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WELFARE AND POVERTY IN AMERICA

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UNITED STATES SENATE

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FIRST SESSION

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WELFARE AND POVERTY IN AMERICA

THURSDAY, OCTOBER 29, 2015

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

The hearing was convened, pursuant to notice, at 10:10 a.m., in room SD–215, Dirksen Senate Office Building, Hon. Orrin G. Hatch (chairman of the committee) presiding.

Present: Senators Grassley, Cornyn, Thune, Toomey, Wyden, Stabenow, Cantwell, Nelson, Menendez, Cardin, Brown, Bennet, and Casey.

Also present: Republican Staff: Becky Shipp, Health Policy Advisor; and Chris Campbell, Staff Director. Democratic Staff: Laura Berntsen, Senior Advisor for Health and Human Services; and Joshua Sheinkman, Staff Director.

OPENING STATEMENT OF HON. ORRIN G. HATCH, A U.S. SENATOR FROM UTAH, CHAIRMAN, COMMITTEE ON FINANCE

The CHAIRMAN. This hearing will come to order.

I want to welcome everyone to this morning's hearing on "Welfare and Poverty in America." The great American poet, Walt Whitman, wrote, quote, "What a devil art thou, Poverty! How many desires—how many aspirations after goodness and truth—how many noble thoughts, loving wishes toward our fellows, beautiful imaginings thou hast crushed under thy heel, without remorse or pause!"

I think everyone here shares Mr. Whitman's sentiments about the crushing and remorseless nature of poverty. And while we may have some disagreements on how best to address this issue, all of us have an interest in trying to find more ways to effectively and efficiently alleviate poverty in America.

Today's hearing will attempt to provide some clarity around issues of poverty, the effect it has on children and families in the United States, and the role that the Federal programs, particularly the Temporary Assistance for Needy Families program, currently play in mitigating poverty.

Poverty is a critical challenge for our Nation, and far too often children end up being the primary victims. Recent official poverty statistics reveal that one out of every five children in the United States lives in poverty. That is pathetic. Some argue that the problem is even more widespread. But regardless of the frequency, we know that poverty greatly increases the risks for a number of negative outcomes among our children.

In some communities, a cycle of deep poverty persists generation after generation. Often, these families live below the radar, unseen by many. Day to day life for families in deep poverty is fraught with difficulty and constant stress. To make a bad situation worse, this unending toxic stress often leads to a number of mental and physical health issues.

Unfortunately, there is no easy solution to addressing issues associated with poverty. Policymakers have been arguing for years about the best way to address poverty. For a long time, programs which provided cash assistance to women and children did little to encourage work and, in many cases, perpetuated the cycle of poverty.

History has shown us that the best remedy to poverty, especially the cycle of poverty, is a well-paying job. But I believe that most people in poverty do want to be gainfully employed. I also recognize, however, that in many cases, individuals face significant barriers to successful employment that can be difficult to surmount.

The welfare reforms in the 1990s which transitioned welfare from an individual entitlement into a capped funding stream produced mixed results. The number of families on welfare has declined dramatically, going from a peak of 5.1 million in 1994 to 1.6 million in 2015. However, the poverty rate in 2014 was nearly the same as it was prior to welfare reform.

Many families who are eligible for assistance through TANF do not receive it. Oftentimes, States do not engage TANF recipients in robust activities designed to help them obtain and keep a job. The TANF benefit itself is very small, ranging from only $170 to $923 a month for a family of three. However, while that may seem like a relatively small amount per family, the Federal Government still spends billions of dollars in an attempt to address poverty each year.

In TANF alone, the Federal Government and the States spent nearly $30 billion in fiscal year 2014. Unfortunately, the smallest expenditure was directed toward work program activities, while the largest expenditure was spent on what States report as, quote, "other expenditures," unquote.

There is no definitive definition of what these other expenditures are, but we do know that nearly $11 billion are spent on them each year. And despite these clear issues with the program, prior efforts to reform TANF have not been successful.

I think it is fair to say that many on both the left and the right would agree, although for different reasons, that TANF, the Federal Government's welfare flagship, is in need of reform.

From 2001 to 2005, many of us here in Congress tried to reauthorize and reform TANF. Senator John Breaux from Louisiana and I spearheaded the so-called "tripartisan" proposal to reform TANF. This proposal ultimately became the basis of then Chairman Grassley's PRIDE bill, which, in a disappointing display of partisanship, was ultimately filibustered by the Democratic minority.

Several years ago, I wrote a letter to President Obama indicating my willingness and desire to work with him on welfare form. That letter has never been answered by the President. What is more, the Obama administration has never put forward a proposal to reau-

thorize TANF. Instead, this administration has attempted to bypass the Congress and create regulatory schemes not authorized under the statute in order to undermine key features of welfare reform, including the work requirement and child support enforcement.

In other words, welfare programs and the individuals they are designed to help have become just another pawn in the endless partisan conflict between the Obama administration and Republicans in Congress. I think this is unfortunate, and it is precisely the reason why so many people are skeptical about any progress being made on poverty and welfare in the near future. Unfortunately, until the administration adopts a different posture with regard to these programs, I am afraid that this skepticism will continue to be well-founded.

However, we do things differently here in the Senate Finance Committee. Even if the administration continues to double down on an unproductive position, I believe we need to continue to explore issues associated with poverty and keep searching for ways to improve welfare in this country. That, in my view, is the best way to keep moving toward the reforms that TANF needs so badly.

That is why we are here today. I look forward to a robust discussion of these important issues.

[The prepared statement of Chairman Hatch appears in the appendix.]

The CHAIRMAN. As soon as Senator Wyden comes, we will interrupt whatever we are doing to have his opening remarks. Now, let me take a few minutes just to introduce our distinguished panel of witnesses.

First, we will hear from Dr. Pamela Loprest, a labor economist and senior fellow for the Income and Benefits Policy Center at the Urban Institute. She has worked for the past 2 decades on research regarding low-wage labor markets and barriers to work among disadvantaged populations. Dr. Loprest is a nationally known expert in welfare and policy research, as well as co-author of a book, "Leaving Welfare: Employment and Well-Being of Families That Left Welfare in the Post-Entitlement Era."

Second, we will hear from Aretha Jackson, a veteran and TANF recipient. Ms. Jackson was born in Prince George's County, Maryland and grew up in Washington, DC. She joined the U.S. Regular Army Reserves immediately after graduating from high school, and 2 years later was released from active duty on a pregnancy discharge. She later joined the DC Army National Guard, where she served for 12 years.

In 2006, Ms. Jackson rejoined the U.S. Army and served in Iraq. She offers an important perspective to this panel, as a single mother of two, a prior TANF recipient in Maryland, DC, and Hawaii, as well as having experienced homelessness twice before in her life. She is a disabled veteran and currently in her second year of training as a veteran service representative for the VA in Philadelphia. She is a graduate of Chaminade University of Honolulu.

Third, we will hear from Dr. Luke Shaefer, associate professor at the University of Michigan School of Social Work and the Gerald R. Ford School of Public Policy. Dr. Shaefer's recent work explores rising levels of extreme poverty in the U.S., the impact of SNAP

on material hardships, and barriers to unemployment insurance faced by low-earning workers. Dr. Shaefer has also co-authored "$2.00 a Day: Living on Almost Nothing in America."

Finally, we will hear from Jon Pierpont, Executive Director at Utah's Department of Workforce Services since December 2012. Mr. Pierpont oversees a $1.5-billion budget and a department tasked with administering Federal and State programs, including workforce development, eligibility services, public assistance programs, and unemployment insurance.

Mr. Pierpont has over 20 years of experience with Workforce Services, serving previously as the Deputy Director, Eligibility Services Division Director, and leading the Department's largest service area. Under Mr. Pierpont's direction, the Department has saved over $33 million. He is a graduate of the University of Utah and a dedicated public servant.

So I want to thank each of you for being willing to appear here today, for your diligent work and the service that you have rendered, as well as your willingness to testify and answer questions today.

Each of you will give your testimony in the order in which you were introduced. I would like to remind you to please limit your initial remarks to 5 minutes so we will have some time for questions.

Dr. Loprest, please proceed with your opening statement.

STATEMENT OF PAMELA LOPREST, Ph.D., LABOR ECONOMIST AND SENIOR FELLOW, INCOME AND BENEFITS POLICY CENTER, URBAN INSTITUTE, WASHINGTON, DC

Dr. LOPREST. Thank you. My name is Pamela Loprest. I am a senior fellow and labor economist at Urban Institute, an economic and social policy research organization. The views I present here today are my own.

I would like to make the following points today. First, the TANF program is increasingly playing a smaller role in addressing poverty, even for the most needy.

Second, many poor mothers who are not receiving TANF are also not working.

Third, there are solutions to bring these families out of poverty. I discuss two. First, improving access to TANF and, second, investing in these mothers' skills to improve their opportunity to work.

TANF caseloads have declined and remained low. As the chairman said, in the last 15 years, TANF caseloads have fallen 30 percent to about 1.6 million families today. Over the same time period, the percent of families in poverty, though, has grown. Only about one-quarter of families in poverty receive TANF benefits. In 10 States, fewer than 10 percent of families in poverty receive TANF benefits.

Many families eligible for these benefits do not receive them. The TANF participation rate—the number of families receiving TANF assistance relative to the number eligible for benefits—has declined from 79 percent in 1996 to 32 percent in 2012. This means only about one-third of all families eligible for TANF receive these benefits.

By comparison, the participation rate for SNAP was 83 percent in 2012.

The low participation rate in TANF should be cause for concern. TANF eligibility rules are such that only very poor families—in most States, well below the poverty line—are eligible for these benefits. Even as TANF seeks to move families from benefits receipt to self-sufficiency, families in need should be able to access this assistance.

In addition, the share of single mothers who are not working and not receiving TANF has increased over time. This increase shows not only that TANF is failing to reach many eligible families, but those families are not working—the aim of the TANF program and the main avenue out of poverty. While some of these mothers have exhausted TANF benefits, many have never received TANF.

Why are so many poor families not receiving TANF benefits? Well, families lack accurate information about the program and have difficulty accessing the benefits. Some mothers do not know that they might be eligible or have misinformation about what is required. Many who have tried to get TANF found the process difficult.

Programs had long wait times, required multiple visits, lots of paperwork, and intrusive questions. Finally, some mothers lost benefits after hitting time limits, but they were still unable to find work.

Why are so many poor single mothers without work? If these mothers could find jobs and overcome challenges to keeping those jobs, their circumstances would no doubt be improved. They have difficulty finding and sustaining work for many reasons, including lack of access to child care and reliable transportation, physical and mental illness, and low skill levels. Roughly a third have less than a high school education. Further, there are few jobs available in many of the communities in which these poor mothers and children live.

What can we do to help families in poverty who do not have cash assistance or earnings? First, we can help families access TANF. The TANF program should work to correct misinformation and misunderstanding and increase incentive for States to improve access.

At the Federal and State level, there are examples from other programs of ways to streamline access that provide lessons for improvements to TANF. However, as the chairman noted, TANF benefits are low in many States and are temporary. So, while important, TANF receipt alone is not the answer to helping families move out of poverty.

Second, we should invest in skills to increase work. Work is the path to a better life for the majority of parents and their children, and poor single mothers are no exception. Rigorous evidence from studies of a number of different employment and training programs showed significant improvements in employment and earnings are possible, even for families with significant work challenges.

We need to make changes to TANF policies that encourage greater spending by TANF programs in work-related activities. The amount of funds spent per case is far below the cost of programs

that have been demonstrated to improve work and earnings for poor, low-skill families.

In addition, we should better integrate TANF work programs with the broader publicly funded workforce system. In practice, in many States, this has not been the case. The Workforce Investment and Opportunity Act includes movement in this direction. Federal policymakers need to reduce obstacles in TANF policy to aid this integration.

In conclusion, one of the important successes of U.S. policy in fighting poverty is the movement to make work pay for low-wage workers. The Earned Income Tax Credit, SNAP, and other programs lift millions of people out of poverty. However, for poor women without work, our work-based safety net is of limited assistance.

Investing in ways to improve the work prospects of poor single mothers through the TANF program and other publicly funded workforce programs is an important goal. Improving access to TANF for these poor mothers is another important goal.

Thank you.

[The prepared statement of Dr. Loprest appears in the appendix.]

The CHAIRMAN. Ms. Jackson, we will take your testimony now.

STATEMENT OF ARETHA J. JACKSON, DISABLED VETERAN AND TANF RECIPIENT, WASHINGTON, DC

Ms. JACKSON. Hello, Chairman Hatch, Ranking Member Wyden, and other distinguished members of the committee. My name is Aretha J. Jackson. I was born in Prince George's County, Maryland. I grew up in the projects of Washington, DC. I am a graduate of District of Columbia public schools. I served in the United States Army, Army Reserves, the District of Columbia Army National Guard, and I have an associate of arts degree in liberal arts. I graduated cum laude with my bachelor of arts in psychology.

I have struggled with poverty my entire life. I have been homeless twice in my life, a single parent of two, and have received TANF assistance for needy families a number of times in multiple States, including Hawaii and the District of Columbia.

I am a disabled veteran, currently in my second year of training as a veteran service representative in the Pension Management Center at the Department of Veterans' Affairs in Philadelphia, PA.

My personal experience with TANF, with the TANF program, varies based on the time, the place, and the regulations. The one thing that remained consistent was the negative attitude of most of the individuals who worked as examiners. The attitude was one of superiority.

As you know, the program has evolved over the years. I first started receiving welfare in 1991. It was not difficult to get food stamps and cash assistance. The housing assistance program in DC helped me with my security deposit and furniture for my first apartment. The program focused on getting my basic needs met, which allowed me to focus on my child and getting back into the workforce.

In 2001, after getting pregnant with my son, I quit my job and reapplied for public assistance, this time in Maryland. The program in Maryland told me of all the regulations and requirements I was

to meet, but did not offer a plan of action to accomplish these unrealistic goals.

Because my house foreclosed, I had to move back in with my mother in Washington, DC. Thus, my case in Maryland was closed, opening a TANF case with the District. I was enrolled in a resume-writing class, and the programs back then in 2001 were okay.

I returned to work after September the 11th. In 2003, my mom put my children and me out and we lived in temporary housing in Bolling Air Force Base and then moved to housing in Fort Myers.

A few months later, I was homeless again. I was not equipped to help myself or anyone else at that time. In 2006, I got married and reenlisted in the United States Army. By 2007, I had gone to war and got a divorce.

In 2009, I was discharged from active duty because my family care plan failed. Once again, I found myself unemployed and in need of Temporary Assistance for Needy Families. This time I was in Hawaii, and the program was totally different. I was required to volunteer 30 hours per week after completing workshops to help me build a resume, improve interviewing techniques, conduct a job search, and negotiate salaries.

I enrolled in college and was allowed to attend class in lieu of volunteer work. After graduating college, I moved back to DC and applied for the clinical psychology program at Argosy University in Rosslyn, VA. This is where I learned that I was experiencing PTSD, anxiety, and depression. I failed a very important class and was removed from the program. Once again, I needed help.

This time, the TANF program was different from every other time. I was required to attend America Works of Washington, DC in order to keep receiving my assistance. America Works is an organization that assists individuals in finding employment, but this program also helps in a way no other program has. The employees at America Works helped me to see myself as a productive person again. I was able to share personal information with Jennifer Tiller that kept me from committing suicide, and together we were able to get me the services I needed from the VA employers.

Employers visited America Works weekly. They interviewed candidates and hired people all the time. There is a glory bell in the lobby for individuals who get a job to ring. Every time the bell went off, you could feel the joy in the air.

Jennifer was tough on all of us. At the same time, she showed that she cared. The information and partnership America Works provided helped me to obtain full-time employment with the Department of Veterans' Affairs.

TANF programs across the Nation need assistance. If we had more organizations like America Works of Washington, DC, people would be more willing to return to work.

Thank you for your time, and I look forward to your questions.

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

The CHAIRMAN. Thank you, Ms. Jackson.

Dr. Shaefer, we will turn to you.

STATEMENT OF H. LUKE SHAEFER, Ph.D., ASSOCIATE PROFESSOR AND CO-AUTHOR OF "$2.00 A DAY: LIVING ON ALMOST NOTHING IN AMERICA," SCHOOL OF SOCIAL WORK AND GERALD R. FORD SCHOOL OF PUBLIC POLICY, UNIVERSITY OF MICHIGAN, ANN ARBOR, MI

Dr. SHAEFER. Thank you for the opportunity to speak with you today. In 2010, my colleague, Kathryn Edin, a qualitative researcher of American poverty for over 2 decades, began to encounter more and more families in conditions that were strikingly different from what she had seen a decade and a half earlier.

These families did not just have too little cash to live on, they often had no cash at all. And while some claimed benefits like SNAP, to Edin, it seemed the absence of cash permeated every aspect of their lives.

Had the number of American households with children surviving on virtually no cash increased? Edin and I looked first to the Survey of Income and Program Participation, which yields the largest estimate of income among poor families, and as of 2011, we found that in any given month, there were 1.5 million households with 3 million children reporting cash incomes of no more than $2 per person per day, up 130 percent from 15 years prior. We examined numerous other data sources too, and all pointed to the consistent story of worsening conditions faced by our Nation's poorest families.

How do families end up in such extreme circumstances and what are the consequences? In search of answers, we sought out families who were experiencing extreme poverty in different parts of the country, and we published our results in a book, "$2.00 a Day."

A clear theme emerged from our research. Families we met envisioned themselves, first and foremost, as workers. Rae McCormick of Cleveland says, "My dad raised me that you work for everything you have." And when we asked families to imagine a better life, the near universal response was that they would be working in a job with stable, full-time hours, paying $10 to $12 an hour.

Yet, devotion to work is not enough to shield these families from spells living on virtually nothing. The labor market they compete in is unforgiving. Parents can apply for dozens upon dozens of jobs to no avail, and, when they do find work, it is often in the service sector where they must manage considerable instability.

Jennifer Hernandez in Chicago had been hunting for work for 10 months while living in homeless shelters with her two children, and when she finally landed a position at a small family cleaning business, at first she liked the work. It included cleaning vacant apartments and office buildings. But as the Chicago winter set in, the workload shifted mainly to foreclosed homes.

Jennifer reports that these homes had no power, no working lights, no heat. The cleaning crew never knew what to expect—a crack house? Lack of running water meant that Jennifer's team would bring their own in buckets, but it would quickly turn pitch black and off they would go to a neighbor's home or the nearest gas station to refill and carry the heavy buckets back to the job.

Breathing in cold, moldy air, Jennifer's immune system weakened. She caught viruses and passed them on to her kids. As she

called in sick more frequently, her boss marked her as unreliable and her hours and paycheck plummeted.

She had a few months left of guaranteed housing, a benefit she received from the shelter when she got work. She decided to quit her job so she could get well and look for the next one. It took 10 months to find this job. How long would it take to find the next?

Sometimes unstable relationships led to job loss. Rae McCormick insists that the shifts at her local Walmart were the best part of her week outside of the time she got with her 2-year-old, Azara, when her "uncle George" and "aunt Camilla" were out of the Cleveland home they shared. In just 6 months, she was named cashier of the month twice because she had this ability to memorize the 4-digit bar codes of popular produce items. She would read the bar codes into a recording device and set it to play on repeat as she slept. "My subconscious did the job," she says.

But one day she climbed into George's pickup and the gas light flashed on. She had spent her entire paycheck on rent, groceries, and diapers and given George $50 for gas to take the truck to work. Yet, he had emptied the tank over the weekend, and Rae called her manager in a panic, could anyone help her out, and her manager replied that if she could not get to work, she should not bother coming in.

None of the families in our study thought of TANF as a viable lifeline. When we asked Modonna Harris, a mother of one living in family homeless shelters in Chicago, if she had considered applying, she told us, "Oh, they just aren't giving that out anymore."

After months without a job, Rae McCormick finally went down to the welfare office. She reports that a case worker told her, "Honey, I'm sorry, there are just so many needy people, we don't have enough to go around."

If a family accesses programs like SNAP, do they really need cash? Beyond the high rates of material hardships we saw, the best evidence that cash matters is the lengths to which families will go to generate just enough to buy decent clothes at a thrift store or stay in their home for one more night.

Jessica Compton in Tennessee donates her blood plasma for $30 up to twice a week, as often as the law will allow. When we met her, plasma sales were her family's only source of cash income. After the procedure is over, Jessica says, "I get tired, especially if my iron is down, I get like really tired." She has an obvious indentation in the crease of her elbow, a small scar from giving plasma so much, which we saw over and over again across the country.

The families we met very much subscribe to the American ideal, although sometimes they did not have the resources to reach it. They want to work in a decent job, they want a safe place to live, and they want to do right by their children.

The more we can align policy and programs to help them meet these goals, the more we, as a country, will have done right by Jessica, Jennifer, Modonna, and Rae.

Whatever assistance I can provide to you with this goal in mind, I am at your service.

[The prepared statement of Dr. Shaefer appears in the appendix.]

The CHAIRMAN. Thank you so much.

Mr. Pierpont, we will hear from you now.

STATEMENT OF JON S. PIERPONT, EXECUTIVE DIRECTOR, UTAH DEPARTMENT OF WORKFORCE SERVICES, SALT LAKE CITY, UT

Mr. PIERPONT. Chairman Hatch, Senator Wyden, and members of the Senate Committee on Finance, thank you for the opportunity to address you.

I want to start with a brief story. A few months ago I had the opportunity to visit with a mother named Melody. Melody grew up in poverty and remains there today along with her two children.

I was moved by Melody's strong desire and motivation for finding a path out of poverty and providing increased stability and opportunity for her sons. But it was something that she said later that reveals the importance of Utah's efforts to decrease the number of children caught in the cycle of poverty.

She said, "There are a lot of brilliant minds lost in poverty." We have come to learn that, even in Utah, where our economy is incredibly strong, there are thousands of families still facing barriers to self-reliance and lost in poverty.

Utah's economic success is allowing us to focus on families struggling to break free from the cycle of poverty passed from one generation to the next. We refer to this cycle as intergenerational poverty.

In 2012, the Intergenerational Poverty Mitigation Act was adopted to address the needs of struggling families. The act distinguishes between two types of poverty—situational poverty and intergenerational poverty—recognizing that for the majority of people, utilization of public assistance is brief and temporary, but for others, no amount of support leads to self-reliance.

The act also requires the Department of Workforce Services to release an annual report analyzing data regarding families experiencing intergenerational poverty. The report focuses on four areas of child well-being: family economic stability, early childhood development, education, and health. The level of research and analysis contained in the annual report is unprecedented. We have gathered data across multiple State agencies, revealing correlations between intergenerational poverty and childhood risk factors.

In each area of childhood well-being, children experiencing intergenerational poverty are struggling. They have limited access to high-quality early childhood programs and experience poor academic outcomes. Their parents are only sporadically attached to the labor force, and they are experiencing much higher rates of abuse and neglect relative to other children.

The data contained in the reports is utilized by the State's Intergenerational Welfare Reform Commission to develop evidence-based solutions to reduce the number of children living in intergenerational poverty. The Commission includes the five Executive Directors from the State agencies serving the needs of Utah's vulnerable families. The agencies work to improve coordination of services and programs, share data, and evaluate internal policies. Three of the members serve in the Governor's cabinet, including myself.

By aligning programs and sharing data, our agencies are breaking down the silos that often arise in government. By focusing on families, we are supporting their efforts to build a brighter future

for their children. These efforts are not leading to new services or massive additional programs that incur more government spending. Rather, we are more effectively leveraging resources already in place in our communities and across both the public and private sectors. This alignment removes barriers for families working toward economic independence without burdening taxpayers with additional costs.

I would like to briefly provide one example of program alignment. That is our two-generation test program called Next Generation Kids. As a part of our research, we evaluated our TANF cash assistance program, which focuses exclusively on employment of the parent. However, we have found that adults often cannot truly be successful when the needs of their children are not being met.

As a result, we modified our program so that while we are engaging the parents to get them employed, we are also ensuring that those parents are meeting the basic needs of their children. Although Next Generation Kids has only been in existence for 1 year, it is improving the lives of families like Melody's, who is also a program participant.

Utah is committed to this effort. We are taking the research into local communities across our State and empowering local leaders to take the first steps. The research clearly shows the impact of this unique form of poverty, which is why we need a unique approach to understand it and address it.

Utah believes strongly in the potential of individuals like Melody. She is one of those brilliant minds lost in poverty. We cannot afford to ignore those brilliant minds. We must empower these families to succeed and equip their children to escape poverty, which, in turn, will allow our economy to flourish.

We will continue to learn and apply new information to our methods, and we will hope to share our successes and failures with other States working to empower families to achieve their greatest potential.

Thank you.

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

The CHAIRMAN. Well, thank you. We appreciate all four of you and your testimony here today. It is very helpful to us.

Let me start with you, Director Pierpont. I want to thank you for being here today—and all of you—and for all the good work you are doing out there in Utah.

I listened with great interest to your description of what it took to get this intergenerational poverty initiative underway. I would note that this effort began as a partnership between a liberal child advocate, Karen Crompton, and a conservative State Senator, Stuart Reid. I think we can all take a lesson from this bipartisan alliance.

I was particularly interested in the Next Generation Kids program. What are your plans with the Next Generation Kids program moving forward, and what are you learning from this test program, and are you planning on expanding it?

Mr. PIERPONT. Thank you, Senator Hatch. We started our Next Generation Kids project in an area of our State called Ogden, UT.

We targeted Ogden because they had a higher concentration of intergenerational poverty families in that area.

We started with 32 families, tried to design the program to mirror what we have learned with the data research, and we have been working in this particular area for almost 1 year now. So we are summarizing what has been working and not working in regard to the initial year's period.

Our plan is to continue to learn from the data, learn from the strategies that are in place with those families. We have expanded—actually, it is a unique approach, because we have our staff actually in James Madison Elementary in Ogden. It gives us an opportunity to interact with the parents more frequently and the kids to ensure that the kids are doing well in school, that their basic needs are being met. And so we are right there in the school, and I think we have learned a lot just by being amongst the kids there.

We are about to expand to an area in Salt Lake City called Kearns, and this particular extension of Next Generation Kids will focus on middle school kids. So we are trying to learn from the elementary school kids and now the middle school-aged kids as we continue to work toward effective ways of serving the families.

One more area that we are about to move to in January is an area called Glendale in Utah, and we will be actually at a Head Start facility there to engage that program in how best to serve those families in that setting.

So we are learning a lot. We have seen some successes, and we have seen some failures. We have seen some people drop out of the program, some mothers. We have seen many get employed. We are seeing some stability with the children.

So we will continue to learn, and that is the idea: using the data to learn from the experiences of our interaction with multiple partners. This is not a government thing only. It includes the schools; it includes community partners. There is a real collaboration going on in Ogden and those other two schools that I think will help us determine what are the best approaches so that we can succeed for the children and help support the adults.

The CHAIRMAN. Thank you.

Ms. Jackson, let me ask you a question. I want to thank you for your service to our country and for your courage in coming here and telling your story today.

Based on your testimony, you have had several experiences with the welfare system, and it was not until you were referred to America Works that your needs were adequately met—at least that is what I have interpreted.

Can you elaborate on what was so different about America Works, and, particularly, can you describe what made Ms. Tiller so helpful and effective?

Ms. JACKSON. Well, with America Works, they were an organization, when you went in, they addressed you as an individual. They did not treat you as though you were just somebody on welfare or somebody looking for a handout. They did not treat you like it was their resources that they were giving to you.

What happened was, they showed interest in me. At that time when I was required to go to America Works, I was not interested

in going. I had just flunked out of graduate school. I was depressed. And I did not want to live anymore. But because of my children, I went.

As a matter of fact, one of my children told me, "Ma, you should just go. Just go." And then when I did go, I was able to come back and tell them, "You know, I met this lady named Ms. Jennifer Tiller." And she helped me to get the services that I needed in DC from the VA, because I had moved from Hawaii back to DC.

And America Works is not—I joined the military straight out of high school, so I never knew how to apply for a job outside the military. Everything that I had done had been military—back and forth, active duty, off active duty, on welfare, off welfare.

But when I went to America Works, Jennifer had a team, and the team looked at my resume and looked at my experiences over the years. And they highlighted and told me what they saw based upon what I had accomplished, even though I did not see that in myself.

So the thing that made America Works different from everywhere else that I had gone is they helped me to see me as a productive individual, and they helped me to implement that to the point where I was able to actually obtain employment.

The CHAIRMAN. Thank you. My time is up.

Senator Cornyn, you are next on the list.

Senator CORNYN. Thank you, Mr. Chairman. Thank you for having this very important hearing. This is a subject that is long overdue for reconsideration.

I think one of the goals of our welfare system ought to be to equip people to become self-sufficient, and anything that detracts from that I think ought to be discouraged.

I also think that, in addition, we ought to make sure that people who have a responsibility to support their own families are doing that as well. And I note that for TANF, for example, the child support enforcement is an important part of what that program requires.

I happen to have had some experience as Attorney General collecting child support for more than 1 million children who were not being provided the financial support from their own parents that they legally are entitled to and that they need in order to, hopefully, not live in poverty.

I also think we need to look at further encouraging work requirements. And I would guess that even on a volunteer basis, Ms. Jackson, your working on a volunteer basis helped equip you with skills that made you more employable or made you more attractive to prospective employers. Is that correct?

Ms. JACKSON. That is correct, yes.

Senator CORNYN. I am just curious. How long had you served in the military?

Ms. JACKSON. I did a total of 18 years.

Senator CORNYN. Did you experience the problems you have testified to while you were in the military or only once you separated from the military?

Ms. JACKSON. While I was in the military.

Senator CORNYN. So you were qualifying for welfare benefits even though you were receiving pay as an active duty military person.

Ms. JACKSON. No. I was active duty, and then I went into the DC National Guard and the Reserves. So I was a weekend warrior.

Senator CORNYN. Well, we all know that those weekend warriors are much more than weekend warriors now.

Ms. JACKSON. Yes.

Senator CORNYN. So I just have a question for the other three witnesses, if you would care to comment on it. TANF has, as I said, a child support enforcement or financial responsibility for parents, but that does not apply to any other welfare benefit, to my knowledge.

Do you see any problems or difficulties in extending that responsibility to parents to help provide for their own families by making that one of the requirements of welfare benefits?

Maybe, Mr. Pierpont, you could start.

Mr. PIERPONT. Certainly, I think that child support enforcement is an important aspect of individuals becoming self-reliant. So, yes, it is specific to TANF in many cases.

If there is an opportunity to expand that to other entitlement, public assistance-type programs, I think that would be beneficial to that individual who is trying to balance work, as well as support their family.

So I would be in support of moving in that direction.

Senator CORNYN. Dr. Shaefer?

Dr. SHAEFER. I think, in my opinion, I would start where you, Senator, started with your comments, with the jobs piece. So, coming out of our research and "$2.00 a Day," expanding economic opportunity and expanding the number of jobs through subsidized jobs creation I think would actually go a long way to improving the ability of families to care for their own children.

My co-author knows more about child support. I would be happy to connect with her on that. But I think the best thing we could do to make sure especially fathers, nonresidential fathers, pay child support is to improve their access to jobs, which they, in particular, have trouble accessing often.

Senator CORNYN. Dr. Loprest?

Dr. LOPREST. I would just add that, as you may know, many of the fathers of the children also are very poor and have limited funds to pay. So child support enforcement is incredibly important, and fathers should be helping to support their families, but there is this conundrum of, you cannot get money where there is not money.

So I mainly would like to make sure that adding something like that does not make people ineligible or unable to get something like SNAP, because it is so important for their families. We do not want to add roadblocks, while I understand the importance of child support enforcement.

Senator CORNYN. Mr. Chairman, I will just close on this. I had the experience of getting out of an airplane in El Paso, TX, and a gentleman came up to me and said, "You put me in jail," and I did not know what to expect after that statement. But what he told me is that his wife, his former wife, denied him visitation with his chil-

dren in exchange for not requiring him to pay child support, and it strikes me that those children were two-time losers.

They lost the love and association with both parents and the financial support of both parents that they have a legal right to expect. So as a consequence, frequently, when parents do not support their own children, then the taxpayer has to pick up the tab.

But actually the story ended well, because he told me that once we took him to court and the judge ordered him to pay child support, he also ordered his former wife to let him see the kids. And he told me, "We are back together again as a family." So a happy ending to that story.

The CHAIRMAN. I am glad to hear that, I will tell you.

Senator Wyden, Vice Chairman Wyden?

Senator WYDEN. Thank you very much, Mr. Chairman. I want to apologize to all our guests. We also are dealing with the budget agreement on the floor, which is very important to a whole host of domestic programs. I think it was the judgment that we have Chairman Hatch here and I would go to the floor, and I think, to some extent, we will be shuttling back and forth.

I am going to spare all of you my opening statement and just ask one question.

The late President Reagan said, and I think it really says it all, that the very best program, the best program in this space is a job. That was the judgment of a conservative Republican who has been looked to for literally decades for the philosophical underpinnings of the party.

I gather, before I came in, you all have had some discussion about employment. Perhaps we could start with the authors of this wonderful book that I enjoyed reading, we could start with a discussion of what you think the best way is for people to get these jobs, these entry-level positions, and then how you evaluate the programs.

I would be interested in hearing your thoughts on that to start with. What is the best path for people to get these jobs in the private economy, and how best should we go about, as legislators, trying to evaluate which programs work and which do not?

So why do we not just go right down the line?

Dr. LOPREST. Sure. Thanks. So, as I referred to in my testimony, there are a number of rigorous evaluations of different programs, many focused on——

Senator WYDEN. Start with the first part of the question—what is the best path for people to get the jobs?—and then we'll talk about the evaluations.

Dr. LOPREST. Yes. So the best path to get the job——

Senator WYDEN. Right.

Dr. LOPREST [continuing]. For the individuals who have tried, been out there in the labor market, maybe had sporadic work and lost it, is to get assistance from programs, as Ms. Jackson said, in how to get prepared to look for work, how to best do that, and to gain the necessary skills to be able to get that job.

So having assistance and programs that can help people with that so that they can go out and get the job, that is the best way.

Senator WYDEN. Is there a program that you think is one of the best models we should be looking at?

Dr. LOPREST. There are a number of really good programs.

Senator WYDEN. Give one or two examples.

Dr. LOPREST. There are a number of programs that are dealing in what we call sectoral space, like looking at industries and trying to work with industries and employers in those industries to get people, low-skill people, into jobs and a foot in the door.

There is an evaluation of three of these sectoral programs. One is Instituto in Chicago, doing wonderful work in helping people get better-skill jobs; JVS in Boston, another one that worked to help people; and America Works is a program that Ms. Jackson mentioned.

There are programs that are doing this and really being successful.

Senator WYDEN. Others? Ma'am?

Ms. JACKSON. I think the first thing that we need to address is building self-efficacy, because when we are unable to see ourselves equipped or able, when we are stuck in our environment, the world is not where we actually live. We live only in our communities and in our environments, because we are not involved with the workforce and with the outside world, per se. So I think starting there is very important.

The other reason why I say that is because I believe that is where America Works started with me. Jen and her crew, they offered all of the resources to help me get a job. But had she not dealt with me and my personal issues, not like a psychologist or whatever, although they did have a few neat trainings, had she not dealt with that, I still would not have been employed.

Senator WYDEN. Very good.

Dr. Shaefer?

Dr. SHAEFER. I would concur with what has already been said, but I would also just say, coming out of my experience writing "$2.00 a Day," I firmly believe we need to do something to increase the number of job opportunities for people at the very bottom.

The last data that I looked at showed there was a 2-million job shortage between just the number of people who were actively seeking work and the number of jobs available, and that is exacerbated especially in these communities that have high levels of chronic poverty.

So we need to do things. I think we need to have public and private partnerships. We have some experience with this. Just recently, the Federal Government, through the TANF emergency fund, sponsored a short-term program that allowed States to subsidize positions.

In a very short time, we created 260,000 positions through that, and it was very popular with employers. It was very popular—bipartisan—with States. And so, I think a program that creates positions for folks who cannot compete in the private sector itself, with a lot of wraparound services that can help with self-efficacy, is what really it is going to take to put a dent in this.

When I look at the New Hope program out of Milwaukee, it did just that. There was a guaranteed temporary job that folks could access, as well as a lot of services to help them be successful.

To your question, I would say I think these types of programs might have modest effects on earnings, but we start to see effects

in all sorts of other domains—criminal justice, right? There is a program in New York that paid for itself with ex-offenders coming out of the system simply by reducing recidivism, which is, of course, very expensive.

In New Hope, actually, we saw a decade after randomized trials—so this is a randomized trial—an 80-percent increase in marriage rates among never-married single mothers at the time that they enter the program.

Now, I have not seen a marriage promotion that gets an 80-percent increase in marriage rates.

Senator WYDEN. That is an eye-popping figure.

Dr. SHAEFER. So I think we really need to look broadly with these programs, not just at long-term earnings, but what does it do to mental health? Jennifer Hernandez says it eloquently: "When I have a job, I have a sense of purpose." And I think that is what a lot of us think about our jobs. So I think we should think of poor families as feeling exactly the same way.

Senator WYDEN. My time is up, but Chairman Hatch would not let me pass over a Utah fellow.

Mr. PIERPONT. The question is the best path forward for many of these individuals. Utah is in a great position, with a 3.6-percent unemployment rate and a 3.9-percent job growth rate—one of the most diverse economies in this country.

So the opportunities for our families are maybe in a better position than some of the other States. Certainly, understanding the labor market and the demands of business and positions that are available—we currently have in our system, our labor exchange system, about 25,000 job openings in Utah across the State.

So understanding the labor market, what the demand is, is critical. Certainly, the high school GED component is an important piece. If you have not received a high school diploma, completing your GED is a must. Skills training has been mentioned, making sure that we are training people in a skill set that is going to get them employed in an occupation that will be self-sustaining and long-term and have opportunity for growth within an organization.

I think connecting to the workforce system—we are in a unique position where TANF is in the workforce system. It is under the Department of Workforce Services in Utah, and that is an important piece of the puzzle. The workforce system is successful, and attaching TANF recipients to that system, I think, is an important piece for States to consider.

One program that has shown great success in Utah is called Work Success, and it is an intensive program. It requires recipients, as a part of the Work Success program, to be a part of that 40 hours a week. It is about networking, it is about understanding the labor market, social media, how to build a resume, how to interview, how to really prepare then go out and try to pursue opportunities for an interview, and then get your foot in the door in a company.

So Work Success has about a 70-percent placement rate currently in Utah.

Then, I think retention is a component. How do we keep people in jobs, and, when they have life struggles, how do we best support

them so that they retain their jobs and not experience a lot of transition or turnover?

Lastly, there is a difference between situational and intergenerational poverty, and I talked about this in my testimony. It is a different set of strategies for families that are in intergenerational poverty. Situation folks typically can get attached to the labor market relatively quickly with the tools that we provide.

With intergenerational families, they are sporadically attached to the labor market. So that is what we are trying to learn with our Next Generation Kids project in our State, to learn really what helps the adults, but also focusing on the children. We have to help the children prepare themselves to be adults and successful adults in our States. And the key thing that is outlined in our report is that you have to make sure that the kids are well-equipped to be successful as they grow up and then become adults and attach themselves to the labor market.

Senator WYDEN. Thanks to you all.

The CHAIRMAN. Thank you, Senator Wyden. I have been called to the floor, so I am going to ask you to take over. Senator Bennet is next on the list.

Please forgive me for leaving early, but I have some very, very important duties on the floor as well. We did not know it would be today, so I am just stuck with it. But just let me say that I am very appreciative of this testimony. It has been very helpful. Each one of you has been of tremendous help to us. And I am very proud of Utah for what we have been able to offer.

Senator WYDEN [presiding]. Senator Bennet?

Senator BENNET. Thank you. Thank you, Mr. Chairman. I want to thank Chairman Hatch very much for holding this hearing. It is a rarity in this Congress that we focus on these issues. So I am delighted with the witnesses who are here.

I have one suggestion, Senator Wyden, at the outset about what we might do that is not a government program to help with this issue, which is, we could raise the minimum wage in this country.

To have a single mother of two kids working for $7.25 still be below the poverty line because we have allowed the minimum wage to collapse over the last 50 years, I think is a disgrace.

With your permission, I would like to submit to the record a piece in today's *Politico* newspaper by the lead director at Costco calling on other companies to raise the minimum wage.

Senator WYDEN. I share your view, and it will be in the record, without objection.

[The article appears in the appendix on p. 37.]

Senator BENNET. Thank you. I appreciate that.

Now to the panel, and I will start maybe with you, Dr. Shaefer. All across the country, as Chairman Hatch said, today, one in five children is living in poverty, which, according to at least one report, is far higher than any other developed country in the world except Romania. And about 40 percent of children, it is estimated, will be poor at least 1 year before they turn 18. That is about 29 million of today's children in the United States.

These numbers are staggering. They are not, obviously, just numbers. It is human lives in what we think of as the greatest

country in the world, and poverty is not something in this country that exists only for a handful of children in some cities in America.

The experiences of children in poverty, the challenges they and their families face, are almost commonplace today, and that should be unacceptable to everybody in this building, and the politics that are so corrosive in this place should be utterly unacceptable when we are facing that kind of challenge as a country.

I think to start, it is helpful for all of us to understand what it is like for a child to be living in poverty. What are their daily experiences? What are the common obstacles they must overcome that people in this room and on this panel would never even imagine?

I was particularly struck by your account in your book of Tabitha living in the Mississippi Delta, an area of the country my wife is from, and I wonder whether you might be willing to share her story with the panel today.

Dr. SHAEFER. I can say that among the families we studied, the very poorest of the poor actually share with poor families more generally just the striking instability in life, instability in jobs. So those who are able to get jobs often see fluctuations in the number and timing of work hours that they have which, you can imagine, makes it hard to plan for child care.

Then, of course, the cost of housing has gotten to be such a crisis point for many poor families. We have millions of poor families who are spending more than half of their incomes on housing. So we saw this incredible residential instability of families moving quite constantly and I think being housed quite precariously, and this leaves children vulnerable.

When we talk about the intergenerational transmission of poverty, it has been our experience that that happens through the experience of trauma, as I think Director Pierpont pointed to, that when you are precariously housed or doubled up, you are more at risk if somebody wants to take advantage of you, and in many cases, there is no one looking out for children.

So the Mississippi Delta, as you pointed out, has been one of the most chronically poor parts of the country for generations, and I would say it was our experience that the challenges faced by many of these small towns were an order of magnitude worse than we saw anywhere else. And a big part of that was because the institutions that were set to serve the most vulnerable, in many cases, had often broken down.

So Tabitha Hicks, as you mentioned, grew up poor. She was from a very large family. I think her mother had suffered abuse over the course of her life, and so she knew the constant experience of going hungry. Often, the lights would be sort of out for 2 weeks out of a month and they would be hungry for a month.

So imagine sort of living in the dark, seven kids sort of piled up in a bed at night, no lights and going hungry. In her own words, she said—we asked her what is it like to be hungry, and she said, "It makes you feel like you want to be dead." And so for a child to experience that, I think, is not what should be acceptable in America.

Senator BENNET. Ms. Jackson, would you like to add anything—I have just a minute left—about the kind of instability Dr. Shaefer talked about or other perspectives that you might have?

Ms. JACKSON. As far as——

Senator BENNET. As far as what are the experiences that you had living in poverty or your children had living in poverty that people on this panel might not even think about because they have not lived the way you have.

Ms. JACKSON. Well, I came from what I think Mr. Pierpont described as intergenerational poverty. My mom was 24 when she had me. I am the youngest of seven. So she raised seven children as a single parent in poverty.

She had to drop out of school but went back and got her degree and became a chef. When she started working, she was not home a lot. What happens is, as we go back to work as single parents, that puts our children home alone.

So now it is totally different when you do not have those resources available in reference to being able to have an adult with your child while you go to work. For instance, I took a job in Philadelphia so that I would not continue to be unemployed. That was a year ago. But I have a child who is still in school. He is here with me today because I do not have family in Philadelphia.

So I wanted to be here. I brought him with me and, of course, got him excused from school. But the point is, if I had more of a support system and did not have to take a job in another State—you know, most people who have been where I have been will not take a job in a different State to get out of that situation. I think me being in the military is the only reason why I had the courage to transition from State to State the way I have.

Senator BENNET. Thank you, Ms. Jackson. Thank you, Mr. Chairman.

Senator WYDEN. Senator Brown?

Senator BROWN. Thank you, Mr. Chairman. I have never done this at a committee hearing, and that is to suggest that people read a book, by name, but I would just ask everybody in this room, all of us, to read "$2.00 a Day." I think it puts people in a frame of mind and provides an understanding that most of us who dress like this and have great titles and have been relatively affluent through much of our lives—or all of our lives—would not get otherwise.

It is in the tradition of James Agee's book in the 1930s, "Let Us Now Praise Famous Men," and the 1960s Michael Harrington book about poverty in America, and I would urge people to do that.

I just want to say a couple of comments about the book itself. What struck me about "$2.00 a Day" more than anything—two things struck me. The first thing was how entrepreneurial people who are desperately poor are. The woman in Mississippi who had, I believe, the only freezer in her neighborhood, bought Kool-Aid, Dixie cups, popsicle sticks, sold for 50 cents if I remember, Dr. Shaefer, popsicles that she made.

One of you, either you or Dr. Edin, sat—or both of you sat—at the bus stop in Cleveland and watched the bus hourly come by, disgorge six or eight passengers who went into the plasma center to sell it for $30, and some had to take iron pills because their plasma would not have qualified.

The woman you mentioned in, again, my hometown—I live in the city of Cleveland. My zip code, 44105, had the highest number of

foreclosures of any zip code in America in 2007. It is better now, but not enough better.

One woman who lived not far from where I live—I live in a nicer neighborhood, for sure, than she did, but she had a job at Walmart, as you mentioned. She was employee or cashier of the week or month twice. She lost her job because she did not have the $10 to put gas in her truck, as it was taken by somebody else, as you mentioned.

The scrappers in Cleveland and Chicago and in many other cities who get a shopping cart from the local Heinen's or the local Dave's supermarket and look for aluminum cans and look for, at abandoned houses, any aluminum or any metals they can get—I mean, these are incredibly entrepreneurial people.

So I just bristle—as I know this whole panel does, because all of you are public servants in your own way, from the military to the State of Utah. I bristle when I hear people say they do not want to work and they are lazy and they are shiftless and all those vaguely racist sometimes, but terrible comments regardless of how you might characterize them.

But the other part of the book that is much more optimistic is how well the Earned Income Tax Credit works. It is not big enough, it is not permanent yet. The chairman, I know—he was chairman for a moment anyway; he was chairman last year, Senator Wyden—and I know everybody on this panel wants to make it permanent, wants to keep the expansion and do better with the Earned Income Tax Credit and the Child Tax Credit, and what that can mean for bringing millions, as you point out in your book, Dr. Shaefer, and Dr. Edin, your co-author, bringing millions out of poverty because they are doing the right thing.

I would echo Senator Bennet's comments about minimum wage. Costco, which I would also add, is a company that—I am not into advertising private-sector ventures today, but I guess I will. Costco has much less turnover than other large companies that do what they do, big box retailers. Because they pay better wages, they have less turnover. They do all that. I am not saying you should shop at Costco instead of Walmart, but if there is one near your house—anyway. [Laughter.]

So my question is this. I just want you, Dr. Shaefer, to talk a little more about work. You have done that, but I want to kind of pull it out. I know I have taken most of my 5 minutes, but you can take as long as you want. That is kind of the rules here. [Laughter.]

Just talk about the role of work in people's lives and why whatever percent, 99 percent, of people really do want to work and contribute to society.

You were living with these people. You saw homes with 20 people in them in Cleveland and Chicago and Johnson City and the Delta. Just talk about the seriousness of work, the necessity to work, the intrinsic need to work, and the joy of work for so many of these people who really are entrepreneurial fundamentally in many ways.

Dr. SHAEFER. Thank you for your kind words about the book and the endorsement. We have heard that our book is on the depressing

side. So I would apologize for that, but Senator Brown picked out, I think, the positive things.

One is this real entrepreneurial motivation, in a way, that you really see. To me, it is really an American story of people taking whatever resources they had and doing what they had to do to do right by their children. And there are, of course, always bad actors in any sphere, but in this case I think we really just saw that come through.

It is unfortunate that a lot of the activities that families undertake to generate a little bit of resources for their families actually leave them open to felonies. So Martha Johnson, who created the sort of—she actually had a whole candy shop in her living room, with the popsicles that she sold for 50 cents to anyone who would come, she bought those resources with her SNAP card. And so this, I think, constitutes, at least by the books, a felony.

So in many cases, you would see families that would have to do things that broke the law, whether it was using their bodies—but you know, we saw Paul Heckewelder, also in Cleveland, when they had 22 people packed into their 1,100-square-foot house and the water got turned off, they jury-rigged the garbage can under the rain spout to collect the rain water, and that is how they flushed the toilet. So I think there was a lot in there.

Now, you mentioned the EITC, and I would say one thing we really came away with in this study was thinking about a litmus test for any policy, any program. And I think it came out clearly in all of our comments today that our programs for poor families should seek to incorporate them into society rather than isolate them from it.

This sounds like a simple premise, but I want to be clear that, as Ms. Jackson pointed out, the history of welfare policy in this country has been one of shaming, of stigma, and of isolation, and I think this sort of drive to work is a part of that. People want to be a part of society, and sometimes they do not have the resources, they do not have the human capital, the families that can help them. And in those cases, I think we just need to have incredible programs like Director Pierpont's that can help people get the skills and get in.

In some cases, I think we need to create more jobs that will relieve the pressure all around. But the EITC does this better than any other program that we have, in that you do not have to go to the welfare office. You do not have to put up with a case worker who is looking down at you. You go file your taxes. It is one of the most American things we do, except they look forward to tax time and, of course, I do not usually. But no offense to all of you. [Laughter.]

But I think this is something we can build on, and I think it is why looking for work and looking for ways to more comprehensively—outside of a few good examples—connect people to jobs and increase the economic opportunity, that is what families want.

When we asked them if, in a year, you are doing better, what would it look like, none of them said, "Oh, I would be on a cash safety net program." Now, I happen to think we need a functioning cash safety net—and TANF, in my opinion, is wholly failing in its stated purpose—but what they would point to is work. So if we are

going to start from where people are, I think that is where policy should go.

Senator BROWN. Thank you.

One brief comment, Mr. Chairman. I appreciate your saying all of that. Senator Bennet always mentions CTC with EITC. I sometimes forget that. And I think it is important to always link them as we talk about permanence, as we talk about expansion, as we talk about mistakes made in filing. And we had a moment earlier this week in the last hearing we did where—I will not mention a name, but I have talked about this at many hearings—well, it was the IRS hearing—that the mistakes in the Earned Income Tax Credit are not fraud, they are just badly filling out, with some errors, the applications. The IRS needs some authority from us to be able to correct those.

A number of people, my colleagues, have called that fraud in the past. One Senator whom I had heard say fraud is now talking with us about fixing it in a way that really is the way to do it, and I am encouraged by that, that this can be bipartisan. EITC and CTC, thank you, from the Reagan years on, have provided a real opportunity to lift a lot of people out of poverty with showing the kind of respect that we can.

So thank you so much.

Senator WYDEN. Thank you, Senator Brown.

Just before we recognize our colleagues, I also want to note that Senator Brown's point with respect to bipartisanship was also highlighted in this last exchange.

Dr. Shaefer, many of us who are progressive really think so highly of your book, and we are quoting it, we are using it, talking about it frequently. But I think it was noteworthy that Dr. Shaefer singled out Mr. Pierpont and a State that has always been conservative in politics for programs that work.

So there is a real chance here, colleagues, to find some common ground, as Senator Brown was talking about, on the Earned Income Tax Credit, and I thought that last exchange with Dr. Shaefer praising the folks in Utah for stepping up really highlights the possibilities here.

Senator Menendez?

Senator MENENDEZ. Thank you, Mr. Chairman. Thank you all for your testimony. I have been in and out because we had a Foreign Relations nomination.

I think this is an incredibly important hearing today. I do not think we spend enough time on these questions. I also think, while the goals of welfare reform 20 years ago to encourage people to work and move people from welfare to self-sustaining economic freedom were certainly desirable and laudable, it seems to me that the end result is a program that has utterly failed to respond to the needs of people receiving the very help it purports to accomplish.

In the past 20 years, the number of people receiving cash assistance is down to 26 out of 100 needy families, from 68 out of 100 in 1996. And because the TANF program is not indexed for inflation and has received flat funding since 1990, resulting in a net loss to States of $300 million a year, and because the program is

not tied to overarching economic conditions, it cannot respond as needed.

So if you look at the graph from where we started on welfare reform and go down, even in recessionary periods, you do not see a response that would be reasonable to expect.

In fact, in my State of New Jersey, there has been a 25-percent decrease in the number of families helped by TANF since 2010 and an unbelievable 80-percent reduction since its inception in 1996. And, even during the Great Recession, we did not see any uptick.

So this sharp decline in both the quality and the quantity of assistance we provide to those in need should not come as a major surprise. But instead, I am concerned that we may see it as the coming attraction for further plans, including by some of my colleagues on the other side of the aisle, who seek the blockbuster goal of block-granting the Medicaid program, and that, to me, is a recipe for disaster.

We have already seen how damaging block grants to States can be for providing basic assistance to those most in need, and I think it is absolutely imperative we do not allow the same thing to happen to necessary medical care.

Now, you can have innovation and greater efforts with proven programs that can move people to self-sufficiency without necessarily block-granting, at the end of the day. This committee has jurisdiction over a wide swath of programs aimed at people in need, and they have been referenced here: in addition to TANF, the CTC and the EITC. To me, that encourages and rewards people to work rather than punishing them for being unable to find work, even when Americans who have been gainfully employed cannot find work.

So, even in those periods where Americans who have been gainfully employed cannot find work and maybe were never on any assistance program, even in those periods of time, we still have an attitude of punishment. So I think we need to focus on how we reward work.

I want to piggyback, Dr. Shaefer, on the comments made by my colleague, Senator Brown. In your testimony and in your book, you discuss the unifying trait of all families that you studied and the overwhelming desire to work and to provide for their children. That is totally counter to the myth of the so-called welfare queen that helped push reform in the 1990s.

So, can you talk a little bit more about the desire, what you found, families' desire to work and if you think that that desire would lessen if we make structural reforms to TANF to increase assistance and provide more to struggling families when there is a transitional period, and how do we best meet that desire, the desire to work and to provide for your family?

Dr. SHAEFER. So, coming out of the School of Social Work, as well as the School of Public Policy, I was actually struck by a number of our folks who talked about work. Not specifically using these words, but what we found was they were really talking about work as a mental health intervention, that when they had the resources—they were helped with the resources to get work—they found structure in their life, the ability to give meaning. And I do think it goes back to this desire to contribute to society, and the

feelings of being worthless are often a result of feeling like you have nothing to contribute, right? And work is a defining way that someone in this country makes a contribution. It is a way that we all define ourselves. So if you feel cut off from that, then you really are isolated.

Now, you asked the question, if we made some reforms to TANF, would it change that, and, in my opinion, the biggest problems with TANF have to do with its tremendous complexity that allows for lots of loopholes from the work requirement.

There are many, many States that have very, very small work requirements, because they are able to take advantage of loopholes in the law or technical details. Also, the block grant structure, the way it is designed, puts perverse incentives actually not to invest in programs that help.

If the goal of TANF was actually to sort of provide a temporary cushion and do away with long-term dependency and let the States innovate on what kind of work programs they might have, I think we have failed in that regard.

At the worst, the TANF program, what it does is, it actually allows States to reallocate, substitute, or supplant State funding with Federal funding, so that there is no benefit at all to Federal taxpayers. It is simply taking money, keeping cash assistance caseloads low—putting people to work is expensive, let us be honest about that—but keeping those expenses low and moving money into, say, the foster care system.

In some cases, many States are paying for college scholarships for childless people, and the parameters under which you can use your TANF block grant are so broad as to allow a lot of this and to, frankly, fill State budget gaps.

You might imagine, as you mention—as the overall level of resources shrinks with inflation and States continue to be strapped, what are the chances they are going to reallocate money back to a program like cash assistance?

So I think we could make fundamental changes to the TANF block grant that would both improve its ability to be a safety net, as well as improve its ability to help put people to work, to sort of incentivize putting resources toward that.

I think the most comprehensive treatment of this actually was a white paper, "TANF is Broken," which many of you may have seen, by Peter Germanis, who was a former White House staffer, and it goes sort of detail by detail, all of the technical details that, as he says, we got wrong. It is all in there.

Senator MENENDEZ. Thank you.

Senator WYDEN. Thank you, Senator Menendez.

Senator Casey?

Senator CASEY. I want to thank the ranking member. I also want to thank the chairman for calling this hearing. And it is nice to have a little extra time too. I will take a little bit of extra time, but not too much. But it is helpful because this is a subject about which we do not debate enough, do not spend enough time on.

I want to start with the New Testament. There is a line in the New Testament where Jesus is quoted as saying, "The poor you shall always have with you." I guess, over time, that has been a much-debated line, what that means.

Some, I guess, could interpret it, in the context of our political debates, as there will always be a high number of poor people, and that is just the way life is. I think most of us here would interpret it another way, and I think the appropriate way, which is, you are going to have poor people in society and you have to do something about that. You have to work and act to reduce that number.

It is especially urgent when it comes to children, and, if you want to talk about a subject that we do not spend enough time on, it is this: children in poverty, what can we do about it, what are we not doing?

I would assert that both houses and folks in the House and the Senate in both parties are not doing enough. None of us is doing enough on this and certainly not doing as much as the people in front of us.

So I want to thank the panel for your testimony and for your kind of living witness about what this means and what we must do about it.

Secondly, I want to mention some numbers. We have all kinds of numbers flying around. The most recent number I have seen for 2014—we have a lot of 2013 numbers—the 2014 number is about a 21-percent poverty rate for children.

The Annie E. Casey Foundation—no relation to me—a great foundation that tracks these numbers, has put out a one-pager for a number of years now, and this is my marked-up version of it. It is 16 categories for children broken down into four segments, Mr. Pierpont, just like yours in Utah: economic well-being, education, health, and family and community as it relates to children.

The green in this chart means that the numbers have gotten better since 2007 to 2008, and that is good, and we should highlight when numbers are getting better.

Unfortunately, the numbers that are getting worse are the subject of this hearing. Child poverty, worse since 2008; children whose parents lack secure employment, worse since 2008; children not attending preschool, that number got worse, not by a lot percentage-wise, but it is a big number, according to them: children not attending preschool, 4.4 million children—more than 4.4 million across the country.

So I can go through all the numbers: children living in high poverty areas, higher; children in single-parent families, higher. So the numbers are way up.

What do we do about it? Well, one thing we can do—and I want to ask the panel to give your point of view on what is the top recommendation you would make for us to reduce these numbers, that is my question.

Before I do that, though, I want to highlight a bill I am introducing today—the House has a similar version introduced recently—the Child Poverty Reduction Act, basically doing what the UK did, which is to set a target and figure out a way to reach the target.

The UK set a child poverty target, and resulting policy changes cut their child poverty rate by 50 percent in a decade. What our bill would do would be to set a target of reducing the number of children living in poverty by half in 10 years. That would be a national goal pursuant to the bill: develop a plan, develop rec-

ommendations as to what is working now and what is not working right now.

So that is one thing we can do: at least set a target and work toward that. But I will go right to left and go down the list. If you had an opportunity to say one thing the Congress of the United States should do, what would it be?

Mr. PIERPONT. I do not believe that there is one solution. I believe there are several. Part of what we have done in Utah is dig deep into the data to really understand what families are faced with, what their challenges are, certainly with a keen interest on how the children are doing.

There are a couple of things that I can highlight as a part of our report that stand out, and you mentioned one: access to high-quality preschool and after-school programs, preparing kids for kindergarten, extended-day kindergarten, ensuring that they are prepared to succeed in the school system. So that is one example.

Another would be access to health care, making sure that children have access to dental care and health care screenings. Our data shows that they are not going to the doctor every year, so how do you best support kids in the health area?

So there are several others that are in there, but certainly I believe this committee, as you look at TANF and other programs, needs an understanding of how the children are performing, how they are doing, including a conversation about what needs to be done differently with the programs to include the children in the dialogue.

Senator CASEY. Thank you. Dr. Shaefer?

Dr. SHAEFER. Well, I have to go with what we heard from the families in our book, which is that I would make a concerted effort to increase economic opportunity at the very bottom. I would see if we could make the next generation a jobs generation.

I think these types of initiatives should probably be place-based. I think they can be done through public and private partnerships, and maybe they would be done with the notion of improving infrastructure, of which we have many problems, and I think these types of programs would probably need lots of wraparound services to help place families into jobs and keep them in those jobs as they experience crisis points.

Senator CASEY. Let me just note, for the record, I was struck by that searing statistic from your testimony on page 1: as of 2011, 1.5 million households, with 3 million children, reported cash incomes of no more than $2 per day, up 130 percent from 15 years ago.

So your data, your research, shows that since TANF was passed, as Senator Menendez outlined, you have 3 million more kids living in $2-a-day homes.

Dr. SHAEFER. That is right: up 130 percent, and this is consistent across a series of indicators from household survey data. From our administrative tallies, we see a similar increase in the number of homeless school children, as reported by our schools.

So I think when you see all of these indictors moving in the same direction, you can say pretty clearly that circumstances are getting worse at the very bottom. Well, in fact, in some ways, the government does far more for families around the poverty line, just above

the poverty line, than it has ever done before, and I think we can be proud about that.

Senator CASEY. Ms. Jackson, thank you for your service. What would you hope we would do?

Ms. JACKSON. I would hope that Congress would put more resources into organizations like the one that Mr. Pierpont has going in Utah, and America Works, organizations like that.

Me, myself, I started a nonprofit in 2005 for single parents, and it did not go anywhere because I did not have the education or the experience to actually get it going. But what Mr. Pierpont spoke about, those were all of the things that I had outlined in this nonprofit to be able to assist families.

My biggest thing when I did my research was single parents—the poverty impacts everybody. Poverty does not just stay below the poverty line. It impacts the entire country, and what Congress has to do is understand that—not understand, because I know you all understand——

Senator CASEY. Sometimes we do. [Laughter.]

Ms. JACKSON [continuing]. It is just understand that the people who are in poverty are—some are generational and some are situational, as has been said. What I see is, we do have a lot of programs that focus on the children. However, the single parents are the ones who really have to be dealt with. They are the ones who have to be realigned.

Of course, you have to make sure that when you teach them or you train them or you redirect them, that you look out for the welfare of the children. But I really believe that putting more emphasis on the person as opposed to just shoving out money is more important, if that makes any sense to you.

Senator CASEY. Dr. Loprest, we are down to maybe 20 seconds; that is my fault, but just be observant.

Dr. LOPREST. No, because I agree with what everyone said. I think that the most important thing is to create work opportunity. When you think about child poverty—and we know the persistence of child poverty, how devastating it is—helping those children's parents to be able to work and take care of the children is the number-one way, I think, to help them out of poverty.

We need all of the other programs, but helping them to be able to provide for their families and investing in that opportunity is what is important.

Senator CASEY. Thank you very much.

Senator WYDEN. Thank you, Senator Casey.

Senator Stabenow?

Senator STABENOW. Thank you very much, Mr. Ranking Member, and thanks to the chairman for having this hearing, which is incredibly important.

I want to thank all of our witnesses, particularly Dr. Shaefer, whom we are very proud to have as a professor at the Gerald Ford School of Public Policy at the University of Michigan in Ann Arbor.

As has been said a lot by our colleagues, your book is very important. It is jaw-dropping and eye-popping, and it examines what we are really confronting today in a very real way by talking to the people themselves. So thank you for that, and thank you, to all of you, for your testimony.

When we look at this, in America right now we are facing a huge crisis, a poverty crisis, and we cannot just say this is because people do not want to work. As you have said, Dr. Shaefer, people view themselves as workers, and in fact, in many, many, many cases, they are working one, two, three, four part-time jobs. They are trying to piece it together.

In fact, what I find an astounding statistic is that, if we actually enforced equal pay for equal work for women, half the women in poverty today would be lifted out of poverty.

So there are policy things that we can do. Along with a livable wage and making sure that when folks are hit because of the global economy or tax policies that are rewarding plants going overseas or lack of investment in job training, there are things that we can do to support what all of you are doing, and that is why I think this hearing is very important.

I do want to just reiterate, as we are going to be bringing this hearing to a close today, what we are talking about in terms of the crisis in this country. Nearly 47 million Americans are living in poverty, about 20 million in deep poverty. Nobody wants to be in that situation. And nearly 106 million Americans are on the brink of falling into poverty.

So they are holding on. They were in the middle class. They have fallen down. They are trying to hold on so they do not find themselves losing every rung on the ladder. And what colleagues have said, so importantly, is that one out of five are children, the future for us. And what does that mean for them?

Ten or 15 percent are seniors, and, frankly, if we did not have Medicare and we did not have Medicaid and we did not have Social Security, which have been safety nets that have lifted a generation out of poverty, there would be a whole lot more senior citizens in poverty today. So these things have actually worked.

I could go on and on, but I would just say that one out of seven are women, and there are unique challenges for women with children.

Mr. Ranking Member, this is very, very important, and we are talking about moms and dads and grandpas and grandmas and folks who just want a chance to make it in the greatest country in the world. They are looking for opportunity.

So my question really goes to what we are doing about this—and we have talked a lot about TANF. The reality is—and a *New York Times* article this week laid out a number of issues with the program, and you have spoken about some of those: flat funding for 20 years, first of all, for TANF. So we are all talking about how certainly electricity costs have gone up, food, gas, rent, school clothes, everything has gone up. But support for low-income individuals to be able to move out of poverty has been flat for 20 years, 2 decades.

Secondly, this is a block grant with minimal oversight, and I am very concerned about that, because I think when you put those two things together, a block grant with very little accountability, flat funding, we have seen devastating realities as a result of that, particularly for children.

Now, only nine in every 100 poor families—nine out of 100 poor families—actually benefit from this program that was put into place. And in the 1990s, it was 55 percent.

So my question goes to what we can do from a block grant status, because my concern is, we have seen Republican budgets pass in the House and in the Senate that would block-grant more things; let us block-grant Medicaid, let us block-grant food programs without accountability. I have deep concern, because I do not see where this approach has actually worked.

So my question for each of you would be, what can we do to provide more oversight so, in fact, the block grant approach works, or can we do it differently, or do you think that it has worked? I guess all the numbers that I see show that it is not working.

But if we are going to do more, particularly so that those who are eligible can receive cash income that they so desperately need, what can we do to change a program that clearly has not kept up with the times in terms of the challenges that families are experiencing?

Mr. Pierpont, I will start with you.

Mr. PIERPONT. I believe that giving States the flexibility they need to innovate and to serve their communities and their citizens is the right approach. I am not familiar with what other States may or may not be doing in regard to their block grant. I believe ours is successful.

I think that some opportunities lie with aligning Federal agencies to more accurately identify outcomes they share in common. I mean, I administer food stamps, the SNAP program, the child care program, the TANF program, the Wagner-Peyser funding with Workforce Programs, and alignment of outcomes is an important piece for us.

It becomes difficult to provide an effective service delivery mechanism when you are trying to meet the needs of all of the different programs. So I believe trying to eliminate the silos as much as we can, that is part of what we are doing with understanding our data that we have been working on over the last 4 years. Once you understand the challenges of the families in regard to TANF, food stamps, Medicaid, the programs that they are on, you can shape the programs to best address those needs.

What we are trying to do now is to look at our programs, look at our policies and how do we align, not only within Workforce Services, but Department of Human Services and the other agencies that are a part of our commission, to then be more effective in the way we deliver the programs to the families.

Senator STABENOW. I would just ask one thing, though, because clearly you are focused on that, and I very much appreciate all the work that you are doing.

But if a State is not doing that, there is no accountability for that right now. Should there be some benchmark, some different accountability, if every State is not taking the kind of thoughtful approach that you are?

Mr. PIERPONT. I would encourage that they move in that direction. How about that for an answer? I do think it has shed light on our programs in a way that we may have not understood it in the past, and it takes a lot of effort and it takes leadership and it

takes the will to really understand what works and what does not and then have the ability and desire to change to make it more effective for the families.

So I do think there should be accountability, but I think you first have to understand the data and the situation that you are faced with in your State.

Senator STABENOW. Thank you.

Dr. Shaefer?

Dr. SHAEFER. I am afraid I tend to agree with Peter Germanis and the white paper "TANF is Broken" and his assessment that the block-grant structure—I do not see a conceivable way where the block-grant structure is a good way to do social welfare policy.

In the case of TANF, I think if we were going to start somewhere, it would be in trying to close some of these loopholes that allow States to simply fill their budget gaps while providing no actual increased support to poor families.

I do not think it was policymakers' intent for that to be a primary function of the TANF program, that only 26 percent of funding for TANF would go to basic assistance, that only a very tiny amount would actually go to supporting work programs. I think if we want it to work more in the ways that it was intended, we need to figure out ways to simplify so that there are not numerous loopholes.

I will give you just one more example, which is that many States actually use third-party maintenance of effort funds. They count as part of their contribution to TANF what nonprofits are doing in their communities, but they are not actually spending any money whatsoever on their own programs.

In fact, it goes beyond that. It is not just the expenditures of these programs. In some cases, they are actually counting volunteer hours as maintenance of effort, and I just do not think this was ever what was intended for the program.

So I am not of a mindset that there is a good way to do this as a block grant. I think once you close one loophole—we know the great American spirit—I think people will innovate and find other loopholes to work through.

So in some ways, simplicity is better. And I am not—I want to be clear I am not advocating for a return to AFDC. I do not think that was a successful program either. But I think we should have a cash assistance program that does at least what we think it should do, what it is supposed to do, and right now we do not.

Senator STABENOW. Thank you.

Ms. Jackson, thank you again for your service.

Ms. JACKSON. You are welcome. The way that I can answer that is, I know in the military when things do not work, the IG comes out, they inspect, they tell you what is wrong, you fix it. If you do not fix it, you get in trouble. So it is kind of like that is what you have to do.

Senator WYDEN. Way too logical.

Senator STABENOW. Very logical, very logical. [Laughter.]

Thank you very much.

Dr. LOPREST. I agree with Dr. Shaefer that the block grant structure is difficult to make workable, but I do think also that Congress has not abdicated all its ability to provide some incentives

and encouragement and structures around what you can do with a block grant.

I do think, even within the block-grant structure, you can make changes that will encourage more spending on cash assistance, encourage more spending on work. And some of the performance indicators and making things more efficient, as Mr. Pierpont has said, not making States have to run around and spend a lot of administrative dollars, I think are important too.

Senator WYDEN. Let us do this. Senator Cardin has not had a chance. I know Senator Bennet wanted to ask an additional question.

Senator Cardin?

Senator CARDIN. Mr. Chairman, I have been enjoying this discussion. I will be glad to yield first to Senator Bennet, and then I will take my time.

Senator WYDEN. Great.

Senator CARDIN. I know he has had his first round and I have not had my first, but I am more than happy to yield to him.

Senator BENNET. That is enormously kind, an unusually kind gesture around this place. I deeply appreciate it.

I wanted to come back, Mr. Pierpont, to the point you were making a minute ago. When I was Superintendent of the Denver Public Schools, I felt like so much of what we did was comply with what the Federal Government told us was important accounting and that, by the time these silo programs got to our kids, they were so separated from each other and so distinct from each other that you could not actually serve the whole kid.

If it were up to me—it is not, unfortunately, up to me—we would have a standing committee of the Senate that was focused on our kids and on their future, and the first question we would be asking ourselves is, how do we align all the well-intentioned programs that we have so that when they actually get to the local level, you have the ability to be able to serve kids and serve families?

So I wonder if you would—two points here. One, and to Dr. Shaefer, also, we need a feedback loop coming from the field to the Congress that is not just these hearings, but that is informing us how you are actually using the money well at the local level and where it is being wasted. We do not have that on so many issues, but certainly on these issues.

Second, if you could talk a little bit about your work in and around schools and early childhood and after school, which you mentioned earlier, I would be interested to hear that.

I have a maximum of 3 minutes and 19 seconds left, because Senator Cardin needs to ask his question.

Mr. PIERPONT. I will be brief then.

Senator BENNET. Thank you.

Mr. PIERPONT. Breaking down the silos has been something that has taken a bit of time. Certainly, having the State School Superintendent sit on the commission is an important aspect of the discussion of how to best serve the children, as well as the entire family, and for him to understand the data that is coming out as we continue to research will compel him and Superintendents across the State to understand the data, understand what the challenges are with the family. They are working with the kids anyway.

Senator BENNET. Right. That is where the kids are generally.

Mr. PIERPONT. Yes. That is where the kids are. So we need to make sure that the programs that are maybe outside of the schools are effective in the way that they are trying to serve them within the schools.

That is why we very thoughtfully went into the schools to be a part of the project and Next Generation Kids, really to start understanding the dynamics between principals and our services and so that we can continue to learn how to best serve the families.

The second part of the question, remind me again.

Senator BENNET. I think it was about feedback to this place.

Mr. PIERPONT. The feedback—whatever mechanism you believe would be most beneficial. We produce our report annually. It comes out every October 1st. We have a 5- and 10-year plan that outlines what we think we need to do to address the findings in the data. It focuses on kids.

We have policy recommendations that go to our legislature. They are very familiar with the work. They are the ones who will consider legislative changes that may help support the understanding of the data that we have been able to produce.

So we are happy to come and testify. We are happy to provide the reports annually but continue the dialogue on what I believe is an important transformation that could occur at least with the intergenerational poverty families.

Senator BENNET. Thank you, Mr. Chairman. I will forbear. Thank you to the panel, by the way, for your very, very interesting testimony.

Senator WYDEN. I think Senator Bennet, who has been for this kind of advocacy for a long, long time, makes the point also that Congress has a big oversight responsibility, and we have to more frequently hear from people in the field, and I am going to talk to Chairman Hatch about that.

Senator Cardin?

Senator CARDIN. Senator Wyden, it is a point I was going to make about Senator Bennet also. You and I were in the House of Representatives when we changed from AFDC to TANF, and one of the areas that we really tried to harp on was to deal with the basic structures of people being able not only to get a job, not only to be able to keep a job, but to move up the economic ladder. And Senator Bennet has been a real champion of recognizing that we have to have the educational component in that to make it sensitive.

I understand that work experience is important, but you also have to have the skills in order to be able to keep a job and to be able to advance. That is how you get out of poverty. And I thank Senator Bennet for his leadership.

That is why I wanted to listen to your questioning first before asking my questions.

There is no question that we needed to reform AFDC. There is no question about that. We needed to be able to put an emphasis on work and to give the flexibilities to the States to innovate. That was the whole reason for it.

What I have seen, though, is that there has been more micromanaging at the national level, more so than accountability at the national level.

I was listening to my colleague, Senator Wyden, ask these questions, which are very valid questions. How do we achieve our objectives? By the major test of poverty, TANF has not succeeded. You look at the numbers on the poverty rates, and you see that one of the major tools, TANF, has not been successful in that regard.

Therefore, I think it is important for us to look at accountability. But do not confuse that with taking away flexibility. The problem is that many States have diverted funds for reasons other than dealing with getting people jobs that they can grow to get out of poverty.

So this hearing is very important, and I think it is interesting to see the people who were here at the end and their commitment to saying, look, we have to do this better. Of course, the truth of the matter is, Congress has really reduced this effective tool in real dollars. We have not kept up on the amount of dollars that are necessary.

So, Mr. Pierpont, I appreciate very much the innovation that you have brought to that.

Dr. Shaefer, I want you to know that Senator Brown has not only distributed your book, he has given us a test to make sure we actually read it. [Laughter.]

But we appreciate the commitments you made.

Dr. Loprest, I very much appreciate the work that you have done in this area.

But I am going to ask Ms. Jackson a question, for two reasons. First and foremost, she hails from Prince George's County, Maryland, which has my attention. Secondly, she has experienced firsthand the challenges of the system.

I know that you are a strong proponent of America Works. I know you have benefitted from the program at America Works. But I would really just like to get your firsthand experiences as to the challenges that are in the system that we should try to do something about.

Where does it make it difficult for you to take care of your needs with temporary assistance so that you can, in fact, be productive? Where can you see people who have been inhibited, where we think we can make some common-sense changes to the system so that more people can benefit and get the type of employment that they need for their families?

Ms. JACKSON. I think the program would benefit from—let me make sure I understand your question.

Senator CARDIN. Sure.

Ms. JACKSON. From my perspective in going through the program, I was very young. I started well before I started working, living in the community. Everything has changed so much over the years.

Senator CARDIN. Where did America Works help you? Why was that such a valuable program to you?

Ms. JACKSON. That was very valuable mainly because—I have probably said it like three times already—but because it focused on me as a person. Yes, it was about getting the job, but it mainly fo-

cused on making sure that when I—I mean, I was able to call Jennifer Tiller when I did not feel like coming in. I am going to get my benefits anyway. When you say 30 hours, okay, I already have my 30 hours, I am not going in there, I do not feel like it.

I wanted to work, but I was going through a depression and going through PTSD and all these other things, but the PTSD came later, after war. I was still going through all of those depressions and those anxieties way before I went to war from the stressors of everyday life, of just trying to have a place to live, of just trying to keep a place to live in a decent safe area.

So America Works ended up helping me by helping me to pretty much focus on my strengths.

Senator CARDIN. What I take away from that is that flexibility is important, allowing the States to come up with innovative ways to deal with the individual, because everybody is different.

Ms. JACKSON. Right.

Senator CARDIN. Everybody is different. By the way, people want to work. I do not know anyone who would not prefer to have a job than the alternatives. So everybody wants to work.

People develop at different stages and have different challenges and have different needs, and they need help in reaching that ladder that allows them to grow and be able to take care of their family.

So giving flexibility I thought was always a good idea. I do not challenge that. But I thought Senator Stabenow's point about accountability is right. There has to be some accountability in the system, so that if you do not take on the challenges, if we give you the flexibility and give you the tools—which, by the way, I do not think we are today—but if we give you the necessary flexibility and the tools, then we should hold you accountable so that you cannot dodge the issues of poverty in your State, you cannot dodge the issues of people having multiple issues.

Having challenges—everybody has challenges. You have to be able to figure out how to deal with those challenges, and for people who are vulnerable, those challenges can be debilitating, and you need to figure out how you deal with that to get people in a productive work environment.

Anyway, Mr. Chairman, I thought this hearing was extremely helpful, and I thank you, Senator Wyden, for your patience in giving us the opportunity to ask our questions.

Senator WYDEN. Thank you, Senator Cardin. And Senator Cardin has extensive experience on this not just here, but in the other body as well, because he was on the committee of jurisdiction there.

Just because I did not give an opening statement 2 hours ago is no reason to torture you now, and I will not give one.

Here is my thought about this. One of the great chairs of this committee was Daniel Patrick Moynihan. Senator Schumer is an enormous fan of Senator Moynihan. And Senator Moynihan, who chaired the committee, talked about the "complexification of government" and frequently said that in connection with a whole host of government programs, and that certainly seems to embody much of what we have heard today.

I leave encouraged on a number of fronts. The bouquet-tossing that has taken place between Dr. Shaefer and Mr. Pierpont, for ex-

ample, is just one example. Our fine witnesses, who come from the field and who can tell us what it is really like, have been enormously helpful.

I am struck by the notion that, well, there was AFDC in yesteryear and now there is TANF, and people will kind of chew on which program did what and what the limitations of both programs were. It seems to me where you all were taking us was sort of toward a third path, not AFDC, not TANF as it stands today, but this third path.

What I got out of it—and, again, we are not going to keep you here until breakfast time—was the notion that you all were interested in more understandable standards—I think Dr. Shaefer and several of you mentioned that—and some flexibility. And when you were talking about flexibility, I got the sense that flexibility meant the capacity to respond to two types of economic changes: big picture economic changes that take place in our country and individual needs.

Because of the lateness of the hour, I am not going to, again, make this a star chamber hearing and put you through lots more, but ponder that, if you will.

As Chairman Hatch and I both have noted, this is a very hectic day, and I am going to have to go back to the floor as well.

I want to thank all of our witnesses for their outstanding presentations, and thanks to all the Senators as well. We got a lot out of this hearing.

I will also note that any questions for the record, particularly for staff, need to be submitted by no later than Thursday, November 5th.

But thank you all. Thank you all for your service. With that, the Finance Committee is adjourned.

[Whereupon, at 12:10 p.m., the hearing was concluded.]

APPENDIX

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

SUBMITTED BY HON. MICHAEL F. BENNET

From *Politico*

Message to My Fellow Execs: Raise Wages!

If we do we'll all be richer in the end.

By Tony James | October 29, 2015

In early 2014, President Barack Obama paid a visit to a local Costco. He wasn't there to get a good deal on tires or a big-screen TV but to use Costco as a platform to advocate a higher minimum wage. That's because the retail giant (where I am lead director) has proved that businesses can perform better by paying more. Costco pays some of the highest wages in retail—almost twice the minimum wage.

And guess what, it's doing great. At a time when debate over raising the minimum wage is front and center, I have a message for my colleagues in business: We are missing the boat. Knee-jerk opposition is wrong, because as I have seen at Costco and other companies, raising wages will be good for business.

There are three key reasons. First, it will accelerate growth of the economy. Second, it will increase labor productivity. And third, it will reduce government support payments and the pressure to raise taxes on business.

For the past 50 years, the U.S. has allowed its minimum wage to plummet, to the point where in real terms our minimum wage today is back where it was in the late 1930s. We have squeezed consumer demand and sapped economic growth.

Many businesses and their advocates argue that higher labor costs from an increased minimum wage would hurt jobs. But in fact, higher wages on a national scale will accelerate growth by triggering higher demand for the very sectors that pay low wages, more than offsetting the higher costs. This is why many studies show higher wages do not cost jobs.

When you raise the minimum wage, you give more money to the people with the highest propensity to spend. If you give consumers a $1 tax rebate or other one-time break, they spend only about 50 cents. If you increase their incomes by a dollar, however, they actually spend more than that dollar, because they also use more credit. This direct spending increase from higher wages then has an additional 1.5-times multiplier effect that ripples through the entire economy.

If the federal minimum wage were raised to $12 per hour, that would raise wages either directly or indirectly for over 20 percent of American workers. It would raise incomes by over $80 billion and add $200 billion of economic activity as the multiplier effect cascades throughout the economy. And that's just the beginning, because a higher minimum wage would actually trickle up, causing other incomes to rise, too. All told, this would drive a 1 to 2 percent near-term jump in gross domestic product.

If a rise in wages is instituted nationally, a level playing field is maintained that avoids artificially legislating winners and losers. Businesses will adjust to constraints uniformly applied, and each business will still try to find a way to win from innovation, improved productivity or price increases. Rather than continually driving down real wages and demand, we will benefit our entire economy.

It is also important to note that jobs that pay minimum wage are heavily concentrated in non-tradable services with restaurants and retailers. These jobs are hard to replace by imports or automation—and the low-wage workers in these places tend to spend locally—so their added income would recycle into the local economy, benefiting the very businesses affected by higher wages.

The second reason business should embrace a higher minimum wage is productivity. Higher wages make businesses stronger because they can find savings and more effective workforces through lower turnover, reduced training costs and more responsive and committed employees. This is precisely what we have seen at Costco—and what many of my colleagues at other well-paying companies have discovered as well. I think we can all agree that no one can actually live on $7.25 an hour, so it makes perfect sense that people who earn that will spend most of their energies trying to find something else to do.

And finally, businesses will benefit from a higher minimum wage because it reduces required government support payments and encourages people to work, ultimately reducing pressure to raise taxes.

Think about an unemployed or underemployed worker today. It's likely that this person is receiving substantial government support. If that person gets a job, they forfeit much of this government assistance—and with the current $7.25 minimum wage, there's little incentive to do that. In many cases, they would be working simply to offset the loss of government assistance.

A higher minimum wage would empower people to support themselves and significantly reduce government welfare spending. And unlike many other social programs, it rewards people for working.

It's time for all business leaders to see what's become increasingly clear. Our economy has been stalled for more than a decade. We must ignite growth. Zero real interest rates and trillions of dollars of corporate cash shows that we have enough savings. We need more demand!

At a time of rising income inequality, let's not just hope for prosperity to trickle down. Let's put resources where they are needed most and lift the entire economy with them.

PREPARED STATEMENT OF HON. ORRIN G. HATCH,
A U.S. SENATOR FROM UTAH

WASHINGTON—Senate Finance Committee Chairman Orrin Hatch (R–Utah) today delivered the following statement during a committee hearing to explore solutions and promote self-sufficiency for families living in poverty:

The great American poet, Walt Whitman, wrote: "What a devil art thou, Poverty! How many desires—how many aspirations after goodness and truth—how many noble thoughts, loving wishes toward our fellows, beautiful imaginings thou hast crushed under thy heel, without remorse or pause!"

I think everyone here shares Mr. Whitman's sentiments about the crushing and remorseless nature of poverty. And, while we may have disagreements on how best to address this issue, all of us have an interest in finding ways to more effectively and efficiently alleviate poverty in America.

Today's hearing will attempt to provide some clarity around issues of poverty, the effect it has on children and families in the United States, and the role that Federal programs, particularly the Temporary Assistance for Needy Families program, currently play in mitigating poverty.

Poverty is a critical challenge for our Nation, and, far too often, children end up being the primary victims. Recent official poverty statistics reveal that one out of every five children in the U.S. lives in poverty. Some argue that the problem is even more widespread. But, regardless of the frequency, we know that poverty greatly increases the risks for a number of negative outcomes among children.

In some communities, the cycle of deep poverty persists generation after generation. Often these families live below the radar, unseen by many. Day to day life for families in deep poverty is fraught with difficulty and constant stress. To make a bad situation worse, this unending toxic stress often leads to a number of mental and physical health issues.

Unfortunately there is no easy solution to addressing issues associated with poverty. Policymakers have been arguing for years about the best way to address poverty. For a long time, programs which provided cash assistance to women and children did little to encourage work and in many cases perpetuated the cycle of poverty.

History has shown us that the best remedy to poverty, and especially the cycle of poverty, is a well-paying job. And I believe that most people in poverty want to be gainfully employed. I also recognize, however, that, in many cases, individuals face significant barriers to successful employment that can be difficult to surmount.

The welfare reforms in the 1990s which transitioned welfare from an individual entitlement into a capped funding stream have produced mixed results. The number of families on welfare has declined dramatically, going from a peak of 5.1 million in 1994 to 1.6 million in 2015. However, the poverty rate in 2014 was nearly the same as it was prior to welfare reform.

Many families who are eligible for assistance through TANF do not receive it. Often times, States do not engage TANF recipients in robust activities designed to help them obtain and keep a job. The TANF benefit itself is very small, ranging from only $170 to $923 a month for a family of three.

However, while that may seem like a relatively small amount per family, the Federal Government still spends billions of dollars in an attempt to address poverty each year. In TANF alone, the Federal Government and the States spent nearly $30 billion dollars in FY 2014.

Unfortunately, the smallest expenditure was directed toward work program activities, while the largest expenditure was spent on what States report as "other expenditures." There is no definitive definition of what these other expenditures are, but we do know that nearly $11 billion are spent on them each year.

Despite these clear issues with the program, prior efforts to reform TANF have not been successful. I think it's fair to say that many on both the left and the right would agree, although for different reasons, that TANF, the Federal Government's welfare flagship, is in need of reform.

From 2001 to 2005, many of us here in Congress tried to reauthorize and reform TANF. Senator John Breaux from Louisiana and I spearheaded the so-called "Tripartisan" proposal to reform TANF. This proposal ultimately became the basis of then-Chairman Grassley's PRIDE bill, which, in a disappointing display of partisanship, was ultimately filibustered by the Democratic minority.

Several years ago, I wrote a letter to President Obama indicating my willingness and desire to work with him on welfare reform.

That letter has never been answered.

What is more, the Obama administration has never put forward a proposal to reauthorize TANF. Instead, this administration has attempted to bypass the Congress and create regulatory schemes not authorized under the statute in order to undermine key features of welfare reform, including the work requirement and child support enforcement.

In other words, welfare programs—and the individuals they are designed to help—have become just another pawn in the endless partisan conflict between the Obama administration and Republicans in Congress. This is unfortunate, and it is precisely the reason why so many people are skeptical about any progress being made on poverty and welfare in the near future.

Unfortunately, until the administration adopts a different posture with regard to these programs, I'm afraid that this skepticism will continue to be well-founded.

However, we do things differently here on the Senate Finance Committee. Even if the administration continues to double down on an unproductive position, I believe we need to continue to explore issues associated with poverty and keep searching for ways to improve welfare in this country. That, in my view, is the best way to keep moving toward the reforms that TANF needs so badly.

That is why we're here today. I look forward to a robust discussion of these important issues.

PREPARED STATEMENT OF ARETHA J. JACKSON, DISABLED VETERAN AND TANF RECIPIENT

Chairman Hatch, Ranking Member Wyden, and other distinguished members of the committee:

My name is Aretha J. Jackson. I was born in Prince George's County, Maryland. I grew up in the projects of Washington, DC and am a graduate of District public schools. I served in the United States Army, Army Reserves, and the District of Columbia Army National Guard. I have an Associate of Arts Degree in Liberal Arts and Graduated Cum Laude with a Bachelor of Arts Degree in Psychology.

I have struggled with poverty my entire life. I have been homeless twice in my life; a single parent of two; and have received Temporary Assistance for Needy Families a number of times in multiple States including Hawaii and the District of Columbia. I am a Disabled Veteran, currently in my second year of training as a Veteran Service Representative in the Pension Management Center at the Department of Veteran Affairs in Philadelphia, PA.

My personal experiences with the TANF program varies based on time, place, and regulations. The one thing that remained consistent was the negative attitude of most of the individuals that work as examiners. The attitude was one of superiority.

As you know, the program has evolved over the years. I first started receiving welfare in 1991. It was not difficult to get food stamps and cash assistance. The housing assistance program in DC helped me with my security deposit and furniture for my first apartment. The program focused on getting my basic needs met which allowed me to focus on my child and getting back into the workforce.

In 2001 after getting pregnant with my son, I quit my job and reapplied for public assistance, this time in Maryland. The program in Maryland told me of all of the regulations and requirements I was to meet, but did not offer a plan of action to accomplish these unrealistic goals. Because my house foreclosed I had to move back in with my mother in Washington, DC, thus closing my case with Maryland and opening a TANF case with the District. I was enrolled in a resume writing class—the programs back then (2001) were okay.

I returned to work after September 11. In 2003, my mother put my children and me out and we lived in temporary housing on Bolling Air Force base and then moved to housing in Fort Myers.

A few months later I was homeless again. I was not equipped to help myself or anyone else at that time. In 2006 I got married and reenlisted in the United States Army. By 2007 I had gone to war and got a divorce.

In 2009, I was discharged from active duty because my family care plan failed. Once again I found myself unemployed, and in need of Temporary Assistance for Needy Families. This time I was in Hawaii and the program was totally different. I was required to volunteer 30 hours per week after completing workshops to help me build a resume, improve interviewing techniques, conduct job search, and negotiate salaries. I enrolled in college and was allowed to attend class in lieu of volunteer work.

After graduating college I moved back to DC and applied for the Clinical Psychology program at Argosy University in Roslyn, VA. This is where I learned that I was experiencing PTSD, anxiety and depression. I failed a very important class and was removed from the program. Once again I needed help. This time the TANF program was different from every other time. I was required to attend America Works of Washington, DC in order to keep receiving assistance.

America Works is an organization that assists individual in finding employment. But this program also helps in a way no other program has. The employees at America Works helped me to see myself as a productive person again. I was able to share personal information with Jennifer Tiller that kept me from committing suicide and together we were able to get me the services I needed from the VA. Employers visited America Works weekly, interviewed candidates, and hired people all of the time. There is a glory bell in the lobby for individuals that get a job to ring. Every time the bell went off you could feel the joy in the air. Jennifer was tough on all of us, at the same time she showed that she cared. The information and partnership America Works provided helped me to obtain full time employment with the VA.

The TANF programs across the Nation need assistance. If we had more organizations like America Works of Washington, DC, people would be more willing to return to work.

Thank you for your time, and I look forward to your questions.

PREPARED STATEMENT OF PAMELA LOPREST, PH.D., LABOR ECONOMIST AND SENIOR FELLOW, INCOME AND BENEFITS POLICY CENTER, URBAN INSTITUTE

Thank you for the invitation to testify today. My name is Pamela Loprest. I am a Senior Fellow and labor economist at the Urban Institute, an economic and social policy research organization here in Washington. My research focuses on public policies to improve low-wage labor markets and address barriers to work among disadvantaged populations. I have studied the Temporary Assistance for Needy Families (TANF) program since its inception in 1996, including early studies of the economic well-being of women who left the TANF rolls.

Today I limit my comments to the situation of poor single mother families, given that is the primary focus of the TANF program. I would like to make the following points today:

1. The TANF program is increasingly playing a smaller role in addressing poverty, even for the most needy. While TANF caseloads have fallen by 30 percent in the last 15 years, the percentage of families in poverty has grown. Many eligible poor families do not receive these benefits.
2. Many poor mothers who are not receiving TANF are also not working. Over time, a growing number of single mothers are without work and TANF benefits. Many of these families face challenges to work, such as low education levels and poor health, and many remain in this situation for many months.
3. There are solutions to bring these families out of poverty. I discuss two. First, improving access to the TANF program so it serves the population it is intended to serve. And second, investing in these mothers' skills to improve their opportunity to work.

TANF CASELOADS HAVE DECLINED AND REMAIN LOW

The TANF program provides cash assistance to poor families who must, with some exceptions, participate in work activities. Since the program began in 1996, there has been a more than 60 percent decline in TANF caseloads. In the last 15 years caseloads have continued to fall, from 2.4 million families receiving benefits monthly in 2000 to 1.6 million families (or 4.2 million individuals) today.[1] This is about a 30 percent decline, while over the same time period, the percent of families in poverty has grown.[2]

The flexibility given States in setting TANF policy (within federally set boundaries) means the program looks very different across States. Differences include benefit levels, the length of time families can receive benefits, work activities allowed or required, and the caseload relative to the population in poverty all vary considerably from State to State. These differences go beyond differences we would expect from State poverty and other economic indicators. For example, just two States—California and New York—account for roughly half of TANF caseloads today, although only about one-quarter of children in poverty live in those States.[3] Across the country, only about one-quarter of families in poverty receive TANF benefits in the U.S. In 10 States, less than 10 percent of families in poverty receive TANF benefits.[4]

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[1] U.S. Department of Health and Human Services, Office of Family Assistance. TANF Caseload data. *http://www.acf.hhs.gov/programs/ofa/programs/tanf/data-reports.*

[2] The poverty rate in 2000 for all families was 8.7 percent and in 2014 was 11.6 percent. For female headed household (no husband present), the rate over the same period went from 25.4 percent to 30.6 percent. U.S. Census Bureau. Historical Poverty Tables-Families. *https://www.census.gov/hhes/www/poverty/data/historical/families.htn.*

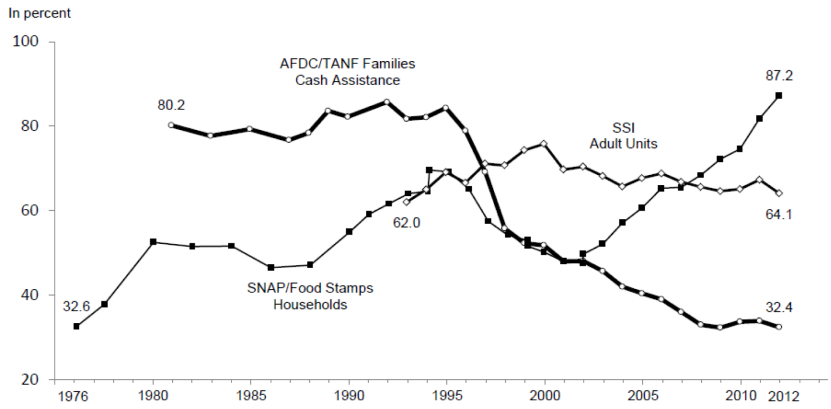
[3] U.S. Census Bureau. 2014. State Poverty Report.
https://www.census.gov/content/dam/Census/library/publications/2014/acs/acsbr13-01.pdf.

[4] Center for Budget and Policy Priorities. 2015. "Chartbook: TANF at 19" *http://www.cbpp.org/research/family-income-support/chart-book-tanf-at-19.*

MANY FAMILIES ELIGIBLE FOR TANF BENEFITS DO NOT RECEIVE THEM

Over time, fewer and fewer eligible families are receiving TANF. The "participation rate" (figure 1) shows the number of families receiving TANF assistance relative to the number eligible for benefits. This rate has declined from a high of 86 percent in 1992 to 79 percent in 1996, and to 32 percent in 2012, the most recent year available. This means only about one-third of all families eligible for TANF receive these benefits.[5]

Figure 1. Participation Rates in the AFDC/TANF, Food Stamps/SNAP and SSI Programs: Selected Years



Source: "Welfare Indicators and Risk Factors: Thirteenth Report to Congress." 2015. US Department of Health and Human Services, Administration on Children and Families.http://aspe.hhs.gov/report/welfare-indicators-and-risk-factors-fourteenth-report-congress

By comparison, USDA's "Reaching Those in Need" publication found the participation rate of Supplemental Nutrition Assistance Program (SNAP) benefits nationally to be 83 percent in 2012.[6] SNAP participation was not always higher than the TANF participation rate. In the years after TANF implementation both programs experienced similar and declining participation rates. Explicit steps to ease access and increase participation among eligible families were taken in the late 1990s early 2000s. To be clear, I am not speaking of expanding program eligibility, but participation among eligible families.

The low participation rate in TANF should be cause for concern. Even as TANF seeks to move families from benefit receipt to self-sufficiency—meaning families no longer need benefits—families in need should be able to access and benefit from this assistance. This is especially true as single mothers who are eligible for TANF, but not receiving it, are generally poor. TANF eligibility rules are such that only very poor families (in most states well below the poverty line) are eligible for these benefits. For example, although the exact calculation of benefits is complicated, in more than half the states a single-mother of two earning as little as $800 a month would not be eligible for TANF.[7]

[5] Participation rates for TANF do not remove from the eligible pool income eligible families that are not receiving benefits because they are under full family sanction for non-compliance with program rules. My calculations suggest excluding these families could increase these participation rates in 2013/2014 by as much as 5 percentage points. In addition, these results do not include Solely State Funded programs, State programs that generally mimic TANF income eligibility requirements but do not use Federal TANF funds and are not subject to TANF program rules. If counted as TANF receipt, we estimate these would add at most 2 to 3 percentage points to these participation rates. The resulting participation rate in recent years would be approximately 40 percent.

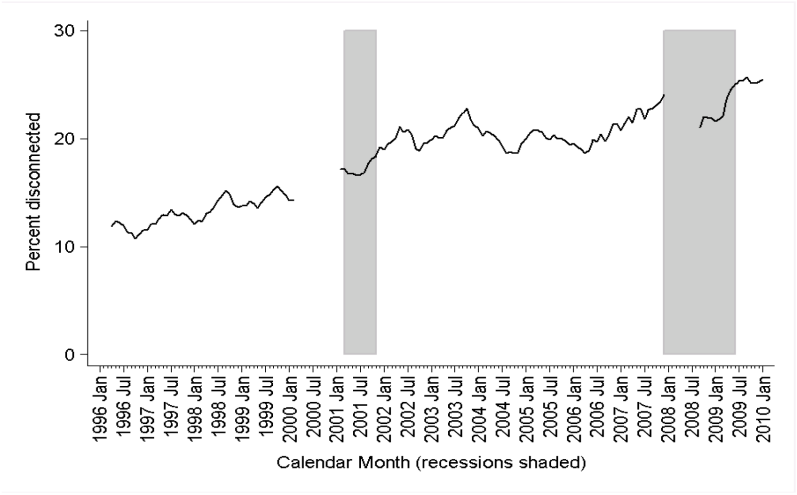
[6] Cunnygham, Karen. 2015. "Reaching Those in Need: Estimates of State Supplemental Nutrition Assistance Program Participation in 2012." Prepared by Mathematica Policy Research for the USDA Food and Nutrition Service. *http://www.fns.usda.gov/reaching-those-need-estimates-state-supplemental-nutrition-assistance-program-participation-rates.*

[7] Huber, Erika, Elissa Cohen, Amanda Briggs, and David Kassabian. 2015. "Welfare Rules Databook: State TANF Policies as of July 2014." OPRE Report 2015–81. Office of Planning, Re-

THE SHARE OF SINGLE MOTHERS NOT RECEIVING TANF BENEFITS AND NOT WORKING HAS INCREASED

The number of single mothers who are neither working nor receiving TANF has increased over time. This increase shows not only that TANF is failing to reach many eligible families, but also that many of these families are not working, the aim of the TANF program and the main avenue out of poverty. Data show that over 20 percent of low-income single mothers (with income less than 200 percent of poverty) in 2010 were disconnected, meaning that they were not working and not receiving TANF or disability benefits.

Figure 2. Percent Disconnected Among Low-Income Single Mothers, 1996-2010



Source: Analysis of Survey of Income and Program Participation data. Loprest, Pamela and Austin Nichols. 2011. "Dynamics of Being Disconnected from Work and TANF." Urban Institute. http://www.urban.org/research/publication/dynamics-being-disconnected-work-and-tanf

Research dating back to the early years of the TANF program when caseloads were declining rapidly focused on this group of so-called "disconnected" families. My own research shows that about one-fifth of families who exit or lose TANF benefits do not find work (or move to disability benefits) in at least the next 4 months.[8] More recent studies show that many of these mothers and their children have never received TANF.

Why Are So Many Poor Families Not Receiving TANF Benefits?

Research shows that many poor families who do not receive TANF lack accurate information or they have difficulty accessing the program and maintaining benefits. To better understand why poor families do not receive TANF requires both large-scale national and State level survey data as well as in-depth interviews and ethnographic studies, including the recent book "$2.00 a Day" by Luke Schaefer (a co-witness on this panel) and Kathryn Edin. Research by my colleagues interviewing poor single disconnected mothers finds that some mothers lack information about TANF or have misinformation—including rumors among a Latina immigrant community in Los Angeles that benefits would need to paid back in the future by their children. For the most part, those who had experience with TANF found the program to be difficult to access and benefits difficult to maintain. Programs had long wait times, required multiple office visits and interactionsto provide necessary paperwork, and involved intrusive questions, particularly compared with the SNAP

search and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services.

[8] Loprest, Pamela and Austin Nichols. 2011. "Dynamics of Being Disconnected from Work and TANF." Urban Institute. *http://www.urban.org/research/publication/dynamics-being-disconnected-work-and-tanf.*

program. Some mothers in this study had received benefits but lost them after hitting time limits, but they were still unable to find work.[9]

Why Are So Many Poor Single Mothers Without Work?

If these mothers could find jobs and overcome challenges to keeping those jobs, their circumstances would no doubt be improved. The vast majority of poor disconnected single mothers in the U.S. are without cash income (either earnings or public benefits) because they lost a job. Many of them have worked in the past and work sporadically; however, a central difficulty for these mothers is finding and sustaining work. Reasons for their difficulties include lack of access to affordable child care and to reliable transportation. Disproportionate shares of these mothers suffer from physical and mental illness, sometimes exacerbated by the periods spent struggling without earnings or cash assistance. Almost a third have less than a high school education. Further, there are few jobs available in many of the communities in which these poor mothers and children live.[10]

The struggles of these poor single mothers are in some sense the struggles of all poor families, including low-wage workers and the long-term unemployed. These mothers are simply those who are on the losing end of some of these struggles: Those who couldn't make child care arrangements work, who lost a job due to unreliable transportation or getting sick and having no paid leave, or who were denied or ran out of unemployment benefits.

What Can We Do To Help Families in Poverty Who Do Not Have Cash Assistance or Earnings?

- **Help families access TANF assistance**

As our country's primary means-tested cash assistance program for nondisabled poor families, TANF should be able to encourage work and movement toward self-sufficiency through mandatory work activities and be accessible to families. Families eligible for TANF and in need should be receiving this important benefit. Overall TANF is not serving these very poor mothers who are not working—one of the key target groups for the program.

The program should work to correct misinformation and misunderstanding among potentially eligible parents and reduce barriers to access. Just as Federal and State policies have worked to make SNAP benefits accessible to eligible families and increase participation, the TANF program should have this as a goal.

State and Federal policymakers have made numerous changes to regulations and program practices for SNAP, Medicaid, and child care programs that have reduced the bureaucracy and burden of application and recertification for these programs. One example of this is the Work Supports Strategies initiative.[11] This project has supported the work of six States around the country in improving access to public work supports (SNAP, Medicaid, and child care) for eligible low-income families. Through a combination of changes in State policies and regulation, streamlining the application process, and modernizing technology (in many cases made possible through funds available from the Affordable Care Act) States have been able to make the application process more efficient while improving benefit access for those eligible. While this project did not focus on TANF, similar improvements can be made to TANF. Many poor mothers who are eligible for but not receiving TANF receive SNAP suggesting the possibility of using SNAP application as a point for reaching out to potential TANF recipients—at least for a targeted subgroup of mothers—overcoming misinformation and making initial application and access easier.

However, the low level of TANF benefits in many States and the temporary nature of these benefits suggest that TANF receipt alone, while important, is not the answer to helping families move out of poverty.

- **Invest in skills to increase work**

Work is the path to a better life for the majority of parents and their children, and disconnected poor single mothers are no exception.

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[9] Seefeldt, Kristin and Heather Sandstrom. 2015. "When There is No Welfare: The Income Packaging Strategies of Mothers Without Earnings or Cash Assistance Following an Economic Downturn." *The Russell Sage Foundation Journal of the Social Sciences: Severe Deprivation,* vol. 1 (forthcoming).

[10] Ibid. Seefeldt and Sanstrom (2015); Loprest and Nichols (2011).

[11] For more information go to *http://www.clasp.org/issues/work-support-strategies.*

Rigorous evidence from studies of a number of different programs shows significant improvements in employment and earnings are possible, even for families with significant work challenges, such as poor health or issues with substance abuse.

Some programs created by States to specifically target families with work challenges have demonstrated success. These programs, dating from the period after TANF was implemented, from the mid-1990s to the present, used a mix of strategies to help recipients prepare for and find work.[12] Some of these programs focus on providing work experiences for families while assessing their needs and providing supports to help them work. Other programs focus on providing treatment (particularly for those with physical or mental health problems) and then moving individuals into work with supports. Some used a mix of the two.

Other programs targeting a broader group of low-skill workers, including TANF recipients, have, through rigorous evaluations, demonstrated positive outcomes. The Sectoral Impact Study used experimental methods to evaluate three industry-specific training programs targeting disadvantaged populations. The study showed significant increases in employment and earnings across a variety of industry sectors.[13] Over a 2-year period, program participants worked on average 1.3 months longer than others in a control group and a greater number of hours. The average employment rate for the treatment group was 70 percent, compared to 60 percent for controls. Earnings for participants were about $4,500 greater than for control group members over this period. One of the programs in the evaluation, JVS-Boston, showed significant earnings gains for participants who had ever received welfare, deriving primarily from increases in employment.

A recent study of the experiences and outcomes of TANF recipients in the Health Profession Opportunity Grant (HPOG) Program (funded by the Department of Health and Human Services) highlights the positive outcomes these recipients can achieve as well as some of the challenges they face.[14] TANF recipients had equally favorable outcomes in terms of completing training and finding employment as non-TANF participants. However, some training providers observed that TANF policies can pose challenges to recipients' participation in education and training programs. Despite this, communication and collaboration between TANF agencies and training programs were able to overcome these obstacles.

The success of these work programs shows that we can increase work through investment in the skills of poor and low-skilled mothers. Unfortunately, these programs require substantial resources, and similar programs are often not available to poor families, through the TANF program or other publicly-funded workforce programs. Helping move more families to work require a greater investment in workforce programs that can improve skills.

- **Improve TANF work programs**

We need to make changes to TANF policies that encourage greater spending by TANF programs on work-related activities. Recent analysis by the Center on Budget and Policy Priorities shows that only about 8 percent of TANF funds are spent on work activities and another 16 percent on child care.[15] The amount offunds spent per case is far below the cost of programs that have been demonstrated to improve work and earnings for poor low-skill families.

In addition, it makes sense to better integrate TANF work programs with the broader public workforce system to provide the best workforce interventions to those in need. The Workforce Investment and Opportunity Act (WIOA) increased focus on providing services to individuals who have limited skills and face other barriers to

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[12] Bloom, Dan, Pamela Loprest, and Sheila Zedlewski. 2011. "TANF Recipients with Barriers to Employment." produced for the Office of Planning, Research and Evaluation. Washington, DC: The Urban Institute.

[13] Clymer, Carol, Maureen Conway, Joshua Freely, Sheila Maguire, and Deena Maguire Schwartz. 2010. "Tuning in to Local Labor Markets: Findings From the Sectoral Employment Impact." Public Private Ventures.
http://www.aspenwsi.org/wordpress/wp-content/uploads/TuningIntoLocalLaborMarkets.pdf.

[14] Rulf Fountain, Alyssa, Alan Werner, Maureen Sarna, Elizabeth Giardino, Gretchen Locke, and Pamela Loprest. 2015. Training TANF Recipients for Careers in Healthcare: The Experience of the Health Profession Opportunity Grants (HPOG) Program, OPRE Report # 2015–89. Office of Planning, Research and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services.

[15] Schott, Liz, LaDonna Pavetti, and Ife Floyd. 2015. "How States Use Federal and State Funds Under the TANF Block Grant," Center for Budget and Policy Priorities. *http://www.cbpp.org/research/family-income-support/how-states-use-federal-and-state-funds-under-the-tanf-block-grant.*

work. WIOA also requires unified planning at the State and local level to align and coordinate policies and services and allows that planning to include additional programs such as TANF.[16] These changes signal the value of coordination and collaboration across WIOA and TANF programs. In practice in many States, TANF work programs are not coordinated with the public workforce system. Research has identified some of the biggest obstacles to coordination in the two programs, including differences in the performance measures they use to demonstrate success.[17] Federal policymakers should work to overcome these differences to provide greater and more efficient access to workforce investments for low-skilled mothers.

CONCLUSION

One of the important successes of U.S. policy in fighting poverty is the movement to make work pay for low-wage workers. The Earned Income Tax Credit, SNAP and other programs lift millions of people out of poverty. Careful analysis of the impact of these programs on poverty rates (including all government benefits and using the supplemental poverty rate measure that accounts for government benefits and taxes) shows that poverty would be more than twice what it is in 2014 (29.1 percent instead of 13.8 percent) without these public safety net programs.[18]

However, for poor women without work, our work-based safety net is of limited assistance. Investing in ways to improve the work prospects of poor single mothers, through the TANF program and other publicly funded workforce programs, is an important goal. Improving access to TANF for those poor mothers who are eligible and without work is another important goal.

Of course, it also critical to maintain the existing public work support system for low-income workers, including the EITC, SNAP benefits, subsidized child care, and public or subsidized health insurance. Finally, while our topic today is welfare and poverty, it is important to emphasize that for work to be a road out of poverty, we also need to have a robust economy to create those jobs.

PREPARED STATEMENT OF JON S. PIERPONT, EXECUTIVE DIRECTOR, UTAH DEPARTMENT OF WORKFORCE SERVICES

Chairman Hatch, Senator Wyden, and members of the U.S. Senate Committee on Finance, thank you for the opportunity to address you.

I want to start with a brief story. A few months ago, I had the opportunity to visit with a mother from northern Utah. She told me about her efforts to find a stable job with an income sufficient to provide for her two young sons. This mother grew up in poverty and experienced the challenges that accompany that circumstance. These challenges remain with her as an adult, and unfortunately, are likely to continue with her children, which is not unusual for children growing up in economic hardship.

I was moved by her strong desire and motivation for finding a path out of poverty and providing increased stability and opportunity for her kids. But it was something she said later that reveals why Utah's efforts to decrease the number of children experiencing intergenerational poverty is so important. She said, "There are a lot of brilliant minds lost in poverty."

This young mother's motivation is not unique. Thousands of Utah families strive daily for the opportunity to provide a better life for their children. And, to be sure, Utah's incredibly strong economy is helping to provide that opportunity.

More and more Utahns are employed and businesses continue to grow and innovate in our State. This has led to an economy recognized as one of the strongest in the Nation. Our unemployment rate is 3.6 percent, and our job growth is a robust 3.9 percent, with job opportunities for Utahns of all levels of skill and training.

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[16] Bird, Kisha, Marcie Foster, and Evelyn Ganzglass. 2014. "New Opportunities to Improve Economic and Career Success for Low-income Adults and Youth: Key Provisions of the Workforce Innovation and Opportunity Act." Center for Law and Social Policy. *http://www.clasp.org/resources-and-publications/publication-1/KeyProvisionsofWIOA-Final.pdf.*

[17] Kirby, Gretchen, Julia Lyskawa, Michelle Derr, Elizabeth Brown. 2015. "Coordinating Employment Services Across the TANF and WIA Programs." Mathematica Policy Research.

[18] Sherman, Arloc, and Danilo Trisi. 2015. "Safety Net More Effective Against Poverty than Previously Thought." Center for Budget and Policy Priorities. *http://www.cbpp.org/research/poverty-and-inequality/safety-net-more-effective-against-poverty-than-previously-thought.*

While our State's economic success is laudable, we recognize that many Utah families still face barriers to self-reliance.

Ironically, it is exactly this economic growth that is allowing Utah to focus more on the families struggling to break free from the cycle of poverty, passed from one generation to the next. In Utah, we refer to this cycle of poverty as "intergenerational poverty."

In 2012, the Utah Legislature seized the opportunity to address the needs of families struggling to emerge from intergenerational poverty. At that time, there was a strong belief that families in the cycle of poverty were utilizing public assistance at higher rates, experiencing higher rates of substance abuse, were more likely to be incarcerated, and that the children were not able to take advantage of the opportunities necessary to achieve their hopes and dreams, as they became adults.

As a result, the Legislature adopted the Intergenerational Poverty Mitigation Act requiring our department, the Department of Workforce Services, to study and evaluate administrative data to determine whether the anecdotal evidence aligned with the reality for families utilizing public assistance. It required our department to release the data in an annual report, with a focus on understanding the challenges and barriers children in poverty face.

The Act also required our department to analyze the data by distinguishing between two types of poverty: "situational poverty" and "intergenerational poverty," recognizing that for the majority of people, experiences with economic hardship leading to utilization of public assistance are brief and temporary caused perhaps by losing a job, experiencing a health crisis, or going through a divorce, but for others, no amount of support leads to self-reliance. Differentiating between types of poverty is a productive approach to understanding it, allowing us to shed light on the adequacy of programs and resources utilized to address the issue for both groups.

The Act compelled us to compile and evaluate the data and since 2012, we have released four annual reports. The level of research and analysis is unprecedented. We have gathered data across multiple State agencies to determine how issues such as childhood abuse and neglect and academic performance correlate with intergenerational poverty.

Initially, the ability to share data across agencies presented significant challenges and took about 2 years to overcome. Our partners in this effort worked hard to develop Memorandums of Understanding with our agency, ensure privacy was protected, and identify the same individuals across multiple State programs. The result is a report that evaluates data within four areas of child well-being, identified through research, as critical areas for children in establishing the foundation for a successful adulthood. Those areas of well-being include family economic stability, early childhood development, education, and health.

We have learned that families experiencing intergenerational poverty have more sporadic employment, earn wages insufficient to meet basic needs of their children, lack access to healthcare, and lag significantly behind the rest of Utah's children in educational outcomes.

The data also reveals that nearly one in four Utah adults receiving public assistance received it as children, 31 percent of Utah's children are at risk of remaining in poverty as adults, and approximately 25 percent are victims of child abuse and neglect, as were their parents.

I mentioned the research first to demonstrate its importance. Gathering all the data, organizing the key metrics, and developing a way to quantify the families experiencing this kind of poverty are all vital steps. Good policy cannot move forward without good data.

Once our Department released the data and defined the problem, the Legislature refined the act to form goals that will reduce intergenerational poverty and welfare dependency among Utah children.

The Legislature created the Intergenerational Welfare Reform Commission, which is responsible for establishing a 5- and 10-year plan designed to meet the act's goal. It placed the five executive directors from the State agencies serving the needs of Utah's vulnerable families on the Commission so that those agencies could improve coordination of services and programs, share data and evaluate internal policies. Three of the members serve in the Governor's cabinet and include myself from the Department of Workforce Services and my counterparts from the Department of

Health, and Department of Human Services. Also on the Commission are the State Superintendent of Public Instruction and the Juvenile Court Administrator.

The Act did not anticipate that its goal would be achieved by government alone. It compels the Commission to engage a diverse network of stakeholders in these efforts including academic experts, business leaders, religious organizations, non-profits, and community-based organizations.

With our solid research foundation, the Commission is moving forward with this next crucial step: aligning all State agency programs that serve impoverished families. By sharing data across agencies, we are breaking down the silos that so often arise in government. When the same family uses services from more than one State agency, that's an opportunity to streamline the manner in which they interact with State government. By focusing on these families, we are working together to support their efforts as they work to build a brighter future for their children.

It is important to note what Utah's intergenerational poverty effort is not. The initiative is leading the way not by outlining numerous new services or massive additional programs that incur more government spending, but by more effectively using the services and programs already in place.

This coordination will yield greater effect at removing barriers for families working toward economic independence, without burdening taxpayers with additional costs.

One example of program alignment is the development of our two-generation demonstration project, "Next Generation Kids." As part of our research, we evaluated families participating in our TANF cash assistance program, the Family Employment Program. Interestingly, our program includes the word "family," yet it focuses exclusively on the adult. We have found that adults often cannot truly be successful when the needs of their children are not being met. As a result, we have modified our program so that while we are engaging with parents to get them employed or increase their job skills, we are also ensuring that those parents are meeting the basic needs of their children. We are doing this while continuing to meet all Federal requirements.

Not only is the project focusing on the family, it is also physically located in a school serving large numbers of children experiencing intergenerational poverty. By being placed in the school and developing a relationship with the school district, our staff is now able to communicate with teachers, principals and superintendents about a child's academic performance and incorporate educational outcomes in a family's case management plan.

As mentioned earlier, this two-generation approach to case management is not designed to grow government. Rather, our caseworkers are connecting families to the extensive resources available through other government entities, religious organizations, non-profits, and other community groups. They are assisting in the coordination of services and simplifying service delivery with the eventual goal of developing a single, case management plan for a family where today, several may exist.

Although "Next Generation Kids" has only been existence for 1 year, it is improving the lives of families like the young mother I referenced earlier. The program is connecting parents to job training, helping them obtain GEDs, and connecting them to employment while their children are now enrolled in high-quality preschool, participating in afterschool programs, and improving school behavior.

This test program is just part of the body of information we are continuously receiving and applying to our broader programs. We have identified the government programs related to the four focus areas of child well-being and we are identifying any crossover, as well as gaps.

Utah is committed to this effort. We are taking the research into the local communities across our State, empowering local leaders with the information, and providing tools to take the first steps in addressing intergenerational poverty in our neighborhoods and schools.

I am encouraged by Utah's economic growth and the opportunity it presents to all Utah families.

I am moved by the research clearly showing the impact of this unique form of poverty, and why we must implement a unique approach to address it. And I am motivated by the dedication and innovation taking place within our State, as agencies coordinate existing resources to better serve the entire family.

Utah believes strongly in the potential of individuals like the young mother I met. She is one of those brilliant minds lost in poverty. Those brilliant minds represent human capital. Capital that, if we tap into it, will empower these families to succeed, equip their children to escape poverty, and in turn allow our economy to flourish like never before.

There is clearly a significant amount of work to be done to fully understand and address this issue. But the combination of a number of factors have created the perfect opportunity to truly make a difference for families experiencing intergenerational poverty—and it is an opportunity we must not, and will not, let slip by.

We will continue to learn and apply new information to our methods. And we hope that any successes we share can be a resource for other States heeding the call to empower families everywhere to achieve their greatest potential in our new economy.

To view Utah's Intergenerational Poverty Annual Reports and the Five- and Ten-Year Plan, visit *http://www.jobs.utah.gov/edo/intergenerational/index.html.*

Thank you.

PREPARED STATEMENT OF H. LUKE SHAEFER, PH.D., ASSOCIATE PROFESSOR AND CO-AUTHOR OF "$2.00 A DAY: LIVING ON ALMOST NOTHING IN AMERICA," SCHOOL OF SOCIAL WORK AND GERALD R. FORD SCHOOL OF PUBLIC POLICY, UNIVERSITY OF MICHIGAN

In 2010, my colleague Kathryn Edin, a qualitative researcher who has studied American poverty for over 2 decades, began to encounter more and more families in conditions that were strikingly different from what she had seen a decade and a half earlier. These families did not just have too little cash to live on; they often had no cash at all. While some claimed benefits like the Supplemental Nutrition Assistance Program (SNAP), it seemed to Edin that the absence of cash permeated every aspect of their lives.

Had the number of American households with children surviving on virtually no cash income increased? Edin and I looked first to the nationally representative Survey of Income and Program Participation (SIPP), which yields the largest estimates of income among poor families. As of 2011, we find that in any given month there were 1.5 million households with 3 million children reporting cash incomes of no more than $2 per person, per day, up 130 percent from 15 years prior. We examined other data too, such as SNAP administrative tallies of recipients with no cash income, counts of homeless school children, and demand for charitable food aid. A consistent story emerged of worsening conditions faced by our Nation's poorest families.

How do families end up in such extreme conditions? What do they do to survive, and what are the consequences, especially for children? In search of answers, we sought out families who were experiencing extreme poverty in different parts of the country: Chicago, IL; Cleveland, OH; Johnson City, TN; and a series of small towns in the Mississippi Delta. We followed 18 families over a number of years, and have published our findings in "$2.00 a Day: Living on Almost Nothing in America."[1]

A clear theme that emerged from our research—and one we see evidence of in the SIPP—was that the families we met envisioned themselves first and foremost as workers. Jennifer Hernandez in Chicago says that working "gives me a sense of purpose." Rae McCormick of Cleveland says, "My dad raised me that you work for everything you have." When we asked families to imagine a better life in 1 year's time, the near universal response was that they would be working in a job with stable, full-time hours, paying $10 to $12 per hour.

Yet devotion to work is not enough to shield these families from spells living on virtually nothing. The labor market they must compete in is unforgiving. We saw numerous examples of a parent applying for dozens upon dozens of jobs, to no avail. When they do find work, it is often in the service sector where they must manage instability in the number and timing of work hours.

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[1] Edin, Kathryn J. and Shaefer, H. Luke (2015). *$2.00 a Day: Living on Almost Nothing in America.* Boston, MA: Houghton Mifflin Harcourt. To protect the individuals written about in this book, the names of people have been changed. All facts in this testimony come from "$2.00 a Day" unless otherwise cited.

Jennifer Hernandez had been hunting for work for 10 months while living in homeless shelters with her children, Kaitlin and Cole, when she finally landed a position with a small family cleaning business. At first she liked the job, which included cleaning vacant apartments and office buildings. But as the Chicago winter set in, the workload shifted to a steady stream of foreclosed homes. Jennifer reports that these houses had "been shuttered for a long time. No power, no working lights, no heat." The cleaning crew never knew what to expect: a squatting family? A crack house? A big obstacle was the lack of running water. Jennifer's team would bring their own in large buckets, but it would quickly turn pitch black. Off they would go, buckets in hand, to a neighbor's home or the nearest gas station to refill and carry the heavy buckets back to the job.

Breathing in dank air in moldy, cold homes, Jennifer's immune system weakened. She caught viruses and passed them onto her kids. As she called in sick more frequently, her boss marked her as unreliable, giving her fewer hours on the weekly schedule. Eventually her bi-weekly paycheck fell to $200. She had a few months left of guaranteed housing, provided by the shelter when she initially got work. She decided to quit her job so she could get well and look for a new one. It took her 10 months to find this job, how long would it take to find the next?

Sometimes unstable relationships led to job loss. Rae McCormick insists that her shifts at Walmart were the best parts of her week, aside from the fleeting moments she and her 2-year-old daughter, Azara, enjoyed together when "uncle" George and "aunt" Camilla were out of the Cleveland house they shared. In just 6 months at work she was named cashier of the month twice, because of her ability to key in from memory the four-digit bar codes of popular produce items. She would read the barcode numbers into a recording device and set it to play on repeat as she slept. "My subconscious did the job!"

None of this mattered, though, on the day that she climbed into George's pickup and the gas light flashed on as she turned the key. She had just spent her entire paycheck on rent, groceries, and diapers, and had given George the agreed upon $50 for gas so she could take the truck to work. Yet George and Camilla had emptied the tank over the weekend. Rae called her manager in a panic. Could anyone help her out, she pleaded? Her manager replied that if she couldn't get to work, she shouldn't bother coming in again. What's more, Rae says that George "sat there and told me that I'm selfish . . . that it was my fault I lost my job. All of it got put on me. And that's when I was like, 'You know what? I've had enough. I can't do it anymore.'" She moved back in with an abusive ex-boyfriend. Maybe things would be better with him.

None of the families in our study thought of TANF as a viable lifeline. When we asked Modonna Harris, a mother of one who was living in a Chicago family homeless shelter, whether she had considered applying for TANF, she told us, "they just aren't giving that out anymore." Rae McCormick was reluctant to apply; yet after months without a job, she went down to the welfare office to ask for help. She reports that a caseworker told her "Honey, I'm sorry. There are just so many needy people, we just don't have enough to go around." Today only a quarter of poor families with children access aid from TANF, and only about 26 percent of TANF dollars goes toward basic assistance. States take advantage of the significant flexibility allowed by the TANF block grant to divert dollars to other purposes, in some cases simply replacing existing State expenditures.[2]

If a family accesses programs such as SNAP and Medicaid, do they really need cash? Beyond the high rates of housing instability and material hardships we saw among families in extreme poverty, the best evidence that cash matters is the lengths to which families will go to generate just enough cash to buy new underwear or decent clothes at the thrift store for their kids, stay in their home for another night, or keep the lights on. Parents often feel they must resort to illegal activities to care for their children. They try to make the most of the few resources they have, including their bodies and their benefits, often at great cost.

Twenty-one-year-old Jessica Compton in Tennessee, fair skinned with a cloud of smoky black hair, donates her blood plasma for about $30 up to twice a week, as

[2] Center on Budget and Policy Priorities. (2015). "Chart Book: TANF at 19." *http://www.cbpp.org/sites/default/files/atoms/files/8-22-12tanf-rev8-20-15tanf-chartbook.pdf;* Schott, Liz, Pavetti, Ladonna, and Floyd, Ife. (2015). "How States Use Federal and State Funds Under the TANF Block Grant." Center on Budget and Policy Priorities, *http://www.cbpp.org/sites/default/files/atoms/files/4-8-15tanf_0.pdf;* See alsoGermanis, P. (2015). "TANF is Broken! It's Time to Reform 'Welfare Reform.'" White paper.

often as the law will allow. When we met her, plasma sales were her family's only source of cash income, as her husband Travis's hours at a fast food joint had been cut after the holidays. Travis cannot donate because of his tattoos, but he can watch little Rachel and Blythe while Jessica is at the clinic. Jessica often is anxious that she will fail the required health tests. To get her iron count high enough she eats an iron-rich snack bar on the way, and does breathing exercises to lower her blood pressure. After the procedure is over she says, "I get tired. Especially if my iron's down, I get, like, really tired." She can point to an obvious indentation in the crease of her elbow, a small scar from giving plasma so often.

The families we met very much subscribe to American ideals. They want to work in a decent job, they want a safe place to live, and they want to do right by their children. The more we can align policy to help them meet these goals, the more we, as a country, will have done right by Jessica and Travis, Jennifer, Modonna, and Rae. Whatever assistance I can provide as you consider policy alternatives with this goal in mind, I am at your service.

PREPARED STATEMENT OF HON. RON WYDEN,
A U.S. SENATOR FROM OREGON

It was Ronald Reagan who said, "the best social program is a job." I think it's fair to say that for most Americans, a principal goal of the social safety net is to help individuals and families in their times of struggle and reconnect them to gainful employment so they can pay their rent, pay for groceries, and take care of their children.

Extreme poverty has risen substantially, but a key program that's supposed to connect people to jobs so they can rise out of poverty—Temporary Assistance for Needy Families or TANF—isn't working. TANF is a fixed, frozen block grant that States can use for a wide variety of anti-poverty programs. But too often these dollars aren't making a dent in poverty or connecting struggling parents to employment.

Our social safety net has frayed. Millions of people are walking on an economic tightrope forced to make tough decisions like whether they should pay to keep the lights on or food in the cupboards. And the safety net isn't working for them.

Today we're going to hear from a witness who has walked that tightrope herself. Ms. Aretha Jackson, a disabled veteran and former TANF recipient, has served her country since she graduated from high school in 1989. After a tour of duty in Iraq and serving in the U.S. Army, the Army Reserves and the National Guard, the idea that Ms. Jackson should have to overcome homelessness in the country she fought for is unfathomable.

We're also going to hear from Dr. Luke Shaefer, who will talk about what his research into $2 a day poverty means through the stories of real people like Jessica in Tennessee, who has scars from donating plasma twice a week for $30 a donation—as often as the law will allow. Many of us can only imagine what it's like going to bed scared to death that our child might get sick because we can't afford to take a day off from work, much less a doctor's bill.

One area that I'd like to focus on is how TANF can be used as a tool for employers to hire, train and empower those in need of safety net services so they can have a far brighter future. We ought to be thinking about how we can help make that possible.

What's striking about all this, and what Dr. Shaefer found in his many conversations with people in poverty, is that people want to work. But when they can't get work, they are left with desperate choices.

I'm particularly troubled by the fact that poverty rates are especially dire among single mothers and minorities, who are 2–3 times more likely to live in poverty than the rest of Americans.

From Oregon, State officials have passed along the story of a single mother whom we'll call Mary. Mary first received TANF 4 years ago to help provide for her two children—one who is living with Autism. Mary overcame a drug addiction, a criminal record, and family adversity and got a job at a commercial printer. Her first week, she worked 54 hours and was able to go off TANF last February. Mary's case manager said of her, "She just keeps going."

There are 47 million Americans in poverty but many of them don't even know that TANF exists to help them, and in many cities and States across America, they're absolutely right.

I don't think it's naïve of me to think a jobs program should measure how well it connects people to jobs. But TANF doesn't. States shouldn't get credit for simply kicking families out of the program regardless of whether they've helped them find work or not. What really ought to count is whether recipients find their way into a job that can support their families.

The answer is to improve the program—to make it more relevant, more accessible, and more effective for families in poverty. TANF should build ladders that help families find good jobs and climb out of poverty for good. We ought to work together on a bipartisan basis to fix this lifeline to meet people's needs and give them a springboard to better opportunities. This hearing is a chance for the Finance Committee to consider ways to improve TANF and accomplish that goal.