost completely within the Cheyenne River Reservation), are essentially reservation counties.[vii] Ziebach County, SD has a poverty rate of 62%.[viii] In 2010, the American Indian and Alaska Native unemployment rate was around 15.2% compared to the white unemployment rate, which was 9.1%.[ix] In 2005, rates of unemployment as a

percent of available labor force *on reservation* were reported to be 49%.[x] The GAO reports that "prospects for improving the economic conditions of families living on reservations may be limited because many reservations lack some of the key factors shown to be associated with economic growth, for example, a skilled workforce and easy access to markets." Tribal TANF, NEW, and child welfare grants have been invaluable resources as tribes strive to cultivate and maintain strong and healthy economies and families, in spite of the many challenges they continue to face.

Tribes have learned a great deal in the 15 years that they have provided welfare assistance, work support, and child welfare services for the neediest families in their communities. The following recommendations reflect those lessons learned.

SUCCESS OF TRIBAL TANF AND ITS COMPLEMENTARY PROGRAMS

The opportunity offered by the provisions of the PWORA and its reauthorizations to create tribal TANF has allowed tribes to restructure and integrate tribal programs and resources to create jobs, support new workers, find transportation solutions, and provide childcare. This change has been critical to the creation of new programming, the support of long-standing programming, and ultimately to help move thousands of Native people from welfare to work.

Tribes and reservations across America are very different and, therefore, have diverse needs, challenges, and cultures. By supporting self-determination, and allowing each tribe to create its own tribal welfare program and supporting services with direct funding for TANF, Native Employment Works, Child Support Enforcement, Child Care Block Grant, and child welfare (Title IV-B and IV-E), has ensured that each tribal TANF program can provide for its constituents in a manner that meets their unique circumstances and takes into account the specific circumstances of the tribe and reservation within which an individual lives and the program operates. In essence, tribal TANF and complementary funding gives tribes an opportunity to operate TANF and other programs in a way that makes sense to tribal families and communities.

The development of tribal TANF programs has reduced case loads, met work participation rates, and in many areas increased the service rates to Native peoples. The reauthorization of the TANF program provides tribes with an opportunity to expand on these demonstrated successes to fully realize the potential of the program, to better serve their constituents, and continue to relieve the over burdened state welfare programs. For the most part, states welcome the opportunity to let tribes care for their citizens because in the vast majority of cases, tribes are closest to the people in need and can provide the best service.

One particular discretionary grant program that has provided a great deal of positive change in 10 tribal communities is the Child Welfare Services to Tribal Families at Risk of Child Abuse or Neglect grant program, which has allowed these tribal grantees to fully integrate their family services to focus on family preservation, something not only good for the well-being of the child, but also the financial stability of the family. Ten tribal grantees have been given the opportunity to spend five years working at the intersection of child maltreatment and poverty services.

Native children are more likely to be removed from their homes because of neglect than any other reason. By coupling TANF with child abuse and neglect programming, tribal grantees have designed new and innovative wraparound services to help prevent the entry of children into the system, reunify parents and children, and work on permanency planning that deals not just with the symptom of child abuse or neglect but also with the larger problem of poverty. This program has had positive results, and these tribal grantees have become model programs for other tribes and even states to look to in order to combat the problems that exist where poverty and child maltreatment intersect.

RECOMMENDATIONS

Maintain Flexibility in Tribal TANF

This subcommittee wisely helped create tribal TANF and corresponding programs, with the flexibility necessary to provide Native people with the extra support and opportunities they would need to move from welfare to work. Although this built-in flexibility does not appear to alter TANF in any substantial way, it has been invaluable to tribal programming and is an important step in respecting tribal rights to self-determination in policy and programming.

The flexible provisions include 1) the ability of tribes to determine their own definition of what activities meet the mandatory "work" participation for TANF recipients, including education and training; 2) different employment participation rates than federal state requirements; 3) more generous time limits for the receipt of cash assistance than the federally prescribed 60 months; 4) the ability to exempt families receiving benefits from time limits entirely if they reside on reservations where adult joblessness rates are 50% or higher; 5) the ability of tribes to define their service population by setting program eligibility criteria. Lastly, tribes share the same flexibility that states have in determining what types of work supports, such as child care, transportation, and job training, they will provide to recipients.

Currently, the federal TANF law does not provide the same flexibility for Alaska Native villages operating tribal TANF as those in the lower 48 states. A provision known as the "parity provision" requires that Alaska Native programs be equitable or "comparable" to the state TANF program. This provision requires the tribes in Alaska to develop and operate programs that are similar to the State of Alaska's program. Tribal governments in the lower 48 states can develop and operate TANF programs that are similar to or different than what their state offers, providing them with the ability to shape the program to best address the unique issues that exist in tribal communities. The "parity provision" does not exist in other federal programs and has been a hindrance to many tribes in Alaska that need the increased flexibility to develop the most effective programs.

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Allow Tribes to Negotiate Funding Levels

Although the national numbers of Native families receiving TANF assistance have decreased since the program began in 1996, in some states Native people represent a growing and largely disproportionate share of the TANF assistance caseloads.[xi] For example, in 2008 in North Dakota, South Dakota, and Montana, American Indian TANF assistance caseloads made up 58.7%, 74.6%, and 54.5% of all cases respectively (tribal and state TANF) in the state.[xii] Tribal TANF programs carry a large portion of this burden. Additionally, a GAO study found that, in spite of the overall decrease of American Indian and Alaska Native caseloads nationally, many tribes with reservations report that their caseloads have stayed the same, if not increased, since the transition to tribal TANF.[xiii] This means that funding is currently not being distributed appropriately, as many tribes (and some states) are being underfunded while states (and some tribes) are receiving more than their share of funding for tribal TANF recipients.

Furthermore, TANF assistance block grant funding for tribes has not increased since welfare reform in 1996. The funding levels in place are based on federal payment to the states for American Indian and Alaska Native families who were residing in certain areas for the fiscal year of 1994. There are many reasons that this calculation provides inaccurate information about eligible Native families in 2011: 1) These expenditures are based on numbers calculated when there were no existing tribal TANF programs—before tribal TANF programs, Native peoples were underrepresented in TANF caseloads because offices were often far away, state outreach was limited, and cultural competency was not a major part of ADFC programming; 2) This data does take into account inflation and other changes to the economy since 1994, or the fact that welfare reform now requires the provision of expanded support services; 3) States have long operated welfare and other social service programs, but tribes have new infrastructure and administrative costs associated with the development and implementation of these programs that are not accounted for in the FY1994 funding levels for tribal families in need.

Of additional concern is the fact that tribes are not entitled to receive any portion of state MOE funds, are ineligible for funds to evaluate performance efforts, and ineligible for bonus incentives for reducing caseloads or out-of-wedlock birth.

All of these factors strongly suggest that the problem is even more concerning than the imbalanced distribution that caseload numbers suggest. Tribes that have developed and are attempting to administer TANF plans are facing serious funding challenges due to their infrastructure needs, the stagnation if not increase in their caseloads, and the change in needs of all American families from 1994 to 2011.

Increasing Technical Assistance Resources for Tribes

The success of TANF is greatly dependant on tribes' abilities to meet their recipients' needs for economic support, education, and job training. Tribes have years of informal experience working within

their traditional belief systems and cultures to support their most needy members. It is for this reason, and the insight of this subcommittee, that Congress rightfully empowered tribes to begin to run their own formal welfare programs through PWORA in 1996. Nonetheless, tribes have only been able to run their own formal TANF programs and integrate the many services allowable under TANF for less than 15 years. Tribal TANF administrators, many of whom had no previous formal welfare work experience, had to quickly develop expertise in both planning and operating a comprehensive welfare program under complicated (albeit necessarily flexible) constraints. These same administrators were also charged with the tasks of training staff on eligibility determination, effective case management, resource provision, data reporting requirements, and administration, while at the same time setting up information systems, leveraging resources, and conducting feasibility studies. Starting these programs from scratch with little to no start-up funding, little to no structure, and difficult caseloads has forced tribes to learn as they go. What tribes have learned is that running TANF programming, including all of the possible and/or necessary services can be a great challenge. Often times the support and advice available from federal agencies and federal partners is not as helpful as it could be because these entities do not always take into account reservation life, cultural needs/norms, and other unique circumstances, such as the economic base of tribes, in successfully operating TANF programs.

The Department of Health and Human Services (HHS), and specifically the Administration for Children and Families (ACF) have made progress in supporting tribal welfare programming, but there is more support needed. ACF has over 75 years of experience running welfare programming, job training programs, and working in collaboration with states as well as with public and private agencies, and is an invaluable resources to tribes and tribal TANF programs. However, more can be done to tailor technical assistance and training resources to the needs of tribal TANF. One approach is the funding of a tribal TANF resource center that could specifically focus on tribal TANF program development and technical assistance needs of tribes. This could include the funding of tribal TANF Development Grants that would allow tribes an opportunity to have funding support as they prepare their infrastructure and negotiate collaborative arrangements with states before they submit an application. This approach has been very valuable in helping tribes new to other federal programming such as Title IV-E and could also play an important role in increasing tribal participation in TANF as well.

Authorize Direct Tribal Access to Title XX Social Services Block Grant

It is important to note that welfare and welfare reform are much broader than TANF alone. The needs of individuals seeking welfare services often reach far beyond the specific authorizations and allowance of TANF. TANF is a flexible funding stream to provide time-limited assistance to needy families designed to help facilitate their transition from welfare to work. Although TANF the core of welfare reform, the linkages between TANF and many other social support and assistance programs is not only common sense, it is well documented. A successful welfare program includes financial assistance for the most needy families including TANF, child support, and foster care; job training programs to build skills and human capital, and NEW provides resources for some of these services; support services that help recipients reach find stability in order to seek employment, including mental health, substance abuse, and heath care; child care to help recipients get and keep a job; transportation to help recipients get to and from a job and remain reliable employees; and perhaps most important in tribal communities, economic development initiatives that provide opportunities to earn a living wage and become self-sufficient.

In order to provide this range of services, tribes need access to a variety of funding sources, either because the program is not authorized under TANF or because the funding available under TANF is not sufficient to provide the entire range of necessary funding. Recently, and in great part due to the work of this committee, an important funding source for foster care provision, Title IV-E, has been opened up to tribes, completing one more link in the necessary welfare service chain. For this, we thank you and ask that you continue to recognize the continuum of service necessary for successful welfare programs when considering reauthorization of TANF.

One such program is Title XX of the Social Security Act (42 U.S.C. 1397 et seq.), which provides for the social services block grant—something to which tribes have yet to gain access. This block grant is currently funded at $1.7 billion a year, and allows states to create a wide range of programming so long as the programming has one of the following five goals: "1) achieving or maintaining economic self-support to prevent, reduce, or eliminate dependency; 2) achieving or maintaining self-sufficiency, including reduction or prevention of dependency; 3) preventing or remedying neglect, abuse, or exploitation of children and adults unable to protect their own interest, or preserving, rehabilitating, or

reuniting families; 4) preventing or reducing inappropriate institutional care by providing for community-based care, home-based care or other forms of less intensive care; and/or 5) securing referral or admission for institutional care when other forms of care are not appropriate or providing services to individuals in institutions."[xiv] As these goals make clear, this grant offers the opportunity to provide many of the welfare services not covered by TANF, and where it does not offer the opportunity to cover necessary services, it can be used to open up different unrestricted funds to provide the necessary services. Its flexibility is an essential tool and support for states' TANF and welfare provision, but a tool to which tribes who now run their own TANF programs do not have access.

Reaffirm Commitment to 477 Programs within ACF

In 1992, Congress created a unique law among federal legislation that recognized that the disaggregated funding, revenue and resources available to tribal governments for job support and job creation, were preventing tribes from moving individuals into the work force in an efficient and effective manner. This legislation, Public Law 102-477 or "477" is the Indian Employment, Training, and Related Services Demonstration Act of 1992, as amended by Public Law 106-568, the Omnibus Indian Advancement Act of 2000. The 477 program allows federally recognized tribes and Alaska Native entities to combine formula-funded employment and training-related federal grants funds and reporting requirements into a single plan with a single budget. The Department of Labor lauds this programming saying:

> "The number(s) of individuals served with the same total resources has increased greatly due to the reduction of administrative burden(s) imposed by the individual pieces of legislation incorporated in the entities' "477" plan. As a result, outcomes such as job placements, successful completion of individual client programs, and support of tribal economic development efforts have also increased or been enhanced... Spending fewer resources on administrative requirements means more of those resources are devoted to client services. This is especially important for smaller grantees involved in the "477" demonstration, whose resources are often not commensurate with the needs of their people."[xv]

TANF is listed as one of funds eligible for combination. This important law, which helps tribes conserve administrative costs and provide more and improved services, is currently being ignored and in some instances even denied by the Administration. HHS and ACF are resisting tribes' attempts to combine funding and reporting for job programs as mandated by this law.

Fully Fund Tribal TANF

In order for most tribes to meet the TANF requirements, they must work with their states. In the first year when a tribe applies for TANF funds, they must identify the number of people in their service area and population that are eligible. This requires tribes to work with states to obtain AFDC data from the state concerning the number of people in the service area that were receiving AFDC before PWORA in 1996. This then becomes the federal match amount. The non-federal match is not provided by the federal government, thus, tribal TANF programs are currently funded in part through the states. State contributions to tribal TANF are necessary; because tribes have little and sometimes no tax revenue and/or struggle to create revenue producing economic development ventures of the size necessary to meet the TANF match requirements. In spite of the necessity for tribal TANF, the improved success seen when tribes (as compared to states) provide social services for their members, and the reality that without the existence of tribal TANF states would have to assume responsibility and payment for these tribal members, states are still not required to pay this match.

For the majority of America's political history, the federal government has assumed all responsibility for the relationship with tribes, particularly in terms of social service provision and support—many of the early treaties promised to care and provide for tribes in exchange for land, the foundation for the Federal Trust relationship. This government-to-government relationship is grounded in early case law, the Constitution, and the aforementioned historic use of treaties as a means of mutual regulation between tribes and the United States.

It has only been recently that the federal government has begun to ignore its previous course of dealings as well as the Constitution to defer to states to deal directly with tribes for issues such as TANF match funding. These funding negotiations and data provision conversations are often difficult and strained because there is a limited working relationship in place, and they are competing for the same pot of small resources. The course of dealings varies greatly, with some states refusing to even meet with tribes in their state to discuss match funding. This inconsistency is problematic for many tribal TANF programs who are unsure year to year if the state funding will meet their match needs, or if they can count on a match from the state at all.

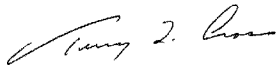
CONCLUSION

Overall, tribes strongly support welfare reform and look forward to taking the next step to increasing opportunity on reservations and in tribal communities. Tribal TANF programs are doing what most states are just now finding to be difficult, working with large caseloads of "hard-to-serve" individuals. Tribal TANF has increased the number of tribal members who have access to support services, job services, and job opportunities resulting in an increase in tribal member involvement in meaningful work activities and improvements in their progress on Individual Responsibility plans. Tribal TANF has also worked with partners, including faith-based organizations, to promote family formation, responsibility fatherhood, and worked to reduce teen pregnancy rates. Finally, tribal TANF has been used to create some limited economic development through micro-enterprise and development account programming, as well as job creation.

Thank you for considering our recommendations and for allowing us to share our experience and knowledge with regard to these critical issues affecting American Indian and Alaska Native children and families. We recognize that these are challenging budgetary times and appreciate the efforts of this subcommittee to make sure that America's neediest families are supported as they transition from welfare to work. The subcommittee's continued commitment to helping all Americans have the opportunity to live the American Dream is essential to the well-being of hundreds of thousands of native children and families.

We look forward to working with you on reauthorization of the Tribal Temporary Assistance to Needy Families program, the Native Employment Works Program, and the discretionary grants for Coordination of Tribal TANF and Child Welfare Services to Tribal Families at Risk of Child Abuse or Neglect.

If you have questions or comments regarding this testimony, please contact NICWA Government Affairs Director David Simmons at desimmons@nicwa.org, or NCAI Policy Analyst Ahniwake Rose at arose@ncai.org.



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Statement of NETWORK, A National Catholic Social Justice Lobby

Submitted to the House Committee on Ways and Means to be included in the record of the
Subcommittee on Human Resources
September 8, 2011 Hearing on
"Improving Work and Other Welfare Reform Goals"

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NETWORK, A National Catholic Social Justice Lobby has studied the impact of TANF since its inception in 1996. We concluded in 1997 that the *Personal Responsibility and Work Opportunity Reconciliation Act of 1996*, establishing Temporary Assistance to Needy Families (TANF) with its strict provisions to get people off welfare, does little to actually get people out of poverty. In 2001 and 2002 we conducted workshops in twenty-two areas of the country: "Making a Noise About the Need" to alert faith-based advocates to the needs of those living in poverty. Highlighted in the workshops is information on the inadequacies of TANF to help lift people above the poverty line.

The 1999 NETWORK study "Poverty amid Plenty: The Unfinished Business of Welfare Reform" found that those leaving Welfare rolls continued to struggle to meet basic needs, jobs they secured through TANF provided little economic security (22% were food insecure, compared to 25% of those not working), those with neither jobs nor TANF assistance rose from 52% in 1997 to 79% in 1998 – perhaps due to state success being measured by reduction of TANF recipients.

The 2001 NETWORK study "Welfare Reform: How Do We Define Success?" did find an increase in employment due to the "Work First" strategy. However, 47% of those in these work situations reported annual income of less than $8,500. 34% lived above the poverty line and still needed services from emergency facilities.

In 2009 – 2010 we conducted a study of people (predominantly women) who were seeking assistance through agencies. This study: "TANF Tested: Lives of Families in Poverty during the Recession" was conducted through over 800 one-on-one interviews at 70 social service agencies including food pantries, family centers, homeless shelter and multi-service organizations in 20 states and Washington, DC. Dr. Douglas Porpora, a sociologist and professor at Drexel University in Pennsylvania assisted in design, instruments and analysis.

It has been adequately documented by others that TANF was very limited in its response to the Great Recession, by comparison with SNAP. Few states increased the numbers receiving TANF assistance, despite their high unemployment numbers and large increases in SNAP enrollment. Our study revealed many barriers keeping people from receiving assistance: language, complexity, need to travel to multiple sites to access services (without transportation or sufficient child care assistance) and the small amount of financial help available.

NETWORK would like to share the following key recommendations:

- **Measure of Success** The primary goal of TANF should not be to reduce caseloads, but to reduce poverty and improve child wellbeing. States should be given substantial incentives to lift more children and families out of poverty
- **Improved Coordination of Services and Interagency Collaboration** Agencies on federal, state and local levels must improve their collaboration so that individuals and families will be able to navigate more coordinated, less complex systems and receive the help they need.
- **Investment in TANF** The TANF block grant needs to be increased so that it is able to meet increased needs, especially during an economic downturn, and create effective pathways out of poverty.
- **Subsidized Jobs** States should be encouraged to participate in subsidized jobs programs and continue to build on successful programs that came from the TANF Emergency Fund.
- **Help for Non-custodial Parents** Non-custodial parents need better access to job training and education to help their families, and families need programs promoting responsible fatherhood.

- **More Help for People Facing Job Barriers** Additional funding is needed to help those facing multiple barriers (sick child, mental illness, emotional problems, physical disability, domestic abuse, etc.). Further, the disproportionately negative effects of welfare reform on Latinos should be addressed by giving increased access to education (including English training), job training and support services, and full access to TANF benefits should be restored to immigrants lawfully present.
- **Education:** The one-year time limit on education should be removed and the cap of 30% of a state's TANF rolls allowed to seek education should be expanded.
- **Five-year Time Limit:** The five-year limit should be eliminated or, at the very least, states should be allowed to exempt more than 20% of their current caseloads.

It is critical in this time of a "jobless recovery" that parents, in particular, are able to find employment which is adequate to the care required for their families. Improvements are needed to the TANF program in its reauthorization. Particularly due to the short supply of jobs, even for those who have been successful in education and in the workforce, we strongly recommend:

- eliminating the five year time limit, until the unemployment rate returns to under 7%
- expanding the education limits to previous levels. Completion of a four-year degree is far more likely to prepare someone for work which will truly allow them to move out of poverty, than will a 13 month training program.
- expand the subsidized work component of TANF.
- change the measure of success to the percentage of those enrolled in TANF moving out of poverty.

See CONNECTION (2010) **TANF Tested: Lives of Families in Poverty during the Recession** http://www.networklobby.org/files/TANF_Report-Quarter3_3.pdf

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Parents Organizing for Welfare and Economic Rights

Testimony For Work and Other Welfare Goals

August 4, 2011

I could not help but notice that on the front page of your Ways and Means website is a BIG announcement proudly proclaiming: "OBAMA SLAMS THE DOOR ON NEW TAXES!!!!"

You may not like what I have to testify about, but you can rely on it being the truth for many of us.

There is a misguided assumption that is really nothing new and is not true. This assumption is that poverty is a choice when in fact poverty is an ***institution*** based on racism, disabilities, sexism, ageism and classism. This misled assumption has been devastating for the poor. Poverty is an extremely destructive institution for which you are authorized as elected officials to dismantle since it hurts millions of American citizens.

But institutions are kept in place for a reason; because they benefit *somebody*, and in this case poverty very much benefits the upper classes. Whether it is for the tax breaks they get for those mega-non-profits who spend on the average of $67,000 per client managing government services that are on the average of a $1000, while their relatives are paid 6 figures to manage them, or the outright tax breaks you give for their investments, they are not making the sacrifices for taxes that the poor pay or the low wages that are paid for work that deserves more.

I wish that "slamming the door on new taxes" were true for the poorest of the poor in your perspective states. They will now face the additional burden of even **more** "trickle down" state taxing that will hurt low income families and the elderly in your districts. Here is a state-by-state synopsis of the terrible tax burden already being imposed for taxes on the poor. It shows that that *in the entire nation* they pay on the average of 3-5 X the proportion of their meager incomes in taxes than our richest 1%: http://itepnet.org/state_reports/whopays.php.

I would also like to add that in the near decade since you lowered taxes for these same rich and corporations that you seem to think will bring us jooooobs. But during that time with those same breaks, Americans LOST jobs every month, sometimes by the MILLIONS. Why do you think another tax break will make it any different? Isn't 8 years enough to know it won't?

While most of us who are poor deeply believe it is patriotic to pay taxes and want to contribute, forcing us into lifelong poverty with McJobs often far below the poverty level, should come with some important caveats mentioned at the end of my testimony. And besides all the other contributions the poor make to this country, it should considered if only because all over the nation the poorest families pay the highest proportion of their meager incomes in taxes and thus carry the hardest burdens to pay them.

To further muddy the waters, there are no jobs that low income families can find so they can more easily shoulder these additional tax burdens. Of course, since Congress seems to think it is such *wonderful news* that YOU won't pay these taxes, and your rich friends won't pay them, guess who will? Some of these taxes will even be paid out of your welfare grants, literally out of the mouths of babies and their families who live 5 X below the poverty level ~ these are some of the folks your states will depend upon for revenue. And believe me while you may think $1,500 a year is "chump change" to you, to a poor family this "chump change" will mean the difference between freezing during the winter, shoes to keep feet dry, coats to keep warm on the school ground during recess, or something more nutritious than a meal of mac and cheese for dinner.

In my state at this time, the poorest workers and welfare mothers pay about 17% of their incomes in state taxes. Since we live where two of the richest men in the world live, if just ONE of these rich guys paid the 17% of their incomes that a welfare mother pays, we would be well out of our $9 billion deficit. We would actually be in the black by a couple billion dollars, and he would still have his $50 billion or so to "eke" out his living. If ALL our upper 1% in our state paid the same 17% that a welfare mother pays, that money would go through the roof as to all we could do with our infrastructure, schools, jobs, government, and the world.
https://docs.google.com/viewer?url=http%3A%2F%2Fwww.itepnet.org%2Fwp2009%2Fwa_whopays_factsheet.pdf ←-google docs

And don't get me started on those large corporations in our states, some who pay no taxes at all. Yet they are the ones who use up all our resources, wear out our infrastructure, and drain the tax coffers. It is small businesses, the poor and middle class who are paying the way for these always-in-need "persons" demanding Welfare. It is corporatist "persons" who are allowed to easily "forget" those benefits they reap that are seldom if ever shared

with the least among their own neighbors ~ such as providing jobs with livable wages. Yet they demand the most time and resources from you ~ and all of us.

One major reason for poverty with women is that few value the work for Care Giving that supposedly is done "for free" or its value to communities ~ even with those "family values" supposedly so honored. It doesn't take a rocket scientist to calculate how much this "free" work gives or that it would take billions to re-create into institutions, which is conveniently considered "doing nothing". Yet this "doing nothing" comes at a huge cost in lost wages for women. Labor statistics say this loss is over **$270,000 per woman's work life** ~ over ¼ of a million dollars lost because of this so-called "free" Care Giving that has been codified into law as "doing nothing"!

This loss is because women whether childless or not are faced with more than raising children; they also face the needed care of their elders, then care of their spouses. All this "free" care giving has been denigrated into "doing nothing" from the beginning of women's work lives according to Welfare Reform. This traditional women's work is unsupported, demanding that women's "real" work is only for corporations saying, "Do you want fries with that?" rather than, "Come on Dad let's go for a walk and exercise that knee," or, "Son, let's sit down and I will help you with your homework," or, "Don't be afraid Honey, you won't fall, I am right beside you, here, hold my arm…"

There is despair because many of these children are fatherless, and now you want to make them motherless as well creating virtual orphans without ANY family to raise them. Their lack of solid upbringing will be BECAUSE this traditional work of womanhood is not valued and not considered a contribution to our communities when in fact it saves $ billions. Mysteriously in contrast to those "family values"everyone talks about, somehow it is "better" to be working for a wage while someone else raises and shares family values with the next generation whom God gave to these parents to raise. Why is it "better" to work for someone else rather than with those who God has given into your care? Why is it "doing nothing" to be overseeing the upbringing of your own children who will be the ones contributing to our Social Security, fighting in our wars, and maintaining our infrastructure when we can no longer do it?

So if you believe we poor are "ignorant" and do not understand the Very Important Work you do, well then you might consider we are NOT so "ignorant" that we do not understand the impact of the consequences from the mandates being planned for us. We live them every day and we are not oblivious to the reasons for our experiences. Most poor are not substance abusers our brains are not muddled, the upper and middle classes are far worse about that, driving up health costs with their mood pills while their jogging experts and diet doctors are dying of their own "cures" themselves

As a part of this poverty *institution,* I worked in those McJobs for over 35 years to feed my family. In spite of that hard labor, we were homeless 3 X while I was working full time, with children who never recovered emotionally from their forced conditions of poverty. Even though they lived through divorce, the only thing that saved them was the love of BOTH their hard working parents working together in spite of their differences to ensure these children *never* had to choose whom to love. Better support would have been very helpful while we were raising these kids, but unfortunately many people do not see children as our country's future, they see them as "hobbies".

Multiply my family by millions who have lived these things since the 1980s. Now it is going to be even *worse* for the coming generations by taking away the support they desperately need such as food, energy and housing assistance. Instead you are giving that revenue to corporate "persons" who pay few if any taxes, made millions off our backs, and CREATED the unemployment situation we now have to live. We worked HARD, and never "chose" to be poor, because we poor are mostly women, minorities, disabled, and the aged. We are routinely discriminated against for advancement and equal pay, expected to be paid little to live on for our hard labor, then blamed for our "choice" to be poor ~ and we are not even being acknowledged for paying the highest proportion in taxes out of our low incomes.

It is because of those added tax burdens and expected "free labor" I have nothing to show for my employment, as many of my sisters and brothers in poverty will tell you is true for them as well. Every penny we make goes into "responsible" living such as paying those taxes, making the rent, feeding our kids, finding clothes for their backs, and keeping them warm. Indeed the only things I have to show for it are disabilities from bad work conditions, no home of my own, and depression because I could never make enough under poor working conditions that most of you would never deign to break so much as one of your manicured nails to do. As a denizen of the

working poor, I strongly identify with Sojourner Truth who said to a roomful of privileged Suffragettes, "Ain't I a woman? I can work as hard out in the hot sun more than any man and bear a child as well!"

This is why I am an activist for the coming generations because I already *know* what their future looks like for them if we continue down this path. I have lived it and I know that people of color, and legal immigrants whom I have the privilege to know and learn from, have had it even worse. Am I angry and afraid for our futures? You bet I am! It is unjust! I am not only living it, I am seeing the next generations not even have the support I had and I worry about what will happen to the coming generations who are denied any support at all yet expected to give up their families, their homes and their souls for corporations who will throw them away when they are no longer needed.

It is NOT a good career plan for millions of families relegated to lifelong poverty with mandates that a job ~ any job ~ that is supposedly "better" than being a parent and care giver! If you insist on going down that path, you must also require in exchange that these large corporations who benefit and make millions off our backs also use some of their resources to employ us in jobs that give us the benefits and wages with training and decent employment environments embedded with chances to advance and prosper as well.

It would also do well to encourage longer educating opportunities; more than the paltry one year you seem to believe is going to bring in anything near a livable wage yet is already proven to be meaningless. At this time a Bachelor's degree is equal to what used to be a high school degree in most entry level jobs.

Notice that I did not ask that you actually request that these "corporate persons" actually pay taxes like my impoverished sisters and brothers and I pay at 17% . See, I already read your front page that announces as to how wonderful it is that these "persons" and the rich will not have to pay taxes as millions of the poor like me pay taxes now. I know from my work as an activist for decades it is hopeless to expect you to actually consider taxing those who can well afford it. It must be with some mixed feelings that at least, while the poor are freezing they will still pay your wages while working a Mcjob that won't pay the rent ~ even when those wages are paid back to you with a welfare grant 5 X below the poverty level.

Maybe the least you could do is beg as you do so well, that these entitled "persons" make sure some of their billions will educate and pay enough so people will not have to choose between freezing or having enough tax-rich gas to get to work. And God forbid, with the reduced safety net that the working poor, elderly and children no longer have that you gave so generously to those who don't need it, perhaps requiring that these "corporate persons" at the very least provide livable wage jobs and education for their workers. This might be something to consider rather than leaving your TAX PAYING constituents wondering if they will be left out in the cold unable to feed anyone much less themselves, because hey, even while they shiver with growling stomachs, you know they WILL pay more than their fair share of taxes.

Sincerely,
Catherine L. Sullivan
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Board member of Parents Organizing for Welfare and Economic Rights (P.O.W.E.R)

Statement of the Coalition for Low-Income Pennsylvanians (CLIP)

Submitted to the Subcommittee on Income and Security and Family Support,
Committee on Ways and Means,
U.S. House of Representatives

Testimony to be included in the record of the Subcommittee's September 8, 2011, hearing on
Improving Work and Other Welfare Reform Goals

Kathy Fisher, Family Economic Security Associate, Public Citizens for Children and Youth
and Rev. Sandra Strauss, Director of Public Advocacy, PA Council of Churches
Co-chairs of CLIP *

Thank you for considering this testimony from the Coalition for Low-Income Pennsylvanians (CLIP) on the critical importance of improving work and other welfare reform goals for the good of low-income families participating in the Temporary Assistance for Needy Families (TANF) program. We believe there are many shortcomings in the program, particularly as the vast majority of families who participate in the program face a steeper climb out of poverty due to the high level of unemployment and corresponding competition for available jobs brought on by the Great Recession.

The Coalition for Low-Income Pennsylvanians is a group of diverse organizations including service providers, legal service advocates, faith, anti-poverty and anti-hunger groups, children's advocacy organizations and community action agencies. Our primary mission is to protect individuals and families who struggle against the ravages of poverty and its effects by advocating for responsible, compassionate, and cost-effective government policies. For many years, CLIP has advocated at the state and federal level for polices that facilitate access to education and training for low-income adults, especially those on TANF, so that they may acquire the skills and credentials needed to obtain good-paying jobs in high-demand occupations.

Pennsylvania's new Secretary of the Department of Public Welfare, Gary Alexander[1], provided testimony to the committee on Sept. 8, 2011. His testimony, as well as the background information provided by the committee, stressed that the TANF program must focus on job preparation, placement and retention to help families move toward self-sufficiency. We agree that TANF must continue its focus on helping families secure and retain employment as a key component of moving families out of poverty. However, we believe the program as currently structured overly relies on a "work first" approach and does not allow or incentivize investments in

[1] Mr. Alexander was confirmed as Secretary of the Pennsylvania Dept. of Public Welfare in June, 2011.

education and training that are the only long-lasting means of helping families to permanently move beyond the TANF program.

In Pennsylvania, the work first approach has meant that policies and procedures require recipients to seek, accept and retain employment as the highest, and often only, priority. As a result, education, training and even assessment of a participant's skills and level of preparedness for work are given a back seat. While encouraging job ready individuals to find work is often successful, a one-size fits all approach that forces everyone to accept any job – no matter how little it pays, whether hours are part-time or full-time, whether temporary or long-term, and what opportunities for advancement actually exist – can actually prolong a family's struggle in trying to escape poverty and become self-sufficient. Secretary Alexander himself acknowledges that many people only succeed in finding part time work and that many only work for six months or less. This is less a reflection on recipients and more a reflection on our current economic times, where short term, temporary work is all that is available, especially for people with limited skills.

While much progress has been made in reducing welfare caseloads, caseload reduction is not an adequate measure of program success. "Leavers" studies have shown that a many participants leave the program for low-wage and at times sporadic employment, and that a significant number exit the program with no connection to the workforce at all. In fact, Secretary Alexander pointed out in his testimony: "Among individuals who leave TANF, approximately one out of three return[s] after six months." This demonstrates that the current work first approach has not been effective.

The committee must realistically assess the wide variety of circumstances that families in the TANF program face and should adopt policies that discourage states from taking a one-size-fits-all approach to moving families beyond TANF. For instance, the impact of welfare reform on people with disabilities is more far reaching than previously supposed. The incidence of disability among TANF recipients is high. An October 2001 GAO report found that a total of 44 percent of TANF recipients reported having physical or mental impairments, a proportion almost three times as high as among adults in the non-TANF population. In addition to those with significant personal disabilities, others have children or family members with disabilities for whom they are responsible. Many TANF recipients have been caregivers for family members and/or members of their communities, performing undocumented service. The program must retain the flexibility needed to assist families who are not able to routinely meet rigid hour requirements but can participate in skills building on a lesser basis.

The bottom line is that the vast majority of participants must build skills in order to secure stable employment and work toward improving their families' financial security. The most effective

strategy for increasing employment and earnings is to build skills through a wide range of high quality, work-focused education and training services tailored to individual needs – including services for those with disabilities[2] and for those with limited English proficiency. Vocational training and postsecondary education, in particular, are investments that lead to higher wages and stable employment for families and a competitive workforce for our nation.[3]

In Pennsylvania, only a small proportion of DPW's employment and training is spent on training; with a very small fraction of all TANF adults enrolled in educational activities, according to DPW. This includes English as a Second Language, GED, Adult Basic Ed (ABE), and post secondary education. Successful job placement is only a small part of the story, and in the current economy job placement itself is becoming more challenging. The TANF program should also require states to assess job retention, advancement, and wages, as these are more accurate measures of a family's progress toward self-sufficiency.

For far too long, TANF has deteriorated as a safety net for our most vulnerable families. Nationally, it aids only about one fifth of poor children and provides benefits far below the poverty line. The TANF cash grant for a mother with two children in Pennsylvania is just $403 per month in most counties – just 26 percent of the poverty line – an amount that has not increased since 1990. Families in fact become ineligible for benefits when their income reaches just half the poverty line, and many leave the program well before reaching this level to avoid using months of this time-limited and diminishing assistance. Further evidence of TANF's inadequacy as a safety net has been provided throughout the recession. While unemployment increased approximately 75 percent, the TANF caseloads only grow by 18 percent – far from the levels seen in the SNAP program.

We ask that the committee take a critical look at the "work first" philosophy, particularly in this challenging economy, and consider modifying program practices so that parents may pursue a path that will lead them toward family-sustaining wages, rather than the too-often repeated cycle between minimum wage jobs and TANF receipt. In order to better serve the children and families in the program, as well as build our country's workforce and support economic recovery, we urge that TANF reauthorization adopt program rules that:

- Monitor and support job retention and advancement of former TANF recipients, not just caseload reduction.

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3 For a more information on the successful use of post-secondary education in moving TANF participants permanently beyond the program to livable-wage employment, see CLIP's written statement submitted on May 13, 2010 to the record of the Committee on Ways and Means, Subcommittee on Income Security and Family Support, April 22, 2010 hearing on the Role of Education and Training in the TANF Program.

- Reward states that improve the training infrastructure available to current *and former* TANF recipients by ensuring a broad menu of training options tailored to individuals as well as workforce needs.

- Allow states flexibility to include as countable work activities appropriate assessments and activities for those with disabilities , including a means for states to receive partial credit toward the work participation rate to incentive them to engage clients with disabilities who cannot fulfill the 20 or 30 hour requirements

- Permit states greater latitude in classifying education and training as permissible work activities by:

  - Eliminating the 12 month limit on how long states can count persons in vocational education toward the state's work participation rate. If a limit must be imposed, it should be no less than 36 months.

  - Eliminating the 30 percent cap on the number of TANF parents a state can count as vocational education participants. Evidence shows postsecondary education programs are successfully helping families out of poverty and providing employers with the skilled workers they need.

  - Eliminating the distinction between core and non-core activities.

  - Allowing adult Basic Education and GED to count as vocational education. Current federal TANF regulations allow literacy and English-as-a-Second Language to count as vocational education if blended with jobs skills instruction. The same should be permitted for GED, as all three of these remedial education programs are necessary for TANF parents to compete in today's job market.

  - Adjust the time limits during times of high unemployment, just as time limits for UC and SNAP were changed to reflect the economic crisis that we are still experiencing.

Thank you for your consideration of these recommendations.

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* Ms. Fisher can be reached at 215-563-5848, ext 27, kathyfisher@pccy.org; Rev. Strauss can be reached at 717-545-4761, s.strauss@pachurches.org.

Advancing Justice and Opportunity

Written Testimony Submitted for the Record
Committee on Ways and Means
Subcommittee on Human Resources
United States House of Representatives

Hearing on "Improving Work and Other Welfare Reform Goals"
September 8, 2011

Submitted by Wendy Pollack
Director, Women's Law and Policy Project
Sargent Shriver National Center on Poverty Law
wendypollack@povertylaw.org

50 East Washington Street, Suite 500, Chicago, IL 60602 Phone:312.263.3830 Fax:312.263.3846 www.povertylaw.org

Thank you for the opportunity to submit testimony about necessary reforms to the Temporary Assistance to Needy Families (TANF) program. The Sargent Shriver National Center on Poverty Law works to achieve social and economic justice for low-income people and communities. The Women's Law and Policy Project's mission is to create and promote legal and policy solutions specifically to improve the lives of low-income women and girls.

Improving the work participation requirement in TANF will allow more families to use their limited time on cash assistance to achieve meaningful steps on their path to self-sufficiency. Currently the success of TANF is measured by states' declining caseloads and by the percent of individual recipients engaged in a group of activities in a month. Instead, success should be measured by TANF's provision of temporary economic stability to all eligible families and its provisions of opportunities to recipients to build skills and knowledge necessary to gain economic self-sufficiency and enter the middle class. While the work participation rate has partially furthered these goals, it has unfortunately fallen short in a number of respects.

The statutory and regulatory definitions of countable activities are unduly narrow.

We must define what a countable work activity is by what helps an individual start on a career pathway and sustain work in the future. For many individuals, this means addressing a serious barrier to their employability, be it inadequate transportation or childcare, or mental or physical health issues. Addressing a barrier to economic self-sufficiency is the first step towards the middle class, and is the single most important step many individuals on TANF can do to prepare themselves to be independent of public benefits.

The current work activities do not allow states and program providers the flexibility to holistically and effectively address TANF recipients' learning needs. Education remains one of the most important factors in determining an individual's well-being and that of their families, as increased educational attainment increases earnings, reduces spells of unemployment, fosters greater upward mobility, and improves health outcomes for the whole family.[1] Many TANF recipients are eager to increase their skills, whether getting a GED, an industry-recognized credential, or college credit, in order to advance themselves. College must be a countable work activity for all TANF recipients. In order for individuals to succeed in college or a job, many need creative programs, such as transitional jobs[2] and bridge programs,[3] which may combine contextualized instruction, evidence-based reading and math instruction, on-the-job training, and work experience. The current structure of the work participation requirement does not allow this seamless blending of services. In addition to flexibility, the federal government must provide additional resources to states to provide adequate career and academic counseling to connect recipients with appropriate education, training, employment, and other opportunities.

Federal law needs to incentivize states to create better programs which invest in individuals by assisting them in attaining higher income and family stability, rather than incentivizing caseload reduction and punishing individuals for their barriers. Caseload reduction, in and of itself, tells us nothing about child and family well-being, the reduction of poverty, or the reality of the lives of low-income people. It is imperative that recipients of public benefits are neither neglected nor harmed by our collective effort to create a more productive workforce through skill building and education, which will ensure economic prosperity and competitiveness for the nation as a whole.

Even with a broader definition of what counts to the work participation rate, some individuals will not be able to meet it in any given month, yet deserve assistance.

For years, many state TANF programs have not only just been "work first," but even "work only," whereby programs either kick families off assistance for noncompliance or force heads of households immediately into any job available - most often unstable, low-wage, insecure jobs that also lack benefits and career growth opportunities.

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[1] United States Congress, Joint Economic Committee Study, *Investment in Education: Private in Public Relations*, (2000), available at http://www.house.gov/jec/educ.htm.

[2] For more information see http://www.heartlandalliance.org/ntjn/.

[3] For more information see http://www.shifting-gears.org/.

This approach to TANF is a fundamentally misguided and shortsighted course of action that continues the cycle of poverty. Ultimately, requiring work at the expense of barrier reduction and education profoundly undermines TANF's goal of poverty alleviation. We must chart a new path forward, where we measure what matters, encourage what works, and provide a safety net for those not ready or able to pursue independence. States should have incentives to encourage universal engagement in quality programming to help individuals take the first step towards a family sustaining job. But as a civil society, we must at the same time meet people where they are, which means providing cash assistance to every family with a child who is in need. Having a barrier to work should never be a reason someone is sanctioned or terminated.

Improved well-being outcomes for families are better measures of the success of TANF.

Congress should measure the success of TANF by looking at whether it reduces deep child poverty and provides benefits to all families who are eligible, and how many individuals who have received or are receiving TANF successfully address barriers to independence, succeed in acquiring an industry credential, or exit the program because they get a job that pays a family sustaining wage. Whatever statutory measures of program success Congress creates in reauthorization, whether participation rates or outcome measures, they must no longer create incentives for states to kick needy families off TANF. The caseload reduction credit is deeply misguided, because it rewards states for cutting off those individuals who are the hardest to serve. Indeed the historic reductions in caseload come with a shameful legacy of increased deep poverty. Data show the *well over half* of the declines in caseloads since the mid 1990s was not due to a decline in the number of very poor families with children that qualified for assistance, but rather a decline in the *share* of such families that actually receive income support from TANF programs.[4]

TANF, and its requirements on individuals, must be responsive to changed economic circumstances.

The federal government must adequately fund states to meet the basic needs of their families, while creating quality programs to assist individuals in accessing good jobs and entry into the middle class. As a nation, we can't afford to neglect their and our economic future and well-being. Since the beginning of the recession, the fundamental weakness of the block-grant structure of TANF has been highlighted in the minimal growth of the program. Despite the recession the TANF caseload increased only 13 percent between December 2007 and December 2009 and grew less than 1 percent in 2010, while the number of people living in poverty and deep poverty continues to rise.[5] In 2010, 9.9 percent of children live in households whose income is less than half the federal poverty line.[6]

The one recent bright spot in TANF's otherwise dismal record of alleviating suffering during the recession was the states' use of the federal dollars provided in the Emergency Contingency Fund. Collectively, states created 260,000 subsidized jobs, which supported local economies by putting earnings in the hands of individuals who were likely to spend it, connected individuals with employment, supported businesses during the recession, and demonstrated the efficiency and efficacy of subsidized jobs on a large scale.[7] Unemployment is going to remain high for years to come,[8] meaning many individuals with barriers to employment will find it extremely difficult to find unsubsidized work. Barrier reduction, education and

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[4] Liz Schott, Center on Budget and Policy Priorities, Policy Basics: An Introduction to TANF (2011), http://www.cbpp.org/cms/index.cfm?fa=view&id=936.

[5] LaDonna Pavetti et al., Center on Budget and Policy Priorities, TANF Responded Unevenly to Increase in Need During Downturn: Findings Suggest Needed Improvements When Program Reauthorized 1, 2 (Jan. 25, 2011), http://bit.ly/pdE9qT; Administration for Children and Families, U.S. Department of Health and Human Services, TANF and SSP: Total Number of Families: Fiscal and Calendar Year 2010 (May 16, 2011), http://1.usa.gov/plB2cR.

[6] United States Census Bureau, Income, Poverty, and Health Insurance Coverage in the United States: 2010 (2011), table 6, pg. 19, http://www.census.gov/prod/2011pubs/p60-239.pdf

[7] LaDonna Pavetti et al., Center on Budget and Policy Priorities, Creating Subsidized Employment Opportunities for Low-Income Parents: The Legacy of the TANF Emergency Fund (February 16, 2011), http://www.cbpp.org/files/2-16-11tanf.pdf.

[8] Congressional Budget Office, The Outlook for the Economy and the Budget, http://cboblog.cbo.gov/?p=1879.

training, and work experience are effective ways to improve their employability and long-term economic opportunity. Simple-minded "work first, work only" is not.

Conclusion

The narrowly defined work participation rate has contributed to the cycle of poverty, and must be improved upon. The work participation requirement will increase TANF recipients' self-sufficiency, and hopefully eventual prosperity, only if we ensure that all activities on an individual's pathway to a career are countable activities. At the same time, to eliminate the scourge of deep poverty in America, we must allow families to receive TANF benefits if they are unable to work or find work, set the goal that TANF be accessed by all eligible families, and create a funding mechanism so that TANF can respond quickly to times of particular economic need. By reformulating the work participation rate and incorporating outcomes of family well-being, the take-up rate of eligible families, and increased education and earnings over time, TANF will more effectively fulfill its goals of self-sufficient families.

Thank you for the opportunity to address these important issues. I would be happy to follow up with you on any of these issues. I can be reached at 312-368-3303 or wendypollack@povertylaw.org.

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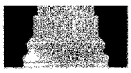


ASSET BUILDING
POLICY PROJECT

October 13, 2011

The Honorable Geoff Davis
The Honorable Lloyd Doggett
Subcommittee on Human Resources
House Committee on Ways and Means
1101 Longworth House Office Building
Washington, D.C. 20515

RE: Letter of Record: promote asset limit reform in the TANF program to encourage work, access to financial services and economic self-reliance among working poor households

Dear Chairman Davis and Ranking Member Doggett,

The Community Economic Development Association of Michigan thanks you for holding the September 8 hearing on the reauthorization of the Temporary Assistance for Needy Families (TANF) program. We agree with the subcommittee that more can be done to ensure the program provides a much needed safety net and promotes the economic mobility of TANF recipients.

CEDAM is a statewide association of community development corporations and numerous other public and private partners dedicated to improving Michigan's communities through community-based economic development. CEDAM advances community-based economic development to revitalize and rebuild Michigan communities and neighborhoods, serving as the unified voice of member organizations and generating resources through advocacy and collaboration. To further this work, CEDAM coordinates several statewide initiatives including the Michigan Asset Building Policy Project, the Michigan EITC Coalition, the Michigan Foreclosure Task Force and the Michigan Rural Network. All of these efforts are focus on helping working families achieve lasting and sustainable financial security.

This is why we urge the Committee to remove asset limits for TANF recipients. Asset limits are a critical obstacle to financial self-reliance for TANF recipients. The original intent behind asset limits was to ensure that only those most in need received benefits. However, the federal ceiling for asset limits has not increased since 1996 and still remains at $2,000. The strict limits in federal policy also have a negative impact on state policy as is the case currently in Michigan where recent changes in TANF and Supplemental Nutrition Assistance Program eligibility rules will push more than 14,000 children into poverty and end food assistance to potentially tens of thousands of households.

By restricting TANF recipients to only $2,000 in savings, the law forces many recipients to stay unbanked, makes it difficult for young people or households with children to save up for higher education and discourages retirement plan participation. This is especially true in Michigan where, over the past decade, more families have depleted their savings in order to gain temporary assistance then have been denied (or had their case closed) for exceeding the asset limit: as a result, more Michigan families are asset poor and less able to achieve financial security and independence.

Studies have clearly proven that **both** income and assets are key to economic security. We recommend Congress:

- **Eliminate the asset limit test in TANF.** Eliminating the asset test provides the most administrative savings. Enforcing asset limits once someone begins receiving benefits just discourages opening a bank account and saving money. Eliminating the asset test saves significant staff time and provides a better allocation of resources toward work.

- **If Congress cannot eliminate the asset test, it should raise it to $10,000 and retain the state flexibility.** While raising the asset limit will not have the same type of administrative savings we seek, it will remove the disincentive to open a bank account and save. A higher test should also follow the lead of the SNAP program and exclude all retirement accounts and college education investment accounts such as 529s and Coverdells. We also recommend excluding Savings Bonds as well.

Thank you for focusing on strategies to enable struggling families move up the economic ladder.

Sincerely,

Ross H. Yednock

Ross H. Yednock
Director, Asset Building Policy Project
The Community Economic Development Association of Michigan

Cc: The Honorable Dave Camp, Chairman, Ways and Means Committee
The Honorable Sander Levin, Ranking Member, Ways and Means Committee

Testimony to the Subcommittee on Income Security and Family Support of the House Ways and Means Committee

By Michael Laracy, Director, Policy Reform & Advocacy
The Annie E. Casey Foundation

September 22, 2011

Chairman Davis, Ranking Member Doggett, and Members of the Subcommittee:

Thank you for the opportunity to submit testimony on "Improving Work and Other Welfare Reform Goals."

My name is Michael Laracy and I am the Director of Policy Reform & Advocacy of the Baltimore-based Annie E. Casey Foundation, a national philanthropy devoted to fostering public policies, human services and community supports that meet the needs of disadvantaged children and families. I am submitting this testimony to help illuminate existing knowledge about what we know **and more importantly,** some critical information gaps about how families that are eligible for TANF are faring and how effective TANF is.

In brief, we are recommending that legislation to expand state-level indicators of child well-being be included in TANF reauthorization, in order to better assess how well TANF is serving families.

The Annie E. Casey Foundation's commitment to helping children and families who are most vulnerable is matched by our determination to be guided by quality data and useful indicators. Our KIDS COUNT project and related investments measure the impact of our grants on the status, conditions and well-being of the families our work seeks to help. In our judgment, good measures of child and family conditions are indispensible to good policy decisions and public accountability.

Every year since 1990, we have released an annual KIDS COUNT Data Book, which uses the best available data to measure the educational, social, economic and physical well-being of children, state by state. The Foundation also funds a national network of state-level KIDS COUNT projects that provide a more detailed, county-by-county picture of the condition of children. This data helps public leaders, organizations and citizens make better decisions about how to improve the lives of children and their families.

However, sometimes the data that policy makers need simply does not exist. An important example is the lack of state level data to assess whether TANF is meeting the needs of America's children in this recession. Statistically reliable, comprehensive, state-by-state data on child well-being is essential to determining how well TANF is serving struggling families.

Since TANF is implemented by the states and their decisions on how to use TANF funds vary dramatically, only statistically significant state data can adequately depict how well or poorly TANF is meeting the needs of children and families. National data is simply insufficient to inform this committee and other policy makers of the program's effectiveness.

Unfortunately, right now we lack this information.

Right now, there is no state-by-state data source comparing TANF-eligible families that receive TANF assistance to TANF-eligible families that don't receive assistance.

For example, we can't analyze the hardships each group is facing, how their children are faring in school, the health of their family relationships, whether the children are thriving or whether or not adolescents in each group are engaging in high risk behavior due to the financial situation of their families.

The GAO study presented at this hearing indicates that there are substantial variations among states in the nature of their TANF caseload; for example, in December 2010, only 10 percent of TANF cases in Idaho were single parent (with the rest child only), but in Missouri almost 80 percent of TANF cases were single parent, with the rest child only. Yet we have no way to assess how well children on TANF are doing in each of those states, and whether their TANF program design is in fact meeting the needs of children in their states.

Much of the data we have on child well-being is only available as national data. In addition to the variation in state TANF programs noted above, the degree of variation among states in child well-being is stunning. When we examined the ten indicators that we use in KIDS COUNT (all of which are available as statistically reliable state data) the variation between national and state indicators was dramatic. **For every indicator, more than half the states had incidence rates that were statistically different from the national rate. For some of the indicators, almost every state had an incidence rate that was statistically different.** In other words, national data simply cannot guide state specific decisions because child well-being varies greatly among states and between the state and national level. A problem that is significant and demands the attention of policy makers in one state may be trivial or dwarfed by different concerns in other states.

Where surveys do exist that collect data on child well-being at the state level, they do not provide a clear picture of how TANF-eligible families are faring. Such surveys usually cover only one aspect of well-being—income status or the frequency of teen pregnancy, for example. They don't generally collect data on whether the family is TANF eligible or receiving TANF benefits. **As a result, it is impossible to investigate how strongly income status and the receipt or lack of TANF benefits correlates with other concerns such as educational engagement or teen pregnancy.**

Some of our data on child well-being in the states depend entirely on administrative sources. As a result, we lack information on children who are not in those systems. For example, while we track important data about how children in public schools fare, we miss comparable information about children in private schools, charter schools, home-schooled children, drop outs, or children too young for school. Since one out of four children is not in our public schools and administrative data from the public schools does not include information on whether families receive TANF, we cannot determine how the decisions made by the states about TANF are affecting children's ability to learn.

One of our best sources of information about children in the states is the National Survey of Children's Health (NSCH), which surveys nearly 2,000 households in every state. It provides invaluable statistically reliable information on how children are doing state by state. Unfortunately, it has two major weaknesses. First, it focuses on child health and tells us little about other aspects of child well-being, such as education, socio-emotional development and behavior, family well-being, and adolescent attitudes and expectations. All of these indicators can be seriously affected by a family's economic struggles. Second, the NSCH is only collected every four years. The survey was last conducted in 2007; the current survey is underway now and the data will only become available next year. In the years between surveys, outdated data becomes too stale to provide useful guidance to this committee and other policy makers on the needs of children and the degree to which TANF is meeting those needs, particularly in economically turbulent times. Moreover, such long periods between surveys means important developments, such as the recent recession, are skipped over and never captured.

In order to assess the impact TANF cash assistance and other services have on children and families, we need far better state-level data on which families are receiving TANF assistance, what that assistance includes, and how those children are doing.

Bipartisan legislation to expand state-level indicators of child well-being was introduced in the last Congress in both the House (H.R. 2558) and Senate (S.1151), and we believe similar legislation will be introduced in this Congress. The legislation would expand the range of data collected in the existing NSCH, and collect the data on an ongoing basis or annually.

This proposal would give policy makers and others concerned about children a much more detailed picture of how children are doing in every state and nationally, enabling state policy makers and program administrators to make more effective and better-targeted decisions affecting children. It would also enable national policy makers, such as members of this committee, to assess how TANF is functioning and whether the federal government needs to adjust the program to make better use of scarce federal resources and provide the most help to struggling families.

Under this bill, the Maternal and Child Health Bureau (MCHB) would develop comprehensive indicators of child well-being in each state. Indicators would include measures related to education; social and emotional development; physical and mental health and safety; and family well-being, such as family structure, income, employment, child care arrangements, and family relationships. The Director of MCHB would consult with a subcommittee of the Federal Interagency Forum on Child and Family Statistics comprised of experts on child well-being on new measures and methods. An advisory panel of state experts would make recommendations regarding the appropriate measures and statistical tools necessary for making such assessments.

Data collection would be overseen by the MCHB. The data would be publicly available, statistically representative at the state and national level, consistent across states, and measured with reliability. Since data collection would be ongoing or annual, and the

NSCH releases data within 6 to 12 months of collection, information would be current, enabling federal and state policy makers to craft real-time policy decisions and assess the TANF program's effectiveness.

One of the most important mechanisms in the proposed study to assess the impact of TANF is an over-sampling of low-income children, enabling estimates of key subgroups of at-risk children. With such an ongoing survey, we would have enough data to analyze low-income subgroups and determine how children are faring in each of the three groups the GAO identified, by state (those on TANF, those in eligible non-receiving families with higher income, and those in eligible non-receiving families with lower income); we would have richer data on welfare and income; and depending on survey design, we might well have self-reported data from adolescents. This would provide valuable information for committee members on the implications of TANF receipt or the lack thereof; it would also be enormously useful to state policy makers. An indicator of the value of this information to the states is that the National Conference of State Legislatures unanimously adopted a policy endorsing this proposal.

As part of this legislative effort, the Annie E. Casey Foundation has pledged to co-fund the dissemination of this information and will invest significant funds to help policy makers and other stakeholders interpret and use the data from the expanded National Survey of Children's Health. As the sponsor of the annual KIDS COUNT reports, the Casey Foundation brings strong leadership in the area of child well-being research and its involvement in this effort would further enhance the credibility and usability of the new information. I should note that this "joint funding opportunity" permits me to lobby on behalf of the Foundation on this specific issue under one of the few exceptions to the general prohibition on foundation lobbying.

This proposal is cost-effective because it builds on a current survey. The proposed expansion of the National Survey of Children's Health would build on the current use of telephone surveys to collect information. The use of telephone surveys is a cost-effective strategy and can be conducted alone or in a mixed mode strategy with other survey techniques. The proposed legislation would authorize $20 million a year to support the expanded survey, with additional content, ongoing data collection, and surveys with adolescents.

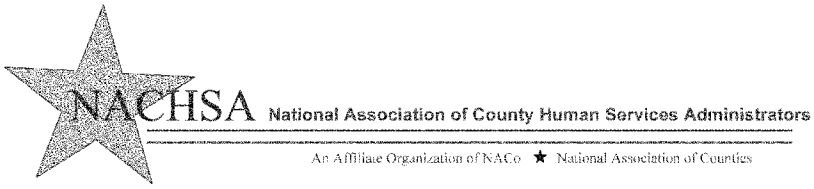
The proposed legislation would address all of the flaws identified above. It would be state-specific, timely, address the full range of child well-being indicators, allow us to look at the whole child and the correlation between factors such as TANF receipt and other aspects of child well-being, and include all children rather than be limited to those served by administrative systems. It would provide precisely the kind of information that the committee sought in the hearing, and enable state policy makers to make decisions that are much better informed.

In 2008, only one out of four eligible poor children received TANF benefits. Since TANF caseloads have climbed much more slowly than the numbers of the unemployed, it seems likely that even fewer eligible poor children are served today. In order to understand what

that really means for struggling children and families—whether they are going hungry, losing their homes, falling behind in school, or enduring deteriorating family relationships, or whether they are buffered from the worst consequences of this lack of income by other programs such as the Supplemental Nutrition Assistance Program (SNAP/Food Stamps)—we need better data. Likewise, we need similar data to determine which children are thriving as their parents achieve self-sufficiency and stay together despite the hard times. Fortunately, the child-well being indicators bill will provide a solution. I hope that as you deliberate how best to ensure that TANF will meet the needs of families during this recession and beyond, you will also weigh the best approach to tracking the results of your decision and decide to enact this legislation.

Thank you.

The National Association of County Human Services Administrators



Statement for the September 8, 2011 Hearing Record

TANF Reauthorization: Improving Work and Other Welfare Reform Goals

Submitted by
The National Association of County Human Services Administrators

The National Association of County Human Services Administrators (NACHSA) welcomes this opportunity to submit a statement for the record on how to improve work and other welfare reform goals through a reauthorization of the Temporary Assistance for Needy Families (TANF) program.

Affiliated with the National Association of Counties (NACo), NACHSA is an association of county human services directors from across the nation. NACHSA provides county decision-makers with information they can use to help people in their communities access services that meet their unique needs and enhance the quality of their lives. The Association also assists counties in navigating the federal legislative and regulatory landscape to tackle challenges and opportunities in the human services arena.

In at least ten states, counties are responsible for administering the TANF program. Those states include some of the more populous ones, including California, Colorado, Minnesota, New York, North Carolina and Ohio. In others, such as Pennsylvania, counties administer some programs such as child welfare services. With this diversity in mind, NACHSA has worked with the county elected officials within NACo to develop a series of TANF reauthorization principles outlined in this statement.

Counties that administer TANF are proud of their TANF efforts. They have formed strong public-private partnerships, bringing together employers, community- and faith-based organizations and the other local and state agencies that serve our participants. These efforts were evident in implementing the TANF Emergency Contingency Fund (TANF-ECF) authorized by the American Recovery and Reinvestment Act. Of the 260,000 subsidized jobs for adults and summer youth funded by TANF-ECF, county-administered states worked with their local partners to provide over 70,000 subsidized jobs.

The TANF-ECF experience is the most recent example of how county staff roles have changed. We are focused on assisting clients in moving from welfare to work. The way in which we use our state and federal funding has shifted from a focus on cash aid to a focus on supportive services such as child care, transportation, and skills training. Instead of speaking of "entitlements," we speak of "self-sufficiency." From caseload reductions, to increases in work, to a decreasing reliance on cash aid, TANF has been a success.

The clients counties serve, however, often have multiple barriers before they are able to become self-sufficient. TANF participants often struggle due to poor education, limited skills,

little or no work history, behavioral health issues, domestic violence, disabilities, and involvement with other public systems such as child welfare and law enforcement. Despite those multiple challenges, many of these families are indeed engaged in work or other activities, but they participate less than the federally-required number of hours. Barriers for some of those families are so great that expecting 32, 35, or 40 hours of work from them, at least at certain points in time, is unrealistic.

Given the challenges faced by many in our caseloads, county administrators continue to struggle with administering a TANF program that is heavily focused on process rather than outcomes. The regulations include narrow definitions of work activities, add parents who have reached their statutory time limits on aid into states' work participation rate calculations, and implement process-heavy requirements for verifying and documenting participation.

County administrators are even more acutely aware of TANF's focus on process during the recession. Not only are many of them operating with reduced staff due to budget cuts at all levels, high unemployment rates compound the challenges of moving TANF participants into jobs. Additionally, families who have never needed human services assistance now find themselves requesting help. They still may not be income-eligible, but they have lost their job, face foreclosure on their home, have marketable skills but need temporary assistance, possible retraining, and supportive services to help them back into the workforce. County administrators also are responsible to their board of elected county officials who are under intense pressure to find even more budgetary savings as property tax revenues continue to decrease.

County human services directors see first-hand the successes and challenges of implementing TANF. Given that experience, NACHSA recommends that Congress consider the following policies when crafting a TANF reauthorization bill.

- **Give partial credit for partial participation.** Many recipients are participating for a portion of the required hours in federal activities. However, states and counties receive no credit for partially participating individuals. The efforts of states and counties to engage participants in as many hours as possible should be recognized and recorded.

- **Clarify and simplify the work verification and reporting requirements:** The documentation requirements for many of the allowable activities are an administrative burden and should be revised. Simpler methods exist, such as negative reporting systems in which participants are presumed to be engaged in their assigned activity unless the program supervisor reports otherwise.

- **Allow realistic participation in behavioral health activities.** Some substance abuse, mental health and domestic violence services can be counted toward job search/job readiness activities for up to 4 to 6 weeks. However, the rules essentially force states to count even one day of participation in these activities as an entire week. This strict interpretation is a significant barrier for individuals with substance abuse or other behavioral health problems. States and counties should be able to count 240 hours a year of these activities for each individual.

- **Allow partial participation for persons with disabilities.** States and counties should be allowed to count participation by individuals with disabilities based on the number of hours that their medical professionals deem appropriate for the individual, even if it is

below 30 hours a week. This is consistent with the Federal Rehabilitation Act and Americans with Disabilities Act.

- **Count job search, job readiness, basic skills and English as a second language as a component of any work activity:** Today's economy requires a well-trained workforce. Individuals with poor basic skills and poor English language skills will not be able to obtain meaningful employment. Counties, therefore, suggest that basic skills training, remedial education, and English as a Second Language count as job readiness activities and be an allowable component of vocational education. Job search and job readiness are critical components of self-sufficiency plans. The six-week restriction should apply only to stand-alone job search as a core activity. The limitation should not apply to job search and job readiness activities that are combined with other work preparation activities.

- **Do not penalize states that help children with a safety net.** A number of states, including California, have chosen to give a reduced grant to children whose parents reach their time limits on aid but still meet other eligibility requirements, including having income below a certain level. The HHS regulations include the parents of these children in states' work participation rates. Please do not put states in the position of having to decide whether to eliminate assistance for these vulnerable children.

- **Eliminate the Two Parent Work Participation Rate.** NACHSA urges Congress to eliminate the 90 percent two-parent work participation rate. It is unrealistic penalizes states and counties that are otherwise doing a good job of engaging participants.

NACHSA works closely with NACo to create their policy positions. Those TANF reauthorization policies include, but are not limited to, support for:

- Applying twenty-four months for vocational education to a higher percentage of the caseload;

- Allowing more than 10 hours a week of basic skills and education training to count as work activities and allowing these hours to count toward work participation rates;

- Removing teen parents from the 20 percent vocational education limit;

- Exempting relatives who are caring for a child who would otherwise be in foster care from the work requirements and the time limit;

- Exempting adults who are the primary caregivers of a disabled family member from the work requirements; and,

- Allowing a parent providing child care in a two-parent family to count toward the work requirement.

NACHSA appreciates the opportunity to submit this statement for the record. County administrators have first-hand experience in administering TANF and welcome any questions Subcommittee members may have on how to improve the program.

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House Committee on Ways and Means

Human Resources Sub-Committee

Statement of Welfare Rights Initiative Students, Staff and Alums as prepared by Maureen Lane.

Subcommittee Comments to be included in the record of the September 8, 2011 hearing on "Improving Work and Other Welfare Reform Goals"

We are grateful for the opportunity to submit testimony to the subcommittee. We begin with a little background on our organization, then policy recommendations and support for recommendations.

Welfare Rights Initiative (WRI), located at Hunter College, City University of New York is a student activist and community leadership training organization designed for college students, low-income and receiving public assistance. Through participation in WRI's programs, students build the skills for bringing their voices and experiences to the policy-making that impacts their lives. WRI seeks to secure access to education and training for all by bringing to the forefront positive role models, especially women raising families in poverty. WRI exemplifies democratic and inclusive process in its work to create systemic changes that lead to economic stability, empowerment, and dignity for families living in poverty.

Recent Data on Poverty Requires Income Security Policy that Improves TANF Goals

For the fourth year in a row the poverty rate has gone up. Many reports have noted that over the last decade and a half, TANF has failed to provide a path out of poverty for poor families. Even with a deep recession, welfare caseloads have plummeted. Benefits have been frozen at 1997 levels and are painfully below the federal poverty level.

Legal Momentum's recent report notes that poverty is widespread and severe in single mother families. According to the recently released Census Bureau data on poverty in 2010, people in single mother families had a poverty rate of 42.2% and an extreme poverty rate of 21.6%.

Not surprising as Legal Momentum reports a "large gender poverty gap that has persisted since poverty measurement began in the 1960's continued in 2008. Adult women were 35 percent more likely to be poor than adult men in 2008, with a poverty rate of 13 percent compared to the 9.6 percent rate for men."

Seventeen years ago, when WRI was founded, there were 27,000 students receiving public assistance at CUNY. Ninety percent **(90%)** of adults receiving welfare were and still are women with children.

In 1995, research by Marilyn Gittell at Howard Samuels Center CUNY Grad Center, showed that eighty-eight percent **(88%) of women who attain a bachelor's degree move to jobs with a living wage and permanently out of poverty**.

Yet, in 1996, TANF paradoxically closed the door on the best-known route out of poverty: education. Latest Labor Department data shows, among women 25 years of age or older, 73 percent with bachelors degree or higher were in the labor force to 54 percent with only a high school diploma and 33 percent without a diploma. Only 3.9 percent of these women with a four-year college degree lived in poverty compared to 13.1 percent with a high school diploma, and 29.3 percent with no high school diploma.

Education represents an investment that yields significant financial gains. It also promotes personal growth (e.g., self esteem, confidence, overcoming various problems) and societal returns (e.g., increased civic engagement, asset development, well being in retirement, and reduced public spending). City University of New York (CUNY) statistics, show that since 1996, over 21,000 CUNY students have been forced to drop out of school with implementation of new workfare law. The implications of these statistics are staggering,

especially since 88 percent of women on public assistance who graduate from college with a bachelor's degree move permanently off welfare within a year of graduation.

A report in May of 2006 from the Institute for Women's Policy Research (IWPR) confirms that despite the challenging circumstances for low-income students to undertake a college education, higher education "provides the best opportunity--especially for women--to acquire **good jobs, with good wages and good benefits.**" The most striking finding is the **ripple effect** that higher education creates "beyond the individual sitting in the classroom..." Children of college-educated parents show improved grades and study habits, and 80 percent of degree holders indicate increased involvement in their communities.

US Department of Labor data shows that higher levels of education increase earnings. High school or GED graduates earn $618 a week from employment. People with a bachelor's degree earn $1,012 a week. The difference per week of earnings between just high school and college degree is $394 per week, or $20,488 a year. In addition, college graduates get jobs that last. According to January 2010 figures, the rate of unemployment during this current economic downturn was highest for people without a college degree: Less than high school: 15.2% unemployment rate; High school: 10.1%; Some college: 8.5%; Bachelor's degree or higher: 4.9% unemployment rate.[1]

People receiving welfare do well in school and upon graduation. WRI students, over the last 17 years, have graduated at the same rate and gone on to graduate school at a higher rate than other CUNY students but not without unnecessary struggles and hardships caused, not by their individual family crises, but by misguided government policy.

WRI's legal advocacy team has helped over 4,000 students stay in school and brings in hundreds more every year in spite of counterproductive and outdated policies. The success stories of WRI students are proof of recurring findings. However, many more families would be moving from poverty to careers through the self-determination that is a college education if federal, state and local policy was structured to stabilize families in need and assist them to education and training once they are stabilized.

From seventeen years of mind-numbing policy experience, WRI has come to see that **the policy-making process must include people with first-hand experience of welfare in addition to other stakeholders.** Traditional policy-making that excludes meaningful input from welfare claimants will perpetuate the problems, myths and stereotypes on which poorly functioning welfare policy is based.

We believe dialogue as a process can be designed to develop meaningful policy changes and emerge a shared vision for policy by the dialogue participants: policy-makers, children aging out of foster care and in need of welfare, homeless youth (including gay, lesbian and bi-sexual), state legislators, agency officials, religious leaders, advocates, educators, service providers, philanthropists and people from the community as well as those individuals with firsthand experience of policy impact. We are convinced that dialogue with a mix of stakeholders is key to the opening of minds and hearts to a mutually beneficial policy, which we define as an expansive vision for the future.

WRI students, staff and alums stand ready to work with the sub-committee on income security and family support to initiate meaningful policy dialogues.

Services and supports are necessary for families to stabilize, they include but are not limited to: Housing needs (expansion of section 8 etc), Health Care (expanding CHIPS and mental health parity and comprehensive addiction treatment etc), Low-cost and subsidized child care expansion. The process for determining the stabilization supports can be uniform and start with the assessment process. A comprehensive educational

[1] http://www.economicsecuritycampaign.org/issues_ed.htm

evaluation should also be done, by a qualified individual to assess where a person is along their educational journey. Not just tests to find weaknesses, but to also determine a person's strengths.

Our recommendations are not theories they come from real experience and reflection on what can work better. Once families are stabilized and with a clear policy direction that holds access to education and training as a national priority, WRI policy recommendations for TANF work requirements are:

1. Hours spent in education classes from training, to Adult Basic, ESL, Literacy, and GED through to college count as core activities.
2. All homework time, work study and internships/externships time count as core work activity.
3. Allow and assist TANF applicants including immigrants to have education and training as an option in the public assistance application process.
4. Eliminate 5 year time limit.
5. Allow all families 3-6 months stabilization before requiring work activity.
6. Offer a school allowance to all families receiving TANF. The allowance to be per year/per child based on the child's needs at their school level.
7. Offer bonuses to all states that show families moving from welfare and have established 3 year job retention.
8. Increase transitional benefits.
9. More funds for states to use to administer services and support for families; and meaningful consequences to states that do not comply with regulations.
10. Require clear conversational language in all written and verbal communication with TANF program participants.
11. TANF regulations linked to Housing, Child Care, Women's Rights, Education Departments and to other intersecting agencies so they can work together efficiently and collaboratively.
12. Raise the income disregard to 300% of poverty level.
13. No work requirements for families with children under the age of six.

To date, WRI and many groups around the country have seen HHS regulations as a block to family advancement towards economic security. Regulations have narrowly defined activities that people receiving assistance can participate in which count as credit for the states to receive federal assistance funds. WRI students, staff and alums are alarmed by the negative societal and economic consequence of limiting access to education, better jobs, family security and community enhancement.

Many education programs that states have found effective are severely limited by federal rules. HHS has made reliance on ineffective short-term work readiness programs the highlight of their recommended activities. Given the fact that reports have found these programs to be of dubious quality and effectiveness, WRI is compelled to put forth our simple, fiscally responsible and value-based regulations for TANF.

We look forward to dialogue on TANF renewal as not only a way to design new policy but a clear way to direct regulations and implementation. The following are stories from four WRI staff and students. The stories explain who we are, our mission and why we propose what we propose as eloquently as any civic minded citizen could.

A former welfare claimant

Reading over the Department of Health and Human Services' Temporary Assistance for Needy Families (TANF) Regulations; I couldn't help but take the words I read personally. As a struggling college student who received public assistance as a child, I know all too well what these regulations truly mean for women like my mother and me. These Regulations limit and impact peoples' lives in innumerable ways. My mother struggled to raise two children on her own with no education and no promise of one. She barely made it through her vocational training with the little help that TANF offered her. Although she did what is considered an

"allowable activity" according to Federal Regulations, she has not moved out of poverty and has struggled to make ends meet her entire life. At the age of 45 my mother's tired, hard working body gave out on her from 25 years of physical labor. Her story is not unique. If hard work was all that was needed to be successful in this world, my mother and I would be millionaires, but it seems it is not that easy. Life for the poor is limited by the regulations and the definitions that frame them.

A woman who believes in the liberating power of education

During my childhood days in the small village of Buccament Bay, St. Vincent, my grandparents were relentless as they shared the importance of education. My grandmother always reminded us that when you do not have a lot of money, you MUST use your brain to open doors and succeed in life. As children, we lived and breathe education—it was the one unifying value that sustains generations in my village. In fact, my parents migrated to the U.S. in search of educational opportunities because they knew then, as we all know now, that education is the greatest equalizer. My passion to work with low-income and poor women is rooted in my rich heritage. I come from a people who "disobeyed the master" and read in secret at a time when reading or any association to education was "explicitly forbidden". I come from a people who made tremendous sacrifices to migrate to the U.S. in search of a better life for themselves and their families who often remained on the home front. This is my story that illuminates my commitment to help secure access to education for all, including individuals receiving public assistance. For me, access to education brought confidence, dignity, self-determination and a steadfast belief that people living in poverty must speak their own truth.

A student receiving public assistance on his mother's budget

I am currently attending Hunter College. I am a student activist, an observer of the welfare regulations, a visual artist and I am a welfare participant. Welfare mandated appointments harass me. Typically every semester I am called in for an initial appointment, conciliation and a third appointment. This series of three appointments repeats every month or so. I do 35 hours of internship and work-study. In fact, these 35 hours work assignment gives me less time to study.

A Student receiving public assistance

I am a student at Hunter College and a student intern at Welfare Rights Initiative. I graduated from high school in June 2008, extremely excited to be on my way to college. I am the oldest child and the first in my family to be pursuing a higher education in the U.S. Shortly after I turned 18 in the summer of 2008, I was called in by HRA and was told that I would have to participate in a mandatory 35-hr work week and that FWS and Internships could count towards that requirement. I was not so flustered by this because I was planning on doing internship in college in order to build my resume. That was when I was referred to WRI and was offered to intern for 22-hrs a week. I thought that this was perfect- I had 13 hours of class, 22 hours of internship, together that makes 35! Soon after, I learned that my class hours did not count because Hunter College is a 4-year college and that I would have to do WEP.

When we heard this, my mom and I were heartbroken. My mom was afraid that if I did not work, our family's benefits would get cut and I was afraid that I might have to drop out of college, and I hadn't even started classes yet! The only way I was able to get through this time was because of WRI. They guided me through my appointments, helped me fill out forms, and even spoke to my mom. Even with WRI by my side, I faced other problems. I was told by one worker that I should cut down a few internship hours to make room for WEP in my schedule. Of course, I knew about the Work Study and Internship Law (thanks to WRI), and I knew that Work Study and Internships/Externships count towards the 35-hr work week requirement.

Nonetheless, I felt for those students who did not have an organization like WRI helping them out. All my life, I have been told how important education is in our society and that education is the quickest way to success and out of poverty. "Education is for everyone," I was told by parents, teachers, leaders, etc. Then, why were there

so many obstacles in my way? I was pretty confident and ready for college when I graduated from High School but my confidence was crushed by HRA, even though I had a strong organization supporting me. What about student who do not have an organization to build their confidence, students who do not know that they have a legal right to attend college, and what about those students who think that they have no other option other than WEP?

From my experience, I have learned that welfare policies not only affect caregivers or the head of the household, but they affect the children as well. I did not know anything about welfare policy until I received that first letter from HRA, in my name, in the summer of 2008. I was not the only one shaken by this one letter and the many that followed. My younger sister who was a junior in high school at the time was also worried about what would happen to her after she graduated. My mother was worried for herself and her children because one mistake or one missed appointment would get our case closed.

I have had several case workers make contradictory statements like, "You won't have to work because you go to college full-time" and then another would tell me, "Your class hours don't count" and then another would say to cut down my internship hours. Even the letters that came to my house were difficult to understand. I did not know what a "TAG" appointment was or how the WEP process worked. My mom was also confused. Even now I wonder if I would have been able to stay in school if it were not for WRI guiding me through the process. I have always put school first because I understand the importance of education. The time I spent wondering whether I would be able to maintain a good GPA while working 35 hours a week in different locations was unnerving and disheartening. Would I have time to study, to do homework, and to do research? The 35-hr work week requirement does not take into account the amount of school work one has to do outside of school and I think that is a major issue. If I am in college, I want to be able to do well.

Since the moment I turned 18, the HRA-call in process has placed so many obstacles in my way to prevent me from going to college. Pursuing a college degree is the only way I can improve my financial situation and it is the only way I can accomplish my goals. New TANF regulations should focus on the difficulties families like mine face while trying to build a better future for themselves.

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Comments Submitted September 22, 2011
Name of Hearing: Improving Work and Other Welfare Reform Goals

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Thank you for the opportunity to submit comments in response to the House Committee on Ways and Means Hearing "Improving Work and Other Welfare Reform Goals" concerning the Temporary Assistance for Needy Families (TANF) program, which in California is administrated through the California Work Opportunities and Responsibility to Kids (CalWORKs) program.

Western Center on Law and Poverty felt very strongly that the focus of the committee was misguided and were disappointed to see a lack of focus on the core program values of helping families reach self-sufficiency and ensure the future success of children in families with incomes below the federal poverty line. According to the U.S. Census Bureau data released today,[1] which show an increase in 2010 to 46.2 million in the number of Americans in poverty. Rather than focus on how to further restrict the flexibility of states and identify which adults are exempt from work is misplaced, we believe that Congress must restore the flexibility that TANF once had and which allowed states to develop important poverty reducing strategies has been replaced by a mechanical, check the box approach which minimizes creativity. We would urge, less, not more federal mandates and urge the committee to begin by reversing the mistakes made in the DRA as follows below.

Even worse, poverty among children has reached record highs.[2] Congress has the opportunity to find solutions that work in our countries most important safety net for poor children. Below, we suggest ways that Congress could improve the targeted reach of TANF to increase economic self-sufficiency of poor families and reduce hardships experienced by poor children during our country's challenging economic times.

CalWORKs Is There to Help Families During Times of High Unemployment

Since the implementation of TANF, California has maintained a robust cash assistance program for families with children. For years, program participation was on the decline until the economy began to decline in the summer of 2007 and our TANF program (CalWORKs) was there for families.[3] We experienced a 25% caseload increase and increased costs for cash assistance, child care and supportive services. The basic needs grants that low-income families

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[1] U.S. Census Bureau, American Community Survey 2010
[2] Poverty Rates Among Women and Children by State
[3] CalWORKs Caseload Trends: http://www.cdss.ca.gov/research/res/pdf/caltrends/CA237Caseload.pdf

receive, while still don't keep families from deep poverty, they are vital for the most vulnerable children in our state.[4]

Recommendations: Congress should ensure that TANF programs are responsive to unemployment and that grant levels do not drop so low as to put children in deep poverty.

Support TANF Subsidized Employment

Despite unemployment at over 11 percent and dramatic caseload increases California has continued to improve its' work participation rate during the recession. With the state experiencing an unprecedented loss of anticipated revenue, Governor Schwarzenegger and Governor Brown made significant reductions in cash assistance. This year alone, California made some of the deepest cuts in its TANF program ever, including an 8% grant cut, a shortened lifetime limit for adults, elimination of our CalLearn program for parenting and pregnant teens and further reduction in county administrative allocations. Among those proposals considered but not implemented was the complete elimination of the CalWORKs program were among the harshest. The need for such devastating cuts was significantly reduced because the American Recovery and Reinvestment Act TANF Emergency Contingency Fund (TANF ECF) helped California manage the cost of the increased caseload and create jobs through subsidized employment. But for the arrival of the TANF ECF funds, many poor California families would either have lost aid or seen their cash assistance reduced earlier and more significantly.

Recommendations: We encourage Congress to support efforts to restore the subsidized jobs through TANF.

Restore State Flexibility Lost in the DRA TANF Reauthorization

One of the chief reasons state's cannot meet work participation requirements is due to administrative interpretations of the Deficit Reduction Act of 2005. Since its' passage state and local governments have spent valuable time and funds complying with federal requirements that previously were the province of states. These changes have made the program increasingly difficult to manage and reduced the creativity of states. Not only were the statutory DRA changes damaging but time after time the prior Administration squelched promising approaches by prohibiting them or limiting their effectiveness.

1. ACF added child only Safety Net cases into the federal work rate even though the parent has used up the 60 months on aid and is no longer receiving federal assistance.
2. ACF narrowly defined allowable work activities including job readiness activities, vocational ESL and limited duration and scope of subsidized employment with private sector.

[4] Losing Ground Against Poverty: CalWORKs Grants Levels at Historic Lows, J.Bartholow and M. Herald

3. ACF denied the ability to count Domestic Violence counseling as work preparation
4. ACF denied the ability for states to make "reasonable accommodations" to federal work requirements under the Americans with Disabilities Act but instructed states to comply with it.
5. ACF required disabled and needy grandparents to work, families that California exempts.
6. Imposed confusing, burdensome and costly documentation and verification requirements on participants, counties, employers and providers in educational activities.
7. ACF adopted a narrow methodology for counting state welfare spending that cut California's credit for excess state spending in half.
8. Denied the ability to count state spending unless it was for TANF eligible families even though the DRA specifically permits it.
9. ACF limited states ability to use "pre-TANF" programs as the Schwarzenegger Administration proposed.

The cumulative impact of these actions has shifted the focus of states to complying with federal TANF requirements and away from helping families reach self-sufficiency. While we appreciate that it is important for the Administration to be able to evaluate the success of state TANF programs, we believe there are more effective ways to do that than a simplistic one-size-fits all approach to meeting work participation. We urge the Administration to abandon the overly regulatory framework of TANF DRA and restore state flexibility.

Recommendations: We urge Congress and the Administration to reverse the ill-conceived TANF DRA requirements and restore state flexibility.

About Western Center on Law and Poverty

Western Center on Law and Poverty (WCLP) serves as a support center for California's legal aid community and leads the way in large-scale impact litigation, administrative advocacy, budget advocacy and legislative advocacy in an effort to ensure that low-income Californians can easily access safe and affordable housing, adequate health care, and a broad spectrum of safety net services. www.wclp.org

Wider Opportunities for Women

Written statement to the
Committee on Ways and Means
U.S. House of Representatives
111th Congress, 2nd session

Hearing on Improving Work and Other Welfare Reform Goals
September 08, 2011

Submitted by Donna Addkison
President & CEO,
Wider Opportunities for Women
September 2011

Thank you, Chairman Davis and the Members of the Ways and Means the Subcommittee on Human Resources for holding the hearing on *Improving Work and Other Welfare Reform Goals* in the Temporary Assistance for Needy Families (TANF) program. The hearing had the stated goal of emphasizing how States engage recipients in work activities that move them toward self-sufficiency. Primary among our recommendations to this Committee is the need to truly define what this means for families and utilize a method that not only defines self-sufficiency but embraces it as a tool to benchmark individual progress and program success.

The TANF program and the economy have changed significantly since the last round of reforms. Unlike the economic climate at the time of the last TANF reauthorization, jobs today are scarce and many pay low wages leaving families incapable of meeting their basic needs. A large number of breadwinners who have suffered from the unprecedented job loss have found "Temporary Assistance for Needy Families" incapable of meeting, even temporarily, the needs of their families. This is unconscionable. Rather than the anticipated increases in families served, caseloads continue to drop leaving significantly fewer families receiving cash assistance at the same time more and more families are falling into deep poverty. In 2010, there were 1.9 million families receiving TANF cash assistance, down from 4.8 million in 1995, the year before TANF was created — a 60 percent decline even though unemployment is much higher now than it was in 1995, when the unemployment rate was only 5.6 percent[1].

Moreover, the number of working poor has increased by almost 1.5 million workers and prices for goods and services have increased while wage values have fallen[2]. Specifically, median household income had the largest one-year decline since 2007-2008 and most recently poverty rose to 15.1 percent – its highest level in decades[3]. Unemployment has remained high at over 9 percent with no current projections for a decrease to this number and long term unemployment of six months or more is accounting for nearly half of those currently unemployed (42.9 percent)[4]. Workers are finding themselves unemployed for longer periods of time than in previous recessions because of the massive number of jobs lost, some 8 million and counting. Of course, these numbers do not reflect the growing number of discouraged workers who have opted out of the labor market.

These harsh realities demonstrate the need to establish a floor for working families facing hard times, a floor that we as a civilized society should not allow our families to fall below. We remain concerned that the 1996 TANF Block Grant stated a goal of self-sufficiency yet failed to provide the direction or the tools necessary for program administrators to truly define what this means for families. As such, TANF policies have been a more of the problem than the solution. For example, concrete evidence demonstrates that education and training lead to economic advancement, yet current TANF policies impose unnecessary barriers for workers to obtain the education and training they need to be put on the path to long-term if not lifelong self-sufficiency. Many parents leaving welfare for work have done so for low wage jobs with no on-the-job benefits resulting in continued or exacerbated poverty for these families, even as the breadwinners enter the labor market.

We agree with Chairman Davis that reforms of TANF are necessary. We support TANF's intention to grant funding to States "to *provide assistance to needy families with (or expecting) children and provides parents with job preparation, work, and support services to enable them to leave the program and become self-sufficient*.[5]" However, we are far from achieving the goal of TANF leavers being self-sufficient. We urge Congress and the Obama Administration to support a reauthorization package that removes barriers to education and training, changes participation measures to measures that benchmark self-sufficiency, replaces the participation rate calculation with an outcome-based performance measure, creates better links to work supports and responds better respond in times of

crisis. There exist a number of options for Congress that can bring a focus on work that does not include continuing punitive measures including the arbitrary focus on work participation rates.

CHANGE PARTICIPATION MEASURES TO MEASURES THAT BENCHMARK SELF-SUFFICIENCY

Existing federal policies, especially the work participation rate calculation, force a preoccupation with program participation rather than promoting the long-term outcomes needed for families to achieve self-sufficiency. Families that leave TANF and return to assistance do so for a myriad of reasons including a failure to acquire the skills they need to be successful in the workplace. Time and money to ensure workers are trained and appropriately placed would be a better use of scare resources even in times such as these. Families living on the brink of disaster expect TANF to be even more responsive when jobs are scarce. Let's not let them down.

- **Adopt a measure such as the *Self-Sufficiency Standard* or *Basic Economic Security Tables™* to benchmark outcomes.** The Administration and Congress need a consistent and realistic measure of outcomes and success. Outcome measures are already being used across the country which, can be drawn upon as successful models[6]. Such measures provide a clear delineation of the income floor necessary for families to be economically independent. Additionally, these measures may be used to identify and understand the role that public programs designed to fill income gaps and to promote the acquisition of tangible and intangible assets have in moving our families to higher ground. They provide detailed and consistent data about how States are faring in meeting the goals of TANF and in moving families to the currently undefined standard of self-sufficiency. Absent such data, there remains no accurate way to measure program success or individual progress. Imagine the power of sharing with welfare leavers a benchmark income for which they can strive in the workforce. Imagine the power of being able to demonstrate the very real impact of publicly sponsored programs such as subsidized child care, food stamps, or housing assistance as families meet basic needs in the near-term while getting the experience and skills for better jobs.

  WOW has worked with partners in more than 40 states to develop and deploy Self-Sufficiency Standards and Basic Economic Security Tables which define the level of income needed by a family giving consideration to family size and composition as well as the community in which they live. These measures use transparent methodologies to calculate basic costs including food, housing, child care, transportation, out-of-pocket health care costs, taxes and, in the case of the BEST, levels of personal contributions to retirement and emergency savings. TANF policy should adopt such a definition and provide training and tools for front-line staff who would then be better prepared to work with recipients on comprehensive plans for obtaining the education and training upgrades necessary for jobs offering the baseline wages needed to support their family types in their communities.

  The Self-Sufficiency Standard created by Wider Opportunities for Women and Dr. Diana Pearce, founder of the Women and Poverty Project at WOW, and a professor at the University of Washington, School of Social Work. The Basic Economic Security Tables were created by WOW in cooperation with Drs. Michael Sherraden and Yunju Nam of the Center for Social Development at Washington University-St. Louis.

REMOVE BARRIERS TO EDUCATION AND TRAINING

A closer look at jobs loss reveals that the underemployment rate for workers with less than a high school degree has risen to over 14 million workers as of 2009[7]. Only fifty-two percent of TANF recipients have a high school diploma and only three in ten have completed up to grade 11. According to BLS, workers with less than a high school education are more than 8 times more likely to be classified as working poor than those with a college education[8]. Job training and education are proven strategies for moving low-income workers into occupations that offer increased wages and benefits necessary for creating financial stability in American households. The more education one has the higher their wages - *"every additional level of education completed leads to increased earnings and lower rates of unemployment. And the largest earnings increase, 42 percent, comes with earning a high school diploma"*[9].

According to MDRC the welfare-to-work programs that were the most successful overall for both high school graduates and non-graduates were those with the flexibility to allow for a mix of initial activities with some individuals starting with a job search and others with short-term, work-focused education or training[10]. Because most TANF recipients face a variety of barriers that require supports or longer periods of training and education to acquire job skills, program flexibility should be the norm rather than the exception. TANF recipients overwhelmingly are single mothers, mothers who may need child care at atypical hours due to work and/or education schedules, mothers who may be victims of domestic violence who need secure living arrangements, mothers who need transportation to workplaces inaccessible by public transportation; or mothers needing workplace flexibility to accommodate physical or emotional limitations. Moving mothers from cash assistance to full time, self-sustaining employment requires a holistic approach to meeting them where they are. Allowing for flexibility in the administration of TANF programs increases the likelihood that they will be successful in leaving the TANF rolls for a better quality of life for themselves and for their children.

- The definition of work in the welfare law should be broadened to include vocational training without the current arbitrary twelve-month limit. The 30 percent cap on the number of recipients who can count education and training activities as work should be eliminated. Increased access to education and job training programs will provide a bridge between poverty and career ladders to self-sufficiency wages. Policies should be changed to train recipients and newly unemployed for jobs that are projected to emerge. States should encourage post-secondary education participation, including vocational training, pre-apprenticeship and apprenticeship programs, and should be permitted to count such education as fulfilling work requirements. At the same time, literacy and GED programs that strengthen basic skills in the context of employment should be permitted.

- Countable work activities should be broadened to include any activities that will improve the family's economic and social well-being. Work activities should include full-time care for young children; care for a family member or domestic partner with a serious health condition; and participation in activities designed to address domestic or sexual violence, mental illness, substance abuse, disability or serious health condition.

REPLACE THE PARTICIPATION RATE CALCULATION WITH AN OUTCOME-BASED PERFORMANCE MEASURE

The participation rate calculation, as it currently exists, provides no incentive for states to create effective pathways to self-sufficiency. The calculation measures whether clients spend the required amount of time participating in countable activities. It does not measure whether a recipient has learned a new skill or earned a credential needed in the labor market.

Programs should be evaluated by whether their job training programs are reflective of concrete labor market data that demonstrate there are jobs at the end of the credentialing process. This includes measuring outcomes such as employment entry, job retention, earnings gains or poverty reduction. States should be allowed to opt out of the process-focused participation rate for either the entire TANF population or for groups participating in specific programs such as career pathways initiatives[11]. Work requirements are a core element of TANF programs but there is no evidence that participating in a narrowly-defined set of work activities improves employment outcomes for recipients and has not lead to decreases in poverty.

Policymakers at the federal and state levels have acknowledged they need to consider not just how many people have left the welfare rolls, but also how families leaving welfare are faring. Informed decision making demands that policymakers know what programs work in terms of helping people move up the ladder of economic independence. At a more fundamental level, states need to know at what point it is that welfare leavers have achieved economic self-sufficiency. It should be required that data reported demonstrates there is no "creaming" or establishment of barriers that would discourage services to less employable participants. States should be rewarded for high performance in areas such as:

- training, placing and retaining welfare leavers in the higher-wage jobs and/or nontraditional occupations for women;
- providing career development assistance related to higher-waged jobs including reliable, up-to-date career counseling services, employability assessments on available employment that pays a sustainable wage, nontraditional training and education options, and employment opportunities;
- increasing participation in post-secondary educational programs;
- increasing use of effective literacy programs that strengthen basic skills in the context of employment;
- encouraging participation in vocational education programs for occupations identified by the state's assessment; and
- using a measure of self-sufficiency such as the Self-Sufficiency Standard.

CREATE BETTER LINKS TO WORK SUPPORTS

Increased access to work supports such as child care is integral to enabling parents to successfully complete education and training and move toward self-sufficiency. All too often recipients are not connected to the full range of supports needed to achieve their goals which weakens the potential of the program. Furthermore, a significant portion of TANF recipients have various barriers to work such as being a victim of domestic violence, have a physical or mental health limitation or a child with a learning disability. Many of today's jobs require employees to work nontraditional hours both starting and/or finishing after most child care programs open or close or, have to travel long distances from home to child care then work. Simplifying the process for recipients to apply for and maintain supports will lead to improved outcomes. One report showed that 19.5 percent of TANF leavers who received child care assistance returned within three months, compared to 27.7 percent of families without such help[12].

TANF SHOULD RESPOND MORE STRONGLY IN TIMES OF CRISIS

The TANF block grant has not been raised in nearly 16 years and thus, was not responsive during the current economic crisis. More successful programs such as Supplemental Nutrition Assistance Program (SNAP/food stamps) fluctuate during economic shifts and respond to times of crisis. Specifically, SNAP

enrollment increased 63% between December 2007 and March 2011. Conversely, the TANF caseload did rise in 2010 but not relative to the increase in poverty and increase in severe poverty[13].

Additional funding was provided through the American Recovery and Reinvestment Act of 2009 TANF Contingency Program. This program had bipartisan support yet was met with an untimely demise. Thus, we find TANF programs again strapped for cash even as poverty increases. Programs are responding through additional program cuts of direct assistance to recipients. It is the TANF programs role to provide temporary assistance for needy families and thus, must increase its responsiveness during times of broad economic crisis.

Conclusion

TANF cash assistance provides that much needed aid at critical times in a family's life. Very few TANF recipients currently have access to education and training. When looking at how families have fared after welfare reform, reports show that when families leave TANF either for work or for other reasons, they tend to remain classified low income with most dependent in part on other public benefits[14]. In fact, the National Bureau of Economic Research found that welfare reforms have reduced both the probability that women aged 21-49 will attend high school and that those aged 24-49 will attend college, by 20-25 percent[15].

If we were committed to attending to the well-being of and advancing the self-sufficiency of families, our measure of success would be reflected in a decrease in deep poverty and increase in an educated workforce. Neither census data nor research supports the achievement of these outcomes. Investments in education and training will pay off when TANF recipients move toward self-sufficiency through obtaining better jobs with career pathways, have less need for public benefits, become bigger consumers in their local economy and become taxpayers. Aligned with work supports such as health care, child care, food stamps, and the earned income tax credit, education and training is essential to effectively moving parents into jobs and keeping them there.

The purpose of TANF should be to provide the necessary resources to become self-sufficient, not just to reduce caseloads. Until TANF policies create true opportunities to prepare recipients for work that will enable their families to meet their basic needs, the intent of the TANF law will not be realized.

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WRITTEN STATEMENT SUBMITTED FOR CONSIDERATION TO:
SUBCOMMITTEE ON HUMAN RESOURCES
COMMITTEE ON WAYS AND MEANS
UNITED STATES HOUSE OF REPRESENTATIVES

TANF REAUTHORIZATION:
Improving Work and Other Welfare Reform Goals

Hearing date: September 8, 2011
Statement submitted: September 22, 2011

Prepared by the Women of Color Policy Network
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The Women of Color Policy Network welcomes the opportunity to submit a statement to the Subcommittee on Human Resources of the Committee on Ways and Means for inclusion in the printed record of the September 8, 2011 hearing on "Improving Work and Other Welfare Reform Goals." Founded in 2000, the Women of Color Policy Network is the country's only research and policy institute focused on women of color, their families, and communities at a nationally ranked top ten public policy school. The Network conducts original research and collects critical data used to inform public policy outcomes at the local, state, and national levels.

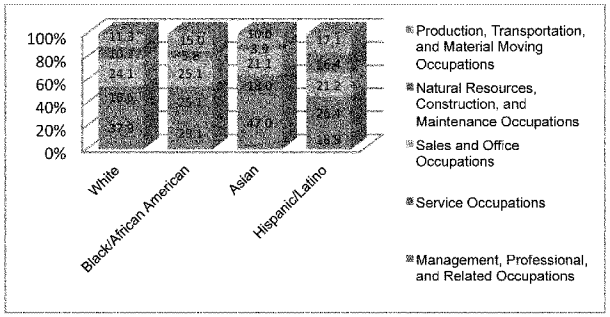
Fifteen years ago, Congress reformed the U.S. welfare system with the passage of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), replacing the Aid to Families with Dependent Children (AFDC) entitlement program with Temporary Assistance to Needy Families (TANF). Although TANF intended to help families in need transition from poverty to self-sufficiency, the program introduced additional barriers to economic security for many parents receiving assistance, 90 percent of whom are single mothers.[1] The consequences of ineffective TANF policies have been especially devastating for racial and ethnic minority women, who are disproportionately poor and vulnerable to changes in the economic landscape. To ensure that TANF is positioned to support all Americans, the needs of women of color must be specifically considered and addressed.

TANF's Flawed "Work First" Policy

Since TANF's inception, it has prioritized immediate employment in any available job. As a result, states are mandated to keep a specified proportion of their TANF caseload engaged in federally qualifying employment-related activities or face a penalty. Although education is a key predictor of employment stability and increases access to quality jobs that lead to self-sufficiency, TANF's "work first" approach undervalues its importance. GED programs do not always count as a federally qualifying activity, and recipients hoping to pursue a college education are often deferred to federally qualifying vocational programs.

In practice, TANF's "work first" policy reinforces deleterious trends in the labor force by directing vulnerable populations towards low-quality jobs, thereby impeding their likelihood of attaining long-term economic security. Racial and ethnic minorities remain on the margins of the U.S. economy and labor markets, with Black and Hispanic workers disproportionately likely to hold jobs that are temporary in nature, offer few benefits, pay low wages, and provide minimal opportunities for upward mobility. As illustrated in Figure 1, over one quarter of all Black and Hispanic workers are currently employed in service occupations—a sector that employs less than 17 percent of whites. Conversely, only 29 percent of Black workers and 19 percent of Hispanic workers hold management and professional occupations, such as business and financial operations, whereas approximately 38 percent of white workers are employed in this sector.

Figure 1. Occupational Segmentation by Race and Ethnicity, 2010



Source: Bureau of Labor Statistics, Current Population Survey, Employed Persons by Occupation, Race, Hispanic or Latino Ethnicity, and Sex. Tabulations by the Women of Color Policy Network, NYU Wagner.

For women of color, opportunities to succeed economically are also mired by historic patterns of discrimination and labor segmentation that relegate them to low-wage occupations. Black and Hispanic women are nearly twice as likely as white women to be employed in the service industry.[2] Women of color are also underrepresented in management-level or professional positions and face significant barriers in transitioning from low-wage jobs to professional occupations due to low education levels, lack of training, and unclear pathways to career advancement. By promoting low-quality jobs, TANF fails to protect the long-term economic security of women of color.

TANF's Insufficient Work Support Measures

Although TANF emphasizes employment, the program lacks the work support mechanisms necessary to adequately assist low-income workers in the labor force. Like all working parents in America, TANF recipients—many of whom are single mothers—depend on child care to secure and maintain employment as well as attend education and/or training programs. However, without sufficient child care assistance, many TANF recipients find securing and retaining employment to be extremely challenging.

In the absence of sufficient and graduated work support measures, TANF fails to help recipients move from poverty to economic security. As benefit recipients work more hours and earn more income, their likelihood of becoming ineligible for public assistance rises, leaving many feeling trapped by the welfare system. Work support measures are particularly important for low-income women of color, single mothers, and disconnected women who have historically faced barriers to economic security.

TANF's Inability to Adapt to Fluctuations in the Labor Market

TANF's requirement that public assistance be conditioned upon work and withdrawn within five years was designed to function in a robust economy where employment opportunities abound. In periods of high unemployment, as is the case in the current economic climate, TANF's work mandate is overly restrictive. In August 2011, 14 million, or 9.1 percent, of all workers were unemployed, 6 million of whom were jobless for 27 weeks or longer.[3] The median unemployment rate for Black and Hispanic workers surpassed all other racial and ethnic groups at 16.7 percent and 11.3 percent, respectively. Perhaps most strikingly, nonfarm payroll enrollment remained unchanged in August 2011, further widening the deep jobs deficit plaguing the nation. An estimated 11 million jobs must be added to the economy to recoup losses from the Great Recession of 2007-2009 and account for working-age population growth

in recent years.[4] In the absence of available jobs, TANF work restrictions place unrealistic demands on TANF recipients to secure employment.

TANF time limits also neglect the impact of an economic recession on the economic security of families in need. As a result of TANF time limits, many vulnerable families are thrown from the safety net before they are equipped to achieve long-term economic security, placing them at risk of extended periods of poverty. Federal guidelines impose a 60 month ceiling on TANF benefits, with few exceptions, and some states have established even shorter time limits. Lifetime limits arbitrarily bar access to TANF assistance without regard for an individual's explicit need or broader economic trends, and only a small percentage of families qualify for extensions that allow them to continue receiving benefits after reaching the federal or state limit. TANF time limits should be abolished completely or, at the very least, be expanded to accommodate persistent or increased need, especially during an economic downturn.

Conclusion and Recommendations

The enactment of PRWORA and subsequent adoption of TANF in 1996 resulted in several changes that have had reverberating effects on the economic security of low-income women of color. Underscoring the shift from AFDC to TANF was the redefinition of public assistance as a privilege, rather than an entitlement, to be granted on the condition of work and withdrawn after a period of five years. As states began diverting growing numbers of their caseloads into work programs and imposing financial penalties on TANF recipients, the welfare rolls declined even as poverty was on the rise. Rather than providing clear pathways out of poverty, TANF policies have created additional obstacles to self-sufficiency for low-income women of color, their families, and communities.

As a critical part of the social safety net, TANF must be revised and restructured to become more effective at alleviating poverty and meeting the needs of American families. Reauthorization legislation should include the following:

1. **Make Poverty Reduction a Central Goal of TANF:** A reduction in the number of TANF recipients within a state's caseload is currently not a measure of TANF's ability to reduce poverty and increase economic security. A reauthorization of TANF should include a clear commitment and strategy for alleviating poverty, with special attention paid to vulnerable populations.

2. **Eliminate TANF Time Limits:** To ensure that recipients are responsibly transitioned off TANF, particularly during an economic climate in which jobs are scarce, it is crucial that the current time limits be lifted. This would protect individuals from being phased out of the system and deemed ineligible for further assistance before stable jobs or educational opportunities are established.

3. **Provide Comprehensive, Graduated Work Supports:** Increased funding for child care and related work support programs will help TANF beneficiaries meet TANF work requirements. In the absence of child care, single mothers encounter notable difficulties re-entering the workforce. Graduated work supports will help recipients successfully transition off TANF and ensure that they are not penalized for re-entering the labor force.

4. **Offer Meaningful Workforce Development and Education Opportunities:** TANF's "work first" policy created structural barriers to educational opportunities for many beneficiaries. Education is inextricably linked to attaining quality jobs that provide critical benefits and livable wages. Work provisions should embrace educational and training opportunities that maximize participants' employment potential and contribute to their long-term self-sufficiency and economic security.

5. **Offer Aid Amounts That Reflect the Cost of Living:** TANF support should take into account the true cost of living for families, factoring in case-specific variables that shape household expenses, such as geographic location, number and age of children, transportation requirements, and health care needs.

6. **Provide Comprehensive Oversight and Data Collection:** In order to fully evaluate TANF's effectiveness, comprehensive data on low-income families and communities must be collected and reviewed. To evaluate the long-term impact of the program and understand what happens to TANF recipients after benefits cease, mechanisms must be put in place to track recipients beyond the 5 year window of the program.

7. **Eliminate Sanctions:** Financial penalties have become a mechanism for tapering state caseloads and preventing individuals from accessing TANF benefits. Many sanctions are applied erroneously and/or disproportionately to the offense and reduce the assistance families ultimately receive. Reducing or withdrawing cash assistance to low-income families only serves to push them deeper into poverty and away from TANF's mission of self-sufficiency.

TANF's pending reauthorization is an opportunity to reconfigure our nation's welfare system as a mechanism for truly reducing poverty and moving low-income women and families toward self-sufficiency. In order to accomplish this, the economic security and well-being of women of color and their families must be a top priority. Women of color and their families face unique challenges in the process of securing quality jobs and accruing personal wealth to help them weather economic storms, which increase their likelihood of enrolling in TANF and impede their economic stability after TANF. It is imperative that TANF address the particular needs of this population and provide an adequate and sufficient safety net for all American families.

The Network thanks the Committee for its consideration of the barriers to self-sufficiency for low-income families and the recommended strategies to enhance TANF's effectiveness outlined in this statement.

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