

JOBS AND OPPORTUNITY: LEGISLATIVE OPTIONS TO ADDRESS THE JOBS GAP

HEARING BEFORE THE SUBCOMMITTEE ON HUMAN RESOURCES OF THE COMMITTEE ON WAYS AND MEANS U.S. HOUSE OF REPRESENTATIVES ONE HUNDRED FIFTEENTH CONGRESS SECOND SESSION

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JOBS AND OPPORTUNITY: LEGISLATIVE OPTIONS TO ADDRESS THE JOBS GAP

WEDNESDAY, MAY 9, 2018

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

The Subcommittee met, pursuant to notice, at 10:00 a.m., in Room 1100, Longworth House Office Building, Hon. Adrian Smith of Nebraska [Chairman of the Subcommittee] presiding.
[The advisory announcing the hearing follows:]

ADVISORY

FROM THE COMMITTEE ON WAYS AND MEANS

SUBCOMMITTEE ON HUMAN RESOURCES

FOR IMMEDIATE RELEASE
Wednesday, May 9, 2018
HR-07

CONTACT: (202) 225-3625

Chairman Smith Announces Human Resources Subcommittee Hearing on Jobs and Opportunity: Legislative Options to Address the Jobs Gap

House Ways and Means Human Resources Subcommittee Chairman Adrian Smith (R-NE), announced today that the Subcommittee will hold a hearing entitled “Jobs and Opportunity: Legislative Options to Address the Jobs Gap” on **Wednesday, May 9, at 10:00 a.m. in room 1100 of the Longworth House Office Building**. This hearing will review policy proposals for reauthorization of the Temporary Assistance for Needy Families (TANF) program.

In view of the limited time to hear witnesses, oral testimony at this hearing will be from invited witnesses only. However, any individual or organization may submit a written statement for consideration by the Committee and for inclusion in the printed record of the hearing.

DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:

Please Note: Any person(s) and/or organization(s) wishing to submit written comments for the hearing record must follow the appropriate link on the hearing page of the Committee website and complete the informational forms. From the Committee homepage, <http://waysandmeans.house.gov>, select “Hearings.” Select the hearing for which you would like to make a submission, and click on the link entitled, “*Click here to provide a submission for the record.*” Once you have followed the on-line instructions, submit all requested information. ATTACH your submission as a Word document, in compliance with the formatting requirements listed below, **by the close of business on Wednesday, May 23, 2018**. For questions, or if you encounter technical problems, please call (202) 225-3625.

FORMATTING REQUIREMENTS:

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

All submissions and supplementary materials must be submitted in a single document via email, provided in Word format and must not exceed a total of 10 pages. Witnesses and submitters are advised that the Committee relies on electronic submissions for printing the official hearing record.

All submissions must include a list of all clients, persons and/or organizations on whose behalf the witness appears. The name, company, address, telephone, and fax numbers of each witness must be included in the body of the email. Please exclude any personal identifiable information in the attached submission.

Failure to follow the formatting requirements may result in the exclusion of a submission. All submissions for the record are final.

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

Note: All Committee advisories and news releases are available at <http://www.waysandmeans.house.gov/>

Chairman SMITH. The Subcommittee will come to order. Good morning.

In April this Committee did a deep dive into the jobs gap, which is the difference between what employers need to keep the economy growing, as well as workers in the labor force.

Building off our hearings last year, we held three separate hearings with witnesses representing local employer and Federal perspectives on a pressing challenge facing our country. Our economy has finally turned around, and there are millions of job openings across the country.

From manufacturing to technology and even automotive, these industries have rebounded and are expanding. The problem is there is a workforce shortage. Employers tell us they need workers and, with some support, it is possible and, in fact, critical people on the sidelines can get back into the workforce.

We heard it directly from Brian from Arizona, a young man caught up in the opioid crisis, cycling in and out of prison, who is now an electrician making \$22 an hour. Brian said his job and the support of his employer turned his life around, while his employer said Brian was part of filling his need for workers in the growing home construction industry. They are an example of a remarkable win-win scenario.

We heard it from David Ard of Gap about their This Way Ahead program, who said engaging disconnected and at-risk youth and young adults with their first job can be life-changing and shape their prospects for the future, regardless of industry. But we don't have time to wait. As Glen Johnson of BASF said in a previous hearing, "We can no longer hit the snooze button on the jobs gap."

Our Committee has jurisdiction over a number of programs which serve people on the sidelines. But today we are focused on the Temporary Assistance for Needy Families program, TANF, which has the express purpose of supporting the neediest among us, and helping their families become self-sufficient through work.

Yet when you take a good look at the TANF program now, there is a disconnect between the purpose on paper and reality on the ground. States are spending a combined \$30 billion a year through TANF, and less than half those dollars are being spent on core work activities and supportive services which could be going to bridge the jobs gap and help American families move forward.

We have an opportunity to revitalize and retrofit the TANF program to today's economy and the needs of Americans who are on the sidelines. With TANF set to expire in September, this Committee must not stand down from its responsibility to re-authorize this program and help more Americans get back into the workforce.

In our last hearing, I was encouraged by the Ranking Member's comments on the TANF program which suggested there may be space for a meaningful, bipartisan new course for the program.

Mr. Davis, you said TANF is supposed to help parents work, but it is clear TANF is not doing quality workforce development with the array of services needed to get people past their barriers. I certainly hope we can work together on developing legislation to do this.

So yesterday I released draft legislation to jumpstart the conversation. This draft legislation seeks to help more Americans enter and remain in the workforce by doing four things.

One, expecting universal engagement and case management to address the needs of struggling families.

Two, measuring work outcomes to hold States accountable.

Three, refocusing TANF's dollars on the truly needy, both in its allocation of funds to truly needy States, and spending on truly needy families.

And four, using funds to support work and allowing States greater flexibility and customizing work—our work preparation activities to fit an individual's needs for success.

Overall, it strengthens program accountability, transparency, and oversight of Federal dollars.

As lawmakers, we have an opportunity to make real change for the American people and the American economy. We must not continue the tradition of hitting the snooze button, as it has been said, on TANF re-authorization or the American families who are trying to get ahead.

We know TANF is not living up to the expectations set for it. We have the start of a proposal to fix it, and my hope is my colleagues on both sides of the aisle will not shy away from engaging. Helping struggling families and improving their outcomes is not a partisan issue. We know TANF can help address the jobs gap. Let's do something about it.

I now recognize the distinguished Ranking Member, Mr. Davis, for 5 minutes for his opening statement.

Mr. DAVIS. Thank you very much, Mr. Chairman, and I also want to thank you for holding this hearing.

Over the course of this Congress our Subcommittee has heard from a number of witnesses about approaches that are working to connect people with good jobs in our communities. The successful strategies had a number of things in common.

Rather than threaten to cut off food, housing, or health care, they approached people with respect and helped them overcome the structural barriers preventing them from getting good jobs. They measured their success in terms of the number of people they put on the road out of poverty, not in terms of the size of a pile of paperwork providing what those people did with every hour of every day.

They helped people upgrade their skills and get work credentials. They provided supports like transportation and child care, so people could work. The programs we heard from had something else in common. They did not get any support from the Temporary Assistance for Needy Families program, or TANF.

That should be shocking, because one of TANF's primary purposes is to help parents work and support their children. But it is not surprising, because TANF focuses on requiring States to document exactly what activities people are engaged in and penalizes them if too many are using their time to acquire skills or credentials. That is a strong incentive to reduce the number of people who get TANF, but it is not an incentive to help families get out of poverty.

We also know that TANF is providing far fewer resources to support poor children and their families than it was 20 years ago. The Federal TANF grant has lost more than a third of its funding since TANF began in 1996. And States have diverted more than half of TANF funds to fill budget gaps, rather than serve TANF's core purposes of supporting work, providing child care, and assisting poor families. Only one out of every five poor families gets help from TANF now, as compared to more than 60 percent who were helped 20 years ago.

We have just begun to review the detailed TANF proposals that the Chairman shared yesterday to understand how they would affect the poor children living with their parents and grandparents in our communities. Although there are provisions that I think make reasonable improvements to TANF, I am deeply concerned that the draft proposal creates clear winners and losers.

I am troubled that the pattern of winners and losers closely tracks that in the new tax law, including targeting my home State of Illinois and other blue States that will lose substantial Federal funding.

Further, the draft permits States to reduce their spending on poor children and families, which seems like a step in the wrong direction, given the already substantial decline in children in poverty being helped by TANF. These dramatic cuts are especially distressing when put in the context of recent Republican proposals to cut \$17 billion from food assistance, \$8.8 billion from housing, and \$1 trillion from Medicaid, all harming poor families with children.

Nearly three-fourths of current TANF recipients are children, usually living in poverty with their parents or grandparents. When we cut off TANF assistance and never provide it to parents and grandparents who don't earn enough, the children in those families don't have money to buy school supplies, or a safe place to live, or heat in the winter.

Maya Angelou said—and I quote—"I have learned that making a living is not the same thing as making a life." We have an opportunity to reform TANF to help parents make a living. But we should also remember our duty to support parents, grandparents, and families in their effort to make a better life.

I thank you, Mr. Chairman, and yield back.

Chairman SMITH. Thank you. And without objection, other Members' opening statements will be made a part of the record.

I would like to welcome our witnesses to the table.

Ms. Jennifer Meek Eells, Executive Director of the Stark Tuscarawas Workforce Development Board at OhioMeansJobs Stark and Tuscarawas Counties. Thank you for being here.

And next we have Ms. Nisha Patel, Institute Fellow at the Urban Institute.

And we also have Mr. Robert Doar, the Morgridge Fellow in Poverty Studies at the American Enterprise Institute.

Our witnesses are reminded to limit their oral statements to 5 minutes. All of your written statements will be included in the record. You will see the little light there, the yellow light. As I like to say, it is kind of like a flight. When you see the yellow light you need to kind of bring the flight in for a smooth landing.

So, we will begin now with Ms. Meek Eells, and you may begin when you are ready.

STATEMENT OF JENNIFER M. MEEK EELLS, EXECUTIVE DIRECTOR, STARK TUSCARAWAS WORKFORCE DEVELOPMENT BOARD, OHIO MEANS JOBS STARK AND TUSCARAWAS COUNTIES

Ms. MEEK EELLS. Good morning, Chairman Smith, Ranking Member Davis, and Members of the Subcommittee on Human Resources. My name is Jennifer Meek Eells, and I am the Executive Director for the Stark Tuscarawas Workforce Development Board. My workforce area is located in northeastern Ohio, with OhioMeansJobs centers located in New Philadelphia and Canton, home of the Pro Football Hall of Fame.

I have spent 30 years working in public assistance and public workforce, including the Temporary Assistance for Needy Families and Workforce Innovation and Opportunity Act programs. My job as the Executive Director is to be an expert in the local labor market and in-demand jobs, to develop relationships with employers and business organizations in the community, as well as with community colleges and training providers. I know Canton and the region's labor market and economy, and what types of training people need where a job is available at the other end.

As a matter of fact, this week is In-Demand Jobs Week across the State of Ohio. My local workforce area is holding a job fair in New Philadelphia on Friday with 90 employers scheduled to recruit for open positions their companies have right now.

I appreciate the opportunity to speak with you today about the jobs gap. I believe that what the State of Ohio, my local Workforce Board, and my local County Job and Family Services agencies are doing will address this gap.

Much of what I understand this Committee has discussed over the past months is that people are being left on the sidelines. On July 1, 2016, Governor Kasich and the General Assembly implemented the Comprehensive Case Management and Employment program through the Ohio Department of Job and Family Services. This intensive case management program utilizes both TANF and WIOA funding to provide an array of services to TANF cash assistance recipients who are work-eligible and under the age of 24, as well as WIOA-eligible individuals under the age of 24.

The program activities and performance outcomes are based primarily on the WIOA Title I youth program. Our OhioMeansJobs work centers have the core principles of one-stop service delivery with co-location and access to partner and community organizations that promote workforce training and employment programs. My Workforce Board is business-led and acts as a broker between employers in the community and job seekers, and is a magnet for

bringing together partners to provide not only training, but access to supportive services that individuals need.

Workforce boards can't do it alone. We need our TANF partner agencies, because they are experts in human service aspects of getting people job-ready. The only way we are going to be able to address this jobs gap is if we leverage the strength of both our human services and workforce systems. Through this intensive case management program, we have found that the TANF work participation rate and WIOA performance measures actually undermine the local workforce board's ability to partner.

TANF agencies in Ohio are very focused on meeting their prescribed participation rate. They don't necessarily have the same goals as my Workforce Board does, because their jobs are to meet the rate, whereas my job is to get people skilled and into employment. If the programs had similar or the same outcome-based performance measures, that would go a long way in promoting partnership with TANF being complementary to the workforce system, and not just another separate program.

We are able to use TANF and WIOA together, in spite of the government regulations being different, and that their oversight comes from two separate Federal agencies. But it has been difficult, and required a lot of effort to execute. The State of Ohio painstakingly created a service matrix to bridge the activities under WIOA to the participation allowances under TANF, and it has helped the case managers better identify how these two Federal programs can align. Much concern now is given to how we can make this all work together without missing our measures or having an audit finding. What would make our ability to bring people in from the sidelines more effectively is to make it easier for agencies and these funding streams to partner through program alignment around allowable activities and performance.

I want to underscore this point about case management. Person-centered case management is important, and we need flexibility to customize activities to meet people where they are. That engagement, that relationship is the key to success.

My OhioMeansJobs Center was able to assist Emily through a plan with her case manager to become a welder. Emily excelled as a student and had a great relationship with her case manager. She completed training in November 2016 and immediately found employment at a company in Canton as a welder for \$15 an hour. As of this year, she now has a child, but she continues to work, and she has already gotten a raise and is making \$16 an hour.

Unlike many other anti-poverty programs, the case management program we have built in Ohio engages participants in meaningful employment and training activities. And the bottom line is this: It is a win-win. We are helping individuals in our community be successful and get back on their feet, and we are also providing a skilled workforce for our employers. Thank you.

[The prepared statement of Ms. Meek Eells follows:]

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Testimony of Jennifer M. Meek Eells, Executive Director,
 Stark Tuscarawas Workforce Development Board
 Congress of the United States - U.S. House of Representatives
 Committee on Ways and Means Subcommittee on Human Resources
 Jobs and Opportunity: Legislative Options to Address the Jobs Gap
 May 9, 2018

Good morning Chairman Smith, Ranking Member Davis, and members of the Subcommittee on Human Resources. My name is Jennifer Meek Eells, and I am the Executive Director for the Stark Tuscarawas Workforce Development Board. My workforce area is located in northeastern Ohio, with OhioMeansJobs (American Job) Centers located in New Philadelphia and Canton – home of the Pro Football Hall of Fame. I have spent 30 years working in public assistance and public workforce, including the Temporary Assistance for Needy Families (TANF) and Workforce Innovation and Opportunity Act (WIOA) programs. My job as executive director is to be an expert in the local labor market and in-demand jobs, to develop relationships with employers and business organizations in the community, and as well with community colleges and training providers. I know Canton and the region's labor market and economy and what types of training people need where a job is available on the other end. As a matter of fact, this week, the week of May 7th-11th is In-Demand Jobs Week across the state of Ohio. My local workforce area is holding a Job Fair in New Philadelphia on Friday, with 90 employers scheduled to recruit for open positions their companies have right now. We need a skilled and job-ready workforce to keep these businesses going strong in our current economy.

I appreciate the opportunity to speak with you today about the “Jobs Gap”, what you’ve defined as the difference between what employers need and the number of workers currently in the labor force. I believe that what the state of Ohio, my local Workforce Board and my local County Job and Family Services (TANF) agencies are doing will address this gap. Much of what I understand this committee has discussed over the past months is that people are being left on the sidelines. On July 1st of 2016, Governor Kasich and the General Assembly implemented the Comprehensive Case Management and Employment Program through the Ohio Department of Job and Family Services. This intensive case management program utilizes both TANF and WIOA funding to provide an array of services to TANF cash assistance recipients who are work-eligible and under the age of 24 years old, as well as WIOA-eligible individuals under the age of 24. The program activities and performance outcomes are based primarily on the WIOA Title I Youth Program. Intensive case management combined with specific workforce services is providing solid opportunities for those disadvantaged job seekers who were once left on the sidelines in Ohio. What the Governor and state legislature recognized in creating this new case management program was that we needed to find a better way to more effectively use federal and state resources to help more low-income Ohioans get a job and succeed at work.

Our OhioMeansJobs workforce centers have the core principles of one stop service delivery with co-location and access to partner organizations including those required by WIOA as well as other community-based organizations that promote workforce training and employment programs. The Workforce Board is business-led and acts as a broker between employers in the

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community and job seekers. My Workforce Board is a magnet for bringing together partners in the local community to provide not only training, but access to supportive services individuals may need. Workforce Boards can't do it alone, we need our TANF partner agencies because they are experts in human services aspect of getting people job ready – the only way we are going to be able to address this jobs gap is if we leverage the strengths of both our human services and workforce system – leverage our existing resources and expertise. WIOA has the foundational principles, that if executed, can be an important part of a localized approach to economic growth.

Through this intensive case management program, we have found that the TANF work participation rate and WIOA performance measures actually undermine the local workforce board's ability to partner – we're trying to accommodate two separate systems – TANF agencies in Ohio are very focused on meeting their prescribed participation rate – they don't necessarily have the same goals as my Workforce Board does because their jobs are to meet the rate – whereas my job is to get people skilled and into employment. If the programs had similar or the same outcome-based performance measures, that would go a long way in promoting partnership with TANF being complementary to the workforce system, as opposed to just another separate program. As I mentioned, Ohio's case management program foundation centers around WIOA's allowable workforce program elements as well as WIOA's performance measures. These activities include:

- Comprehensive guidance and counseling
- Dropout recovery services
- Education and workforce preparation activities
- Entrepreneurial skills training
- Financial literacy education
- Career counseling with labor market and employment information
- Leadership development opportunities
- Mentoring
- Occupational skills training
- Tutoring or study skills training
- Preparation for post-secondary education and training
- Paid and unpaid work experiences, including summer employment opportunities, pre-apprenticeship programs, internships, job shadowing and on-the-job training
- Supportive services, including access to drug and alcohol abuse counseling, health care, transportation, child care, housing, uniforms and work-related tools, educational testing, and reasonable accommodations for youth with disabilities

We are able to use TANF and WIOA together in spite of the government regulations being different and that their oversight comes from two separate federal agencies, the Department of Labor and Health and Human Services. But it has been difficult and required a lot of effort to execute. The state of Ohio painstakingly created a service matrix to bridge the activities under WIOA to the participation allowances under TANF, and it has helped the case managers better

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identify how these two federal programs can align. Much concern over the past almost two years now is how can we make all this work together without missing our measures or having an audit finding. What would make our ability to bring people in from the sidelines more effectively is to make it easier for agencies and these funding streams to partner. Program alignment around allowable activities and performance metrics would provide our case managers with the opportunity to meet people where they are, and assist them in moving forward toward a job.

I want to underscore this point about case management. Person-centered case management is important and we need flexibility to customize activities to meet people where they're at. That engagement, that relationship is key and what helps us be successful. Let me share how a relationship with a case manager assisted Emilee W.

Emilee's grandfather had raised her since she was four years old, when her parents signed over legal custody to him. She was living with her grandfather and was working part time at a local nursing home. Emilee came to the OhioMeansJobs (American Job) Center in Stark County looking for a possible source of funding for training. She had earned her STNA certification while in high school and had worked as a State Tested Nurse Assistant since receiving it, making very low wages. As she became older, she felt that it wasn't the right fit for her. She had always loved working on trucks with her brother and getting her hands dirty.

Due to a variety of barriers and her low income, Emilee qualified for the Comprehensive Case Management and Employment Program and developed a plan with her case manager to become a welder. She enrolled at Akron Testing Lab and Welding in August 2016. Emilee excelled as a student and had a great relationship with her case manager Megan who encouraged her throughout her training and helped her with her resume.

She completed training in November 2016 and immediately found employment at BJE Fabricators in Canton as a welder at \$15 an hour. Emilee is very proud of her work as a welder. As of May 2018, she now has a child, but continues to work and was given a raise to \$16 an hour since she welds, fabricates and is the quality control manager. She also referred a female friend to OhioMeansJobs Stark County who is now enrolled at the same welding school. At times Emilee has had to work over 40 hours per week, but she doesn't mind because she loves her new career.

Jennifer M. thought that a career in early childhood would be just the same thing as babysitting. She quickly learned that there was a lot more to it than she thought.

Due to a variety of barriers and her low-income, Jennifer qualified for the Comprehensive Case Management Employment Program, and enrolled in a 9-month long Childhood Development Associate Certificate (CDA) program offered through OhioMeansJobs Stark County and the Early Childhood Resource Center. Jennifer is taking classes at the Early Childhood Resource Center in addition to class time two days a week observing and helping in an actual child care center.

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CDA students in this program go through 120 hours of training on topics such as child development, first aid and safety, and developmentally appropriate learning environments. They observe and work in a day care setting for another 480 hours.

CDA students are taught that children learn through play, and they work on play examples during their sessions. They concentrate on directing learning during play, by pointing out colors, shapes or directions. Jennifer felt the instructors made the session so simple to understand.

“One idea that I will use at work and with my daughter is the Flip It technique. When my daughter started eating her crayon, I would say crayons are for coloring and then show her how on a piece of paper,” says Jennifer.

For many early educators, the CDA is a foundation of a lifelong career. Jennifer is just one step away from being awarded her CDA as her review was scheduled for April 26, 2018. The child care center director where she currently does her student teaching has every intention on offering her full-time employment as soon as she attains her CDA certificate. Jennifer plans to use her CDA certification as a stepping stone to continue her education at Walsh University or Stark State College.

This collaborative program, with the support of case management, is helping TANF work-eligible candidates secure a CDA, establish college credit for that credential, and then secure an in-demand job as early care and education providers in child care centers in Stark and Tuscarawas Counties. It is not just about having a work-eligible TANF recipient participate at a worksite for 20 or 30 hours per week. It is about a blend of work experience and training that results in employment.

I can have all the resources in the world but my case managers need to be able to connect and help people set goals, think about the future and set small steps that show them they can be successful and there is a path forward. Unlike many other anti-poverty programs, the case management program we’ve built in Ohio engages participants in meaningful employment and training activities that can help them build lifelong, sustainable careers. It focuses on people, not programs, and gives caseworkers the flexibility to offer more constructive services that build on participants’ strengths, increases their skills and meets their unique needs.

And the bottom line with that is, it’s a win-win. We are helping individuals in our community be successful and get back on their feet, but we can then also provide a skilled and ready workforce to our local employers to help them expand their businesses and grow our local economy.

Thank you.

Chairman SMITH. Thank you.

Ms. Patel, you may begin when you are ready.

**STATEMENT OF NISHA G. PATEL,
INSTITUTE FELLOW, URBAN INSTITUTE**

Ms. PATEL. Good morning, Chairman Smith, Ranking Member Davis, and Members of the Subcommittee. Thank you for inviting me to testify today on my insights on how to strengthen the TANF program.

I have spent more than two decades designing and implementing programs to increase economic opportunities for low-income families. I previously served as the Director of the Office of Family Assistance, which is the HHS office that administers TANF.

But as importantly, or maybe more importantly, I have spent much of my career talking directly with families. The voices of children and parents are too often left out of these conversations about solutions, but it is their experiences that inform my testimony today.

I want to emphasize that the views I express today are my own and should not be attributed to any organization where I have been employed, their boards, or their funders.

So first, some context. If our goal is to address child poverty, which I know the draft bill attempts to do—and as part of that we want to encourage parents to work—we have to recognize the realities that families face. There is a persistent negative and stigmatizing narrative about people who receive cash assistance that does not come close to matching the reality.

In my experience, parents want to work because they want to set a good example for their children, and they want a better future for them. I heard this loud and clear just last month in my conversations with young parents in rural Garrett County, Maryland, on the West Virginia border, and just this past weekend with families from Los Angeles in Congresswoman Chu's district who are a part of the Parent Voices group in California.

But research shows that low-income parents often face challenges to entering the labor market and to retaining employment. It has been 22 years since Congress established TANF, and a lot has changed since then. We cannot expect a program designed in the economic, demographic, and scientific context of the mid-1990s and for an entirely different generation of families to be relevant and effective in 2018 and into the future.

There are many problems with TANF and many points of view about how to fix them. But it does seem clear to me that there is room for bipartisan agreement. And in the interest of making efficient use of the Subcommittee's time, I will focus on those areas, and I will focus on solutions that put children at the center and strengthen parents' job opportunities.

So, before I go to solutions, I want to share seven facts about the current state of TANF.

Fact one, TANF provides income support to a small number of families, and primarily supports children. As I have often reminded people over the years, the F in TANF stands for families. Yet we somehow seem to keep leaving children out of the conversation altogether. Fewer than 1.4 million families receive TANF, and that

is compared to 8 million families with children we have living in poverty in this country.

Half of those TANF cases are child-only cases, meaning there is no financial support that is provided to parents or sometimes the grandparents who are caring for children. More than 70 percent—70 percent—of people receiving TANF are children. Most of them are children under 12, and the largest share are children under 6. So, I just want to be very clear we are talking about little kids, or at least we should be.

Fact two, the share of families who receive TANF has fallen drastically since 1996.

Fact three, the support that these children receive is very meager. In Mississippi, the maximum benefit for a family of 3 is \$170 a month. That is 42 bucks a week.

Fact four, inflation has eroded the value of the block grant by over a third, as Ranking Member Davis shared.

Fact five, as the Chairman noted, in 2016 under half of TANF funds were used for core benefits and services.

Fact six, many States' spending priorities move TANF downstream, away from prevention. This puts young children at risk of harm and deprivation and can have negative impacts on their development.

Fact seven, there is a lack of focus on employment and training that is linked to good jobs. Most good jobs require at least some training beyond high school, but nearly 40 percent of parents of children on TANF do not even have a high school education.

So now for the solutions. Five solutions.

First, make child poverty reduction an explicit goal of TANF, and require the spending to be targeted to low-income families. For example, target the spending to those families at 200 percent of poverty or below.

Second, set a floor for spending on core benefits and services. And by that, I mean employment and training, cash assistance, and child care.

Third, prohibit States from claiming non-governmental, third-party expenditures as maintenance of effort. This allows States to reduce their own spending on programs to address child poverty.

Fourth, expand education and training to create access to good jobs.

Fifth, support demonstration projects focused on employment outcome measures, as well as on whole-family approaches that focus simultaneously on achieving parental employment outcomes and child well-being outcomes.

In conclusion, any changes to the program have to keep our eyes on the prize, which is children living in poverty. I very much appreciate the Subcommittee's interest in this issue and the opportunity to speak with you today, and I look forward to answering any questions you may have. Thank you.

[The prepared statement of Ms. Patel follows:]



**STRENGTHENING THE TANF PROGRAM:
PUTTING CHILDREN AT THE CENTER AND
INCREASING ACCESS TO GOOD JOBS FOR PARENTS**

**Statement of
Nisha G. Patel***
Institute Fellow, Urban Institute

**before the
Subcommittee on Human Resources,
Committee on Ways and Means,
United States House of Representatives**

**JOBS AND OPPORTUNITY:
LEGISLATIVE OPTIONS TO ADDRESS THE JOBS GAP**

May 9, 2018

*The views expressed are my own and should not be attributed to the Urban Institute, its trustees, or its funders.

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Introduction

Chairman Smith, Ranking Member Davis, and members of the subcommittee, thank you for inviting me to testify today and share my insights on how to strengthen the Temporary Assistance for Needy Families (TANF) program.

Before I dive into my testimony, I want to note that my previous experience includes serving as director of the Office of Family Assistance (OFA), the US Department of Health and Human Services (HHS) office that administers TANF. The team at OFA works with every state and tribal TANF agency in the nation; as result, during my tenure at OFA, I heard first hand from leaders implementing the program about the federal policy barriers they face and the difficult decisions they make.

But, as important, I have spent much of my career talking with families and seeking to understand the struggles low-income children and parents face every day.

I started graduate school to pursue my MSW in August 1996, the week that President Bill Clinton signed the welfare reform bill—and in many ways, those policy changes helped shape the trajectory of my career. While in graduate school in Missouri, I began working with Reform Organization of Welfare, a grassroots organization of low-income families, many of whom were receiving Aid to Families with Dependent Children, right when the program was transitioning to TANF. Working directly with these parents and meeting their young children, I came to better understand their struggles to make ends meet, as well as their capability, resilience, and ingenuity. I also came to understand how income support can be a lifeline to families who are striving for a better future for their children, yet too strapped to afford school clothes, shoes, and diapers. The voices and perspectives of children and parents are too often left out of conversations about solutions, but it is their experiences—and my own experience with TANF practice, policy, and research—that inform my testimony today.

I went on to do a field placement in the Office of Family Assistance in 1998, during the time HHS was developing the original TANF regulations, and heard the perspectives and concerns of states, community-based organizations, trade associations, and advocacy groups coming from diverse political points of view. Later, during the five years I worked at CLASP, I provided technical assistance to states, tribes, and counties on both TANF and Workforce Investment Act implementation and coordination. As a result, I came to have an even deeper understanding of both programs' opportunities and limitations.

I have now spent more than two decades designing and implementing programs and policies to increase economic opportunity for low-income families, as well as translating research for policy development, including for several years at the Aspen Institute and now at the Urban Institute.

While I am proud of my contributions to each organization where I have had the privilege of working, I want to emphasize that the views I express today are my own and should not be attributed to any of these organizations, their boards, or their funders.

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Context

We all want to support families to succeed—to provide for and nurture their children, and to see them thrive. A big part of that success rests on our ability to create access to good jobs, education, and training for parents. But it would be a mistake to assume that everyone has the same opportunities, that the playing field is equal. If our goal is to address child poverty—and, as a part of that, to encourage parents to work—we must be cognizant of the realities that families face.

There is a persistent, negative, and stigmatizing narrative about people who receive cash assistance that does not come close to matching the reality. And, there is often a failure to see their humanity. In my experience, parents across the country—from urban, suburban, rural, and tribal communities; white, black, Latino, Asian American, and Native American; with different political points of view—want to work because they want to set a good example for their children and they want a better future for them. I heard this loud and clear just last month in my conversations with young parents in rural Garrett County, Maryland; and just this past weekend from families in Los Angeles, who are part of the statewide Parent Voices group in California.

But research shows that lower-income parents often face considerable challenges to entering the labor market and retaining employment. These challenges include limited educations and work histories; caring for newborn children, infants, and toddlers; a lack of stable, affordable, high-quality child care that matches work schedules and young children's developmental needs; chronically ill children or children with special needs; domestic violence; physical and mental health issues; exposure to trauma and toxic stress; and lack of stable housing. And the more of these challenges that parents face, the less likely they are to be employed.¹

It has been 22 years since Congress established TANF's work requirements, and a lot has changed since then. Yet the federal government continues to administer, and states continue to implement, a 20th-century program that is not meeting the needs of a 21st-century economy or 21st-century families. We cannot expect that a program designed in the economic, demographic, and scientific contexts of the mid-1990s—and for an entirely different generation of families—will be relevant or effective in 2018 and into the future.

- *The labor market has changed, and the future of work is changing.* TANF was designed in era before we fully recognized
 - declines in jobs that offer good wages, benefits, and opportunities for advancement for lower-skilled workers;² in unionization, especially in private sector;³ and in any worker's likelihood of working for a single, long-term employer;

¹ Sheila Zedlewski, "Welfare Reform: What Have We Learned in Fifteen Years?" (Washington, DC: Urban Institute, 2012).

² David H. Autor, "Skills, Education, and the Rise of Earnings Inequality among the 'Other 99 Percent,'" *Science* 344, no. 6186 (2014): 843–51; Jae Song, David J. Price, Fatih Guvenen, Nicholas Bloom, and Till von Wachter, "Firming Up Inequality," October 22, 2016, draft, https://fguvenendotcom.files.wordpress.com/2014/04/fui_22oct2016_final_qje_submit.pdf.

³ US Bureau of Labor Statistics, "Union Members Summary," Economic News Release USDL-18-0080, January 19, 2018, <https://www.bls.gov/news.release/union2.nr0.htm>.

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- increases in alternative work arrangements (contract, temporary, and on-call),⁴ people working simultaneously for multiple employers (gig economy jobs), and the fissuring of the workforce across employers by wages and education;⁵ and
- the rapid shift in the ways people get jobs (e.g., online job search and recruitment tools) and increased potential for displacement of some lower-skill jobs by automation and artificial intelligence⁶ (whether that means cashiers replaced by self-checkouts, bank tellers replaced by ATMs, truck drivers soon to be replaced by autonomous vehicles, or the food delivery robots that are ubiquitous in my neighborhood in Washington, DC).
- *What a dollar will buy has decreased significantly.* The value of the TANF block grant has decreased nearly 38 percent.⁷
- *Demographics have changed.* TANF was designed during a different generation. Today's children in poverty are primarily living in families with Millennial and Gen Z parents or Gen X grandparents. And the composition of state populations has changed. In some states the overall population and the number of children in poverty have increased, while in others the overall population and the number of children in poverty have decreased.
- *Technology is impacting all aspects of our lives, and the pace of technological change is rapidly increasing.* TANF was designed before the Internet was widely used and before Google, the iPhone, LinkedIn, Snagajob, Uber, Lyft, or Amazon existed. There are important lessons to be learned from the human-centered design that many of these products and services embody. Technology companies use these principles in designing solutions that work, but government programs have largely fallen behind.
- *In the midst of these changes, one in five children in the United States continues to live in poverty,⁸ and in rural communities, nearly one in four children lives in poverty.⁹*

There are many, many challenges with a program as complex as TANF and many points of view on how to fix each of them. However, it seems clear that there are several areas with potential room for bipartisan agreement. In the interest of making efficient use of the Subcommittee's time, I focus my testimony on those areas. And, I focus on solutions that put children at the center and strengthen parental job opportunities:

- Make child poverty reduction an explicit goal of the TANF program.
- Set a floor for spending on core benefits and services.

⁴ Lawrence F. Katz and Alan B. Krueger, "The Rise and Nature of Alternative Work Arrangements in the United States, 1995–2015," Working Paper 22667 (Cambridge, MA: National Bureau of Economic Research, 2016).

⁵ David Weil, *The Fissured Workplace* (Cambridge, MA: Harvard University Press, 2014).

⁶ David H. Autor, "Why Are There Still So Many Jobs? The History and Future of Workplace Automation," *Journal of Economic Perspectives* 29 (2015): 3–30.

⁷ Calculated using Bureau of Labor Statistic Consumer Price Index Calculator, https://www.bls.gov/data/inflation_calculator.htm.

⁸ Kids Count Data Center, "Children in poverty (100 percent poverty)," Annie E. Casey Foundation National KIDS COUNT, last modified September 2017. Data from Population Reference Bureau, analysis of data from the US Census Bureau, Census 2000 Supplementary Survey, 2001 Supplementary Survey, 2002 through 2016 American Community Survey. These data were derived from American Fact Finder table B17001 (factfinder2.census.gov/).

⁹ "Rural Poverty & Well-Being," United States Department of Agriculture Economic Research Service, last modified April 18, 2018. Data from US Census Bureau, American Communities Survey, 2016. <https://www.ers.usda.gov/topics/rural-economy-population/rural-poverty-well-being/>.

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- Prohibit states from claiming nongovernmental third-party expenditures as maintenance of effort (MOE).
- Expand education and training to create access to good jobs in the 21st-century economy.
- Support technical assistance and demonstration projects for state experimentation with employment outcome measures.
- Support demonstration projects that promote whole-family approaches through public-private partnerships.

There are some key principles to which I believe Congress should adhere in making these reforms to improve results and to better target taxpayer dollars.

- I strongly recommend that any changes be informed by the perspectives experiences of low-income families and based on rigorous evidence.
- For innovations where rigorous evidence may not yet exist, the federal government should work closely with states to develop demonstration projects that seek to establish an evidence base before scaling policy changes and practices more broadly.
- Additionally, such demonstration projects should be implemented thoughtfully and in ways that do not unintentionally harm young children's development.

Reforming TANF alone will not address the challenge of promoting child and family well-being and improving parental employment outcomes. Many other strategies outside the scope of TANF and the use of TANF funds will be needed, including the following:

- transforming low-quality jobs into good jobs, particularly in fast-growing sectors such as the care sector;
- investing more broadly in skills training linked to in-demand jobs with career pathways;
- expanding other mechanisms tied to work to increase income to families, including the earned income tax credit and the child tax credit;
- transforming other human services programs, such as the child support system, to provide more empowering support to families;
- scaling up evidence-based home visiting programs;
- revitalizing neighborhoods, preserving affordable housing, and expanding access to it;
- increasing access to capital and financial services in banking deserts; and
- addressing issues of safety and justice, particularly in neighborhoods with high poverty, high crime and violence, and high rates of justice involvement.

The Current State

Income Support for Children through TANF Has Almost Ceased to Exist

TANF only provides income support to a very small number of families, and the cash assistance it provides is primarily supporting children. As I have often said over years in talking to audiences of practitioners, policy experts, and philanthropists, the "F" in TANF stands for families. The original authors intended to provide assistance to children living in poverty, as outlined in Purpose 1 of the legislation: "Provide assistance to needy families so that children may be cared for in their own homes or

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in the homes of relatives.” Yet, many in the general public do not understand just how few children and their families receive cash assistance.

- Fewer than 1.4 million families on average in any given month in 2017 received income support.¹⁰
- And half of TANF cases are child-only cases, meaning *no financial support is provided for parents or grandparents or other adults caring for these children*.¹¹
- More than 70 percent of the people receiving income support from TANF are children, most are young children under the age of 12, and the largest share is children under the age of 6.¹²

The share of families with children living in poverty who receive income support from TANF has fallen drastically since 1996. When TANF was enacted, 68 of every 100 families with children in poverty received income support from the program. In 2016, only 23 of every 100 families with children in poverty did so. States’ policy decisions and varying commitments to address child poverty have led to wide variation among state “TANF-to-poverty” ratios, which range from 4 families of every 100 in Louisiana to 66 of every 100 in California. In a growing number of states, 10 or fewer of every 100 families with children in poverty receive income support from TANF.¹³ Comparing TANF with programs like Medicaid and the Supplemental Nutrition Assistance Program (SNAP), it is painfully clear that TANF is reaching very few children who could benefit from income support.

- Nearly 46 million children have coverage through Medicaid and the Children’s Health Insurance Program.¹⁴
- In a typical month, SNAP helps nearly one in four children in the United States. In total, 19,891,200 children received SNAP in 2015.¹⁵
- Research shows that an increase in family income of as little as \$3,000 per year during children’s development is associated with a 17 percent increase in children’s future earnings.¹⁶

The income support that these few children do receive is very meager. To be eligible for TANF in most states, families must have very low incomes: less than \$1,000 a month for a family of four.¹⁷ Families who earn a little more, but who still struggle to make ends meet, do not qualify for benefits because

¹⁰ “TANF Caseload Data 2017,” US Department of Health and Human Services, Administration for Children and Families, Office of Family Assistance, last modified April 2, 2018, <https://www.acf.hhs.gov/ofa/resource/tanf-caseload-data-2017>.

¹¹ TANF 12th Annual Report to Congress: <https://www.acf.hhs.gov/ofa/resource/twelfth-report-to-congress>.

¹² “TANF Caseload Data 2017,” modified April 2, 2018; TANF 12th Annual Report to Congress: <https://www.acf.hhs.gov/ofa/resource/twelfth-report-to-congress>; Characteristics and Financial Circumstances of TANF Recipients Fiscal Year 2016: https://www.acf.hhs.gov/sites/default/files/ofa/fy16_characteristics.pdf

¹³ Ife Floyd, LaDonna Pavetti, and Liz Schott, “TANF Reaching Few Poor Families” (Washington, DC: Center on Budget and Policy Priorities, 2017).

¹⁴ See <https://www.medicaid.gov/chip/downloads/fy-2016-childrens-enrollment-report.pdf>.

¹⁵ “SNAP Helps Millions of Children” (Washington, DC: Center on Budget and Policy Priorities, 2017). Data from US Department of Agriculture, “Characteristics of SNAP Households, Fiscal Year 2015,” and US Census Bureau 2015 population estimates.

¹⁶ Greg Duncan and Katherine Magnuson, “The Long Reach of Early Childhood Poverty,” *Pathways Magazine*, Stanford Center on Poverty and Inequality (2011): 22–27.

¹⁷ Heather Hahn, Gina Adams, Shayne Spaulding, and Caroline Heller, “Supporting the Child Care and Workforce Development Needs of TANF Families” (Washington, DC: Urban Institute, 2016).

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states set their income eligibility thresholds so low. The amount for which families are eligible varies considerably by state, but, on average, a family of three receives, at most, \$400 per month, which equates to about \$100 per week. In Mississippi, a family of three with no other income can only receive \$170 a month,¹⁸ or about \$42 per week. What parent with two young children could imagine covering rent, diapers, school clothes, shoes, and toiletries on \$100 per week, let alone \$42? This is not to mention books, school supplies, and fees for field trips, sports, tutoring, or other educational activities that many middle-class families take for granted and that children need to be exposed to for future success.

The Value of TANF Funding Has Shrunk, It Is Inequitably Distributed, and It Is Not Well Spent

In the 22 years since TANF was created, inflation has eroded the value of the block grant by over a third. The annual amount of federal TANF funding that states receive has been the same since 1997, and it has not been adjusted for inflation. The funding formula for TANF is also based on outdated information. State funding levels are based on demographics that have changed since 1997. States where populations and numbers of children in poverty have increased over the past two decades must try to serve more children and their caregivers with no increase in federal funding.

Despite no increase in federal resources, a small number of states have recognized how little financial support is available to struggling children and have increased their benefit amounts in recent years. Notably, between July 2015 and July 2016, Nebraska increased its maximum benefit amount for a family of three to \$436 per month, after holding steady at \$364 a month since TANF was implemented in 1997.¹⁹

In 2016, just under half of federal and state TANF funds was spent on core welfare-to-work benefits and services—income support, employment and training, and child care. Less than a quarter (23.9 percent) of funds was spent on basic assistance, only 9.2 percent was spent on work-related activities, and 16.6 percent was spent on child care. Twenty-five states used less than half their funds on these three core benefits and services. Most funds were used instead for other programs that states have chosen to prioritize over income support, training for high-demand jobs to meet employer needs, and child care to families who are working or participating in education and training to increase their job opportunities.²⁰ While some of this spending is for programs that might be considered worthy, such as child welfare, these programs were not the intent of the original policy. For example, shockingly,

¹⁸ Urban Institute, "Welfare Rules Database Project," downloaded May 6, 2018, <http://wrd.urban.org/wrd/query/query.cfm>.

¹⁹ Linda Giannarelli, Christine Heffernan, Sarah Minton, Megan Thompson, and Kathryn Stevens, "Welfare Rules Databook: State TANF Policies as of July 2016," OPRE report 2017-82, table L5 (Washington, DC: US Department of Health and Human Services, Administration for Children and Families, Office of Planning, Research and Evaluation, 2017); Elissa Cohen, Sarah Minton, Megan Thompson, Elizabeth Crowe, and Linda Giannarelli, "Welfare Rules Databook: State TANF Policies as of July 2015," OPRE Report 2016-67, Table II.A.4 (Washington, DC: US Department of Health and Human Services, Administration for Children and Families, Office of Planning, Research and Evaluation, 2016).

²⁰ "TANF and MOE Spending and Transfers by Activity, FY 2016 (Contains National & State Pie Charts)," US Department of Health and Human Services, Administration for Children and Families, Office of Family Assistance, last modified February 2, 2018. <https://www.acf.hhs.gov/ofa/resource/tanf-and-moe-spending-and-transfers-by-activity-fy-2016-contains-national-state-pie-charts>.

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Michigan spends only 11.4 percent of its funds on employment and training, child care, and basic assistance combined.²¹ And, of even more serious concern, investigative journalists have found that in Michigan, millions of dollars in TANF funds are being diverted to pay for college scholarships for families earning over \$100,000 per year.²²

Many states' spending priorities move TANF funds downstream, away from prevention. This choice puts young children at risk of harm and deprivation that can have negative impacts on their development and on society as whole. When families are deprived of basic needs because they lack enough money to pay for shelter, cleaning supplies, school clothes, laundry detergent, diapers, gas, car repairs, or a bus pass, they can reach a crisis point. The majority of child welfare cases (75 percent) are for neglect—and neglect often stems from an inability to provide basic needs.²³ If states provide basic income support to families with children on the front end, they could help prevent them from spiraling into a crisis due to an eviction, a car that breaks down, or a short-term health issue. Indeed, Arizona, which spent only 11 percent of its TANF and MOE funds on cash assistance in 2016, and has a 12-month lifetime time limit on cash assistance, ended up spending 56.5 percent of its funds on child welfare services in the same year. Similarly, Georgia, which spent only 16.9 percent of its funds on cash assistance in 2016, spent 52.1 percent of its funds on child welfare services.²⁴

There Is a Lack of Focus on Employment and Training Linked to Good Jobs

Restrictions on education and training create disincentives for states to promote access to good jobs for parents—and to meet employer demand for skilled workers. If we care about children living in poverty, we also must care about the parents and relatives who are raising them. To support their children to thrive, parents need access to good jobs. As noted earlier, there has been a decline in jobs that offer good wages, benefits, and opportunities for advancement for lower-skilled workers. In the 21st century, most good jobs require access to at least some skills training, and often a credential, beyond high school.²⁵ However, nearly 40 percent of parents with children receiving TANF have less than high school educations.²⁶

Unfortunately, current law limits the extent to which states can count parents' engagement in education and training activities toward federal work participation rate requirements. Over the past 20 years, and particularly over the past 5 years, I have consistently heard from state and county TANF administrators that this creates a significant disincentive to engage parents in training that would give

²¹ "TANF and MOE Spending and Transfers by Activity, FY 2016 (Contains National & State Pie Charts)," US Department of Health and Human Services, Administration for Children and Families, Office of Family Assistance, last modified February 2, 2018. <https://www.acf.hhs.gov/ofa/resource/tanf-and-moe-spending-and-transfers-by-activity-fy-2016-contains-national-state-pie-charts>.

²² Krissy Clark, Caitlin Esch, and Gina Delvac, "How welfare money funds college scholarships," June 10, 2016, in *Marketplace*, produced by American Public Media, podcast, 08:52, accessed May 6, 2018. <https://www.marketplace.org/2016/06/09/wealth-poverty/how-welfare-money-funds-college-scholarships>.

²³ "Child Maltreatment: Indicators of Child and Youth Well-Being," Child Trends DATA BANK (September 2016).

²⁴ "TANF and MOE Spending and Transfers by Activity, FY 2016."

²⁵ Anthony Carnevale and Jeff Strohl, *Recovery: Job Growth and Education Requirements through 2020* (Washington, DC: Georgetown Public Policy Institute, Center on Education and the Workforce, 2013).

²⁶ TANF 12th Annual Report to Congress: <https://www.acf.hhs.gov/ofa/resource/twelfth-report-to-congress>.

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them the skills for in-demand jobs that employers in local communities are having trouble filling. Due to complex work participation rules, state administrators have shared with me that they are forced to waste an enormous amount of staff time—which equals taxpayer money—trying to adhere to burdensome administrative requirements. This is not to mention the knots that families must tie themselves in, to even receive meager assistance and avoid sanctions.

For parents' work activities to count toward a state's work participation rate, the following rules apply:

- For single parents with a child under age 6, the requirement is 20 hours in core activities, which include unsubsidized employment, subsidized private-sector employment, subsidized public-sector employment, work experience, on-the-job training, job search/job readiness assistance, community service programs, vocational educational training, or providing child care to a participant in a community service program.
- Otherwise, the requirement is 30 hours, of which 10 hours can be noncore activities, which include job skills training directly related to employment, education directly related to employment, satisfactory attendance at secondary school or in a GED program.
- For vocational educational training, which could include community college, apprenticeships, or other postsecondary certificate programs, a lifetime limit of 12 months of this activity can count toward a state's work participation requirement.
- The combination vocational educational training and teen parents participating in high school or GED programs is capped at 30 percent of those counting toward a state's work participation rate.

As noted earlier, the labor market and the nature of work is changing dramatically. These highly prescriptive work activity categories do not provide states with the flexibility to customize their workforce development strategies to meet the changing needs of local employers and labor markets.

TANF rules limit states' abilities to coordinate service delivery with other federally funded career pathways programs. Consider the experience from Health Profession Opportunity Grants (HPOG), which Congress authorized for local communities to provide career pathways training in high-demand health care occupations to TANF recipients and other low-income individuals. While HPOG grantees effectively serve large numbers of low-income parents, only 16 percent of participants are TANF recipients.²⁷ The Office of Family Assistance administers HPOG grants, and during my tenure as director, I heard directly from grantee organizations that these low numbers are largely due to the restrictions described above, and the fact that states are providing cash assistance to so few families.

HPOG grantees include community colleges, local workforce boards authorized under the Workforce Innovation and Opportunity Act, and other community-based organizations. Because of the disincentives in TANF for states to allow to parents to participate in vocational educational training, and the small numbers of families receiving TANF in many states, few TANF recipients are referred to HPOG grantees. Additionally, while states do have flexibility to use TANF funds to create career

²⁷ Nathan Sick, Thomas Callan, Pamela Loprest, and Alan Werner, "Health Profession Opportunity Grants: Year Four Annual Report 2013–2014," OPRE Report #2015-64 (Washington, DC: Office of Planning, Research and Evaluation, 2015).

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pathways programs so that more workers and employers could benefit, not many have done so due to these same disincentives.

For example, HPOG grantee CAP Tulsa, in Tulsa, Oklahoma, operates *CareerAdvance*,[®] which provides high-quality career pathways training to low-income parents of children enrolled in Head Start and other high-quality early childhood programs. The program coordinates scheduling so parents can participate in training, clinical placements, and internships during hours that their young children have access to high-quality early learning and child care services. With additional support from TANF, the program could be expanded to serve many more parents and employers over time. However, in 2016, Oklahoma spent only 5.4 percent of its federal and state TANF funding on employment and training activities, and provided cash assistance to only a small number of families.

TANF rules and state spending choices squelch innovative public-private partnerships to create access to good jobs for parents. There are many excellent examples of local organizations across the country that are providing high-quality, family-centered skills training programs to meet employer demand. However, these programs are often funded by private philanthropy, and as such, are relatively small and do not reach nearly the number of workers and employers would could benefit. TANF funds could be an effective means to help scale these programs to reach more participants, benefiting children living in poverty and their parents, local employers, and local economies.

For example, the Women's Fund of Greater Birmingham sponsors a Collaboration Institute and uses private funding to make competitive grants to organizations that better align their region's social services and workforce initiatives to respond to the needs of single mothers and their children. The goal of the program is to help women and their children access education and job skills training, quality child care, career coaches, and support services to achieve economic security—all in one location.²⁸ With additional support from TANF, a program model such as the one in Birmingham could be expanded to serve many more parents and employers over time. Unfortunately, in 2016, Alabama spent only 2.3 percent of its federal and state TANF funding on employment and training activities.

Future Directions: Putting Children at the Center and Increasing Access to Good Jobs for Parents

Make child poverty reduction an explicit goal of the TANF program. Somewhat unbelievably, reducing child poverty is not one of TANF's core purposes. But it should be. This would signal states to refocus the program to make more progress on a key, quantifiable outcome. Additionally, TANF and MOE expenditures should be required to be targeted to low-income families with children, which could be defined (for example) as families with incomes of 200 percent of the federal poverty level or less. The subsequent recommendations outlined below would help ensure that states take action toward reducing child poverty.

²⁸ For further information see <https://www.womensfundbirmingham.org/single-post/2017/10/30/The-Women%E2%80%99s-Fund-announces-selection-of-collaborative-teams-to-create-2Gen-family-hubs-in-three-Alabama-counties>.

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Set a floor for spending on core benefits and services. Congress should set a floor for spending on core benefits and services and gradually increase this floor over time. For example, Congress could require in FY 2019 that states use an amount equivalent to 55 percent of their federal and state TANF funds for the core welfare-to-work benefits and services: income support, employment and training, and child care. The required share could be increased incrementally over five years to 60 percent in 2023. Failure by a state to reach the required expenditure thresholds could be addressed by imposing a penalty equivalent to the amount of the shortfall, which could be levied against the state's block grant amount the following fiscal year. The state could be required to make up the shortfall with state funds to help ensure children and families are not harmed by the financial penalty to the state. States could avoid a penalty if they spend the shortfall in the following fiscal year (in addition to that fiscal year's spending level requirement).

Prohibit states from claiming nongovernmental third-party expenditures as MOE. Currently, states may count third-party nongovernmental spending toward their MOE requirement, which allows states to reduce their own spending on TANF-related programs designed to help address child and family poverty. Barring this practice will help to ensure that states maintain their commitment to these efforts as Congress originally intended.

Expand education and training to create access to good jobs in the 21st-century economy. Parents need access to skills training required for current and future jobs that offer advancement, so they and their children do not remain in or fall back into poverty. Congress should increase flexibility of the countable work activities to be more in line with current labor market demand, including eliminating the distinction between core and noncore activities, the 12-month limit on vocational educational training, and the 30 percent cap on vocational educational training and teen parents participating in high school or GED programs.

Support technical assistance and demonstration projects for state experimentation with employment outcome measures. Ideally, the outcome measures would be more consistent with other parts of the federally funded workforce system, including programs funded under the Workforce Innovation and Opportunity Act. Lack of uniform performance measures makes coordination more difficult. Virtually every state TANF administrator I have spoken with over the years expresses a strong interest in being held accountable for real outcome measures linked to jobs (e.g., employment, retention, earnings, credential attainment), rather than the current TANF work participation rates, which are process measures. Because of this desire, several states have developed their own employment outcome measures already. With resources for technical assistance, states could receive capacity building support to develop and implement such measures. And, new or existing TANF funds could be allocated for demonstration projects to identify options for outcome measures that make sense across the diversity of state TANF programs.

Support demonstration projects that promote whole-family approaches through public-private partnerships. Such demonstration projects could focus on achieving parental employment outcomes concurrently with child and family well-being outcomes. States and local jurisdictions that participated in OFA's 2015–2016 Systems to Family Stability National Policy Academy expressed strong interest in pursuing these types of projects. New or existing TANF funds could be used to help a select group of

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state and tribal TANF agencies implement and build the evidence base for strategies that coordinate existing services, engage nonprofit and private philanthropic partners, leverage additional resources, and supplement services to low-income families (e.g., those with income at or below 200 percent of the poverty level). The core components of these whole-family approaches might include workforce development, early childhood development, and social capital development (e.g., via peer support and cohort models, career coaches, connections with potential employers and industry contacts, and networking with school and workplace contacts). Funding could be awarded on a competitive basis and expected to supplement existing resources, not supplant them. Preference could be given to applicants that leverage existing programs and resources to build their whole-family approach. To support rigorous evaluation, funding could be allocated for research and technical assistance, including development of common performance and outcome measures, implementation studies, impact studies, systems change analyses, and the facilitation of peer learning to build the evidence base and disseminate information about effective practices.

Conclusion

TANF as it stands now is not working well—not for children and families, not for states and tribes, not for employers. And, it is not getting good results for American taxpayers.

Any changes to the program must keep our eyes on the prize: the children in poverty for whom TANF was intended to be both a safety net for stability and a springboard to upward mobility. We need to stop stigmatizing children in poverty—and their parents. We need to see their humanity. We need to recognize that there is no us and them. There is only us. These are all our children.

I very much appreciate the Subcommittee's interest in this issue and the opportunity to speak with you today. I look forward to answering any questions you may have.

Chairman SMITH. Thank you.
Mr. Doar, you are recognized.

**STATEMENT OF ROBERT DOAR, MORGRIDGE FELLOW IN
POVERTY STUDIES, AMERICAN ENTERPRISE INSTITUTE**

Mr. DOAR. Thank you, Chairman Smith, Ranking Member Davis, and Members of the Committee. My testimony this morning is informed by almost 20 years of working in social services programs in New York State and New York City.

By taking steps to improve TANF, this Committee dedicates itself to making a good program even better. TANF has demonstrated how to replace welfare with work, while providing a safety net for families facing difficult circumstances. This remains true.

Nonetheless, even good programs can be improved. And TANF could be, by recommitting itself to the principles that made it successful: Effective work engagement activities that move applicants and recipients toward regular earnings with a focus on employment as the primary desired outcome.

After more than 20 years, TANF can improve by refocusing the program on engagement to help more Americans enter and remain in the workforce.

Many States have exploited loopholes to get around the work requirement while diverting TANF funds for other purposes. TANF has an opportunity to fix this problem by limiting spending on assistance to families below 200 percent of the poverty level. It should do so. And while States should enjoy some flexibility in how they use Federal funds, they must be sure to keep their eyes on the prize, and prioritize programs that will help TANF recipients into work.

TANF should revitalize its work requirement by expecting universal engagement and incorporating outcome measures that focus on what matters most: Moving individuals into sustainable work.

It should also make an affirmative statement about the value of case management. Key decisions about services and benefits should be made at the local level, and case workers should have access to a wide range of tools, including programs funded beyond TANF, because different families face different challenges.

Reforms that focus on measuring outcomes are also critical to TANF's success. TANF would do well to enact dashboard alerts that will catch the attention of the Department of Health and Human Services when certain States report too many work-eligible individuals with zero hours of participation in work-related activities.

In the work participation rate, the current outcome measure, which is then exploited by State manipulation, could be replaced with measures centering on unsubsidized employment after an individual leaves the TANF rolls, which would better reflect successful transitions to employment.

While I have concerns about TANF agencies' ability to ensure that former enrollees remain employed months down the line, some form of job placement and retention measure is a welcome innovation.

Transparency and accountability are critical in order to shed light on States' engagement of their caseload, and ensure that they

are moving toward desired outcomes. And I applaud the direction of the draft bill in advancing these values. I—however, I do have some concerns about outcome measure that I believe are worth raising.

Employment is an appropriate outcome, because TANF aspires to grow capacity to reduce dependency. But the program also must make engagement of current recipients, an important goal in and of itself, beyond its role in leading to earnings down the road.

As a former Administrator of TANF in New York, I know that State flexibility is a cornerstone of its success. But that doesn't mean there shouldn't be limitations. States must be held accountable for engaging their caseload with activities that really do lead to work, and they should answer to Federal Administrators to ensure that this is the case. This should include tracking enrollee attendance, as well as reporting on how State initiatives are achieving core TANF objectives.

While it would be good for each State and the Federal Administration to negotiate performance targets that allow States some flexibility, in the absence of a work participation rate States should be required to provide baseline measures to ensure that incremental improvements can be compared to current outcomes.

Any reform should also maintain current funding for the TANF program. As I mentioned, TANF isn't the only show in town. Nearly all families receiving TANF assistance are also receiving Medicaid and SNAP benefits, just to name a few. And while TANF, after adjusting for inflation, now spends about two-thirds of what it did in 1996, Federal spending on programs like Medicaid, SNAP, the Earned Income Tax Credit, and the Refundable Child Tax Credit have greatly increased.

Effectively, we have moved from funding non-work to making work pay. The current funding structure has been a key to TANF's unique success, and any accounting for its decrease in value must acknowledge the array of other programs that assist low-income Americans.

Finally, the process for allocating resources to each State should be done in a way that targets poverty more directly and more fairly. And to its credit, the discussion draft makes progress on this point, as well. Each State's share of funding should be determined, at least in part, by their current levels of poverty.

When this Committee focused on work in the 1990s, we saw great reductions in poverty and improved outcomes for children and families. It is time to reaffirm those principles, and I think this proposal moves us in the right direction.

Thank you.

[The prepared statement of Mr. Doar follows:]



Statement before the House Committee on Ways and Means
Subcommittee on Human Resources
On Jobs and Opportunity: Legislative Efforts to Address the Jobs Gap

Reauthorizing TANF: Making a good program better

ROBERT DOAR

Morgridge Fellow in Poverty Studies

May 9, 2018

The American Enterprise Institute (AEI) is a nonpartisan, nonprofit, 501(c)(3) educational organization and does not take institutional positions on any issues. The views expressed in this testimony are those of the author.

Chairman Smith, Ranking Member Davis, and members of the committee: Thank you for the opportunity to testify today on your committee's proposal for reauthorization of the Temporary Assistance for Needy Families (TANF) program.

By taking steps to improve TANF, this committee dedicates itself to making a good program even better. I have written in the past that TANF is a bright spot in the history of American social policy, and that it demonstrates how to replace welfare with work while providing a safety net for families facing difficult circumstances. This remains true.

TANF does have its critics, though not all the criticism is based on the facts. One common critique is that TANF has failed to remedy – or has even exacerbated – extreme poverty in the United States. Some researchers claim that a consequence of the 1996 bipartisan welfare reform that created TANF was a surge of 130 percent in the number of households with children living on no more than \$2 per day. These scholars assert that many needy Americans are turned away from receiving TANF entirely, because of stringent work or process requirements and limited funding, and their children suffer dramatic material deprivation.

But thanks to the work of my AEI colleague and University of Chicago economist Bruce Meyer, we can respond that these claims are demonstrably false. Dr. Meyer has shown that the best way to measure severe poverty is either to measure income by combining census survey data with administrative data from government programs or to measure what Americans can consume, providing a better sense of how many Americans are living in severe deprivation. Using the metric of consumption poverty, it is clear that the claim that severe poverty has gotten worse since the advent of TANF is wrong.

Dr. Meyer has found that the rate of Americans living in consumption poverty has gone from 8.5 percent in 1996 steadily down to 3 percent in 2016. Similarly, 13.2 percent of children lived in consumption poverty in 1996, but by 2016 the number had declined to 4.1 percent. The claim that TANF led to an overall increase in severe poverty is simply not supported by the data -- the data point to a 75% decrease in extreme poverty in the US since the enactment of TANF.

Dr. Meyer's forthcoming work also shows that after accounting for in-kind transfers, people who report hours worked for pay but don't report their earnings, and people with substantial assets, and after integrating administrative program receipt and tax data, no more than one-tenth of one percent of households live in the extreme deprivation that is sometimes blamed on TANF. This, of course, does not mean that we cannot improve how we help recipients of TANF or other government assistance—only that this committee should not be motivated by the desire to solve a problem that does not exist.

TANF has been a component of our antipoverty efforts for 20 years now. Material deprivation in the United States is now at an all-time low not simply because TANF provides a benefit that allow poor Americans to live a bit more comfortably, but because it encourages them to work and earn income. Yet another prominent criticism is that through this emphasis on work TANF has left many poor Americans behind. Americans, especially single mothers who have not been able to find or keep work, the argument goes, are left with minimal earnings and no benefits.

What's misleading about such a claim is that these disconnected mothers are not really disconnected. Though they are not working, they are still receiving benefits from various government programs like SNAP and Medicaid. The government still has contact with these people through the administration of a variety of safety net programs. Nonetheless, the goal of welfare reforms of any kind should be to reach these mothers and families too, by engaging recipients of programs like SNAP and Medicaid in work so they can benefit on their way up to full self-sufficiency.

What this illustrates is that our social safety net is multifaceted – this, too, is important, because we cannot claim that TANF alone deserves credit for reductions in poverty. The earned income tax credit and other government-funded supports for working families play a large role as well; and we should also recognize the role of a healthy growing economy, which makes helping families escape poverty much, much easier.

On the whole, TANF has been a success. Notably, it has helped people escape poverty while shrinking in cost. Though the value of the block grant that funds TANF has declined significantly since 1996, the program has helped millions of Americans – especially single mothers and their children – into employment and out of poverty.

Nonetheless, even good programs can be improved, and TANF could be by recommitting itself to the principles that made it successful: Effective work engagement activities that move applicants and recipients towards regular earnings with a focus on employment as the primary desired outcome. These activities keep low-income Americans connected to the labor force; they maintain the balance between contributing and receiving that even poor Americans agree should exist; and they nudge welfare recipients towards more earnings and eventual independence from public assistance entirely.

This committee's draft legislation is a first step toward a worthwhile and needed effort to refocus TANF on its core mission, which is work. This comes at an auspicious time for increasing work, given how badly American employers need workers and the role that TANF could be playing with its state and federal resources of more than \$30 billion a year.

From the perspective of workers or potential workers, the economy is as strong as it has been in years. The labor market has added over 200,000 jobs per month so far in 2018 and the unemployment rate is at its lowest level since the turn of the century. The number of job openings has soared to more than 6 million and the number of people receiving unemployment benefits fell to the lowest level since December 1969.

While these economic statistics are encouraging, one problem remains: Labor force participation has not returned to pre-recession levels. There are many different factors that have contributed to this problem. But one thing is clear – the combined effect of benefits from SNAP, Medicaid, housing assistance, and other programs have financed non-work. Too many working-age nondisabled American adults are not working.

That brings me back to TANF. After more than 20 years, TANF can improve by refocusing the program on engagement to help more Americans enter and remain in the work force.

Many states have exploited loopholes to get around the work requirement while diverting TANF funds for other purposes. TANF has an opportunity to fix this problem by limiting spending on assistance to families below 200% of the poverty level. It should do so. And while states should enjoy some flexibility in how they use excess federal funds, they must be sure to keep their eyes on the ball and prioritize programs that will help TANF recipients into work.

TANF should revitalize its work requirement by expecting universal engagement and incorporating outcome measures that focus on what matters most: Moving individuals into sustainable work.

It should also make an affirmative statement about the value of case management. Key decisions about services and benefits should be made at the local level, and caseworkers should have access to a wide range of tools, including programs funded beyond TANF, because different families face different challenges.

Reforms that focus on measuring outcomes are also critical to TANF's success. TANF would do well to enact "dashboard" alerts that will catch the attention of the Department of Health and Human Services when certain states report too many work-eligible individuals with zero hours of participation in work-related activities. And the work participation rate, the current outcome measure which has been ripe for state manipulation, could be replaced with measures centering on unsubsidized employment after an individual leaves the TANF rolls, which would better reflect successful transitions to employment. While I have reservations about TANF agencies' ability to ensure that former enrollees remain employed months down the line, some form of job placement and retention measure is a welcome innovation.

Transparency and accountability are critical in order to shed light on states' engagement of their caseload and ensure that they are moving towards desired outcomes – and I applaud the direction of this draft bill in advancing those values. However, I do have some concerns about outcome measurement that I believe are worth raising. Employment is an appropriate outcome because TANF aspires to grow capacity to reduce dependency, but the program also must uphold the essential American value of reciprocity, making engagement of *current* recipients an important goal in and of itself, beyond its role in leading to earnings down the road.

In the current discussion draft, states would have "sole discretion" to determine what activities can count as caseload engagement. They also would be free to design their own work verification procedures (the regulations that make sure that the work participation that states report actually took place). The original TANF legislation identified 12 allowable work activities and prioritized

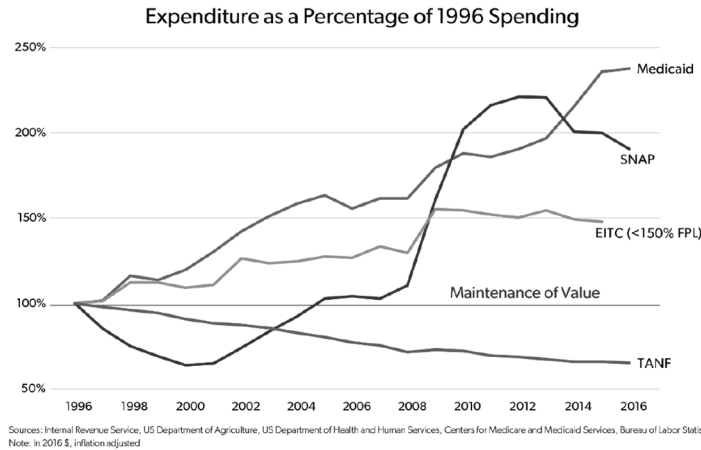
9 core activities that prioritized work first, over education and training. When the Government Accountability Office uncovered that many states were counting “bed rest” and “motivational reading” as work activities, Congress and the Department of Health and Human Services tightened the definitions of the 12 allowable activities.¹ Congress and HHS also added new work verification procedures that required states to verify that any work activity that they reported to the federal government actually took place. Any reform should be careful not to compromise the federal role in ensuring TANF’s success by returning the definition of work activities and the procedures for work verification completely to the states. The universal engagement requirement should have some accountability provisions in place that ensure that states will be pushed to engage their current caseload in work or work-related activities.

In that spirit, reforming TANF should entail finding a balance between state flexibility and a focus on work. As a former administrator of TANF in New York, I know that state flexibility is a cornerstone of TANF’s success. But that doesn’t mean there shouldn’t be limitations. States must be held accountable for engaging their caseload with activities that really do lead to work, and they should answer to federal administrators to ensure that is the case. This should include tracking enrollee attendance as well as reporting on how state initiatives are achieving core TANF objectives.

Changes to TANF will strike the right balance if the federal government leaves room for innovation, while still holding states accountable for engaging their current caseload in work activities. While it would be good for each state and the federal administration to negotiate performance targets that allow states some flexibility, in the absence of a work participation rate, states should be required to provide baseline measures to ensure that incremental improvements can be compared to current outcomes.

Any reform should also maintain level funding for the TANF program. As I mentioned, TANF isn’t the only show in town; nearly all families receiving TANF assistance are also receiving Medicaid or CHIP and SNAP benefits, just to name a few. And while TANF, after adjusting for inflation, now spends about two-thirds of the taxpayer money it did in 1996, federal spending on programs like Medicaid, SNAP, the earned income tax credit, and the refundable child tax credit has greatly increased. Effectively, we’ve moved from funding non-work to making work pay. The current funding structure has been a key to TANF’s unique success, and any accounting for its decrease in value must acknowledge the array of other programs that assist the poor.

¹ <https://www.gao.gov/products/GAO-05-821>



Finally, the process for allocating resources to each state should be done in a way that targets poverty more directly and more fairly, and to its credit, the discussion draft makes progress on this point. Each state's share of funding should be determined at least in part by their current levels of poverty. The system in place, which allocates money to states based on historical expenditures, does not adequately distribute funds in accordance with where they are needed, and federal funds should both reward state spending on pro-work activities and target higher poverty areas.

I conclude by commending the subcommittee for taking on TANF. When it focused on work in the 1990s, we saw great reductions in poverty and improved outcomes for children and families. It's time to return to those principles, and I think this proposal moves us in the right direction.

Chairman SMITH. Thank you. I appreciate your insight and your testimony and expertise.

Ms. Meek Eells, in your testimony you talk about the difference—the different performance measures used in WIOA and TANF, and how the different measurement systems make it difficult to coordinate and make the best use of those resources.

We often talk about—it has been said that we need to put the human back in human services. And do you think that aligning these outcome measures across programs will lead to better case management?

And can you tell us what aligned measures in case management look like on the ground, from your experience?

Go ahead. You want to turn on your microphone there.

Ms. MEEK EELLS. Thank you. Yes. I think what we have experienced in the past with some of the issues between the work participation requirements around TANF and the workforce performance pieces that are tied to WIOA is that when we are working with a TANF-eligible individual, many times they have a work site to go to, or they have a participation requirement that is 20 or 30 hours a week. And that may interfere with, really, what is their barrier to employment they may need to be working with a case manager to have removed.

So, for example, someone may need to be working on a GED, but they only have so long to be able to do that. Or somebody might be at a point where they really need to be doing intensive job search, but under TANF there are restrictions on how long they can engage in that activity.

So, a lot of times, when we are trying to do more intensive work with an individual to address the barriers, remove the barriers, and also to make sure that they are in something that is going to make them more job-ready, the TANF work participation requirement that drives that funding mechanism is really a deterrent for getting at the root of really what is involved to remove the employment barrier with that individual, and then helping that family prosper.

Chairman SMITH. Okay, thank you.

Mr. Doar, as a former practitioner who successfully helped get folks on TANF back to work in New York, both at the State level and in New York City, I know you agree that flexibility aspects of TANF are important.

Certainly New York City is different from rural Nebraska, as anyone can imagine. But given the ways in which some States have diverted TANF dollars to other purposes, which you have pointed out, it might make sense to put up some guard rails, so that funds are focused on the core purpose of TANF that I think everyone has touched on here.

In Ms. Patel's written testimony, she suggests some guardrails which mirror those of the discussion draft. For example, adding child poverty reduction as an explicit purpose; putting a floor on spending on core benefits and services; and limiting the funds to families under 200 percent of poverty. This leads me to believe there is room for some bipartisan work on improving TANF.

Are these the type of guardrails that will help TANF be more focused on helping struggling Americans enter and remain in the

workforce? And is the program at a point in time that these and other changes are needed?

Mr. DOAR. Yes, Mr. Chairman. I think that we are. I think there is bipartisan agreement from both conservatives and liberals that dollars devoted for the very needy in TANF are not being spent on the very needy, and that would be the existing caseload.

And so, given the job situation and the concern about bringing people into employment, we need to impose certain—I think you used the phrase guardrails—but restrictions on the use of TANF dollars, so they truly are devoted to the most in need in the various States. That is not to say that what we have done in the past is all bad, it is just that I think we have gotten away from focusing on the most in need, and I think if the—if this legislation moves in that direction, that would be a good thing.

Chairman SMITH. Very good. Well, it has been interesting, learning how and what some States have done, in terms of diverting some honorable expenditures.

Mr. DOAR. Yes.

Chairman SMITH. Don't get me wrong. But probably at the expense of the neediest among us. I mean, it is astonishing to me that these dollars have been diverted the way they have been, so—

Mr. DOAR. Right, and the measurement has been allowed to be manipulated, so that States are able to satisfy the effective work participation rate without really engaging the core caseload. And that is a problem.

Chairman SMITH. And are checking the box without being as effective as we—

Mr. DOAR. Right, through various manipulations, either the caseload reduction credit or the maintenance of effort requirement that has allowed States to what is called buy down their rate, and then I think avoid having to engage families and—families that are in need of additional attention.

Chairman SMITH. Very good. Thank you for your responses. And I now recognize Ranking Member Davis for 5 minutes for any questions he might have.

Mr. DAVIS. Thank you, Mr. Chairman. And I thank all of the witnesses for their testimony.

Ms. Patel, in my congressional district nearly one in four children live in poverty. In the State of Illinois cash assistance provides an abysmal 25 percent of the Federal poverty level, leaving poor children in abject poverty. Nationwide, TANF is now only serving 20 percent of poor children, as opposed to over 60 percent when TANF began. Is there evidence that increasing the number of poor children receiving TANF assistance and increasing the amount of their benefits give them a better chance at what we would call a good life?

Ms. PATEL. Yes, thank you for the question, Ranking Member Davis. Absolutely. We have a body of research that shows that investing resources in young children, especially—so, for example, there is research that shows that as little as an additional amount of \$3,000 a year for young children makes a big difference in their future earning outcomes, so their earnings as adults. And so that

is an investment in them right now, as young children, but also in our future workforce.

And I actually want to applaud the State of Nebraska, which was one of the few States, the Chairman's State, which has increased its benefit level, which—it did so in 2015 for families on TANF, and I think out of recognition of this.

And so even that small amount of money can make a huge difference to children who are living in deep poverty. So absolutely.

Mr. DAVIS. Let me—when parents—let's say a family might lose their TANF assistance, if this should happen, how does that negatively affect the children?

Ms. PATEL. I mean, losing even that meager amount of assistance, you know, that—that is the difference between being able to pay for laundry detergent, pay for school shoes, pay for school supplies, pay for clothes that are—we all—you know, I think many of us take for granted being able to afford things, but it negatively affects children's development, and that lack of access to resources and financial stress also impacts parents' mental health.

When parents are stressed, that impacts children and it impacts their relationship with their children, which can impact children's development, which—you know, that matters for that family, but it also matters for society as a whole, right? We can either invest resources on the front end or we can pay a lot more on the back end, when families end up in crisis, when families end up potentially with physical and mental health issues, when children end up, you know, neglect stems from lack of basic needs.

So not being able to have money to pay for food, shelter, and clothing—75 percent of cases in the child welfare system are neglect. And so it would be wise, I think, to try to avoid that by providing at least some basic income support, particularly to families with young children, on the front end.

Mr. DAVIS. Thank you.

Mr. Doar, you suggest that in some instances the poorest or the neediest individuals are not in the pipeline, or not connected to get to services. How do we improve that, to try to make sure that those with the greatest need are the ones who are being served first?

Mr. DOAR. We can improve that by holding States accountable and by finding a way to monitor engagement in some casework, some activity that the agency is attempting to engage with recipients of assistance that leads to work. And we—I think there has been an ability of States to avoid that with the remaining caseload, and that has been a shame, because the remaining caseload is often individuals and families most in need.

And while in the beginning maybe we had very high caseloads, and we could help many, many people, as Nisha said, who wanted to go to work and could go to work and proved that they could go to work, now we have a slightly different caseload. And I think that a program designed 20 years ago maybe needs to address and get us back to addressing that core group that is in need of, I think, much greater engagement.

Mr. DAVIS. Thank you, Mr. Chairman, and I yield back.

Chairman SMITH. Thank you. I now recognize Mrs. Walorski for 5 minutes.

Mrs. WALORSKI. Thank you, Mr. Chairman. Thanks to our witnesses for being here today to share your perspective on the jobs gap.

I worked on SNAP for 2 years on the Ag Committee, serving as the Chair of the Nutrition Subcommittee when the Committee was conducting a comprehensive, top-to-bottom review of the program. I am grateful to now serve on the Ways and Means Committee, where we have been examining and working to improve programs like TANF and MCBE.

TANF, SNAP, and the other programs that make up government's safety net are essential for giving people who have fallen on hard times a chance to get back on their feet. Some programs, like MCBE, help try to prevent people from falling to begin with.

One thing that has stood out to me as I have looked over these programs over the past couple of years is the power of human interaction.

We heard earlier this year from a young man who battled opioid addiction and stints in prison, but turned his life around once somebody stood beside him who believed in him and gave him a job and a sense of family.

Last year we heard from a bright young lady who overcame homelessness and self-doubt that had built up after a few attempts at college, until she had a mentor beside her in a job training program who checked on her and talked her through tough times.

There is no one path into poverty, I know that. It is a Rubik's cube of issues and it is tough to solve on your own. Some can, but having someone alongside seems to help improve the odds.

I introduced a bill this year, along with my fellow Hoosier, Senator Todd Young, to do just that. It is called the Coordinating Assistance for TANF Recipients Act. It sets aside money for demonstration projects to improve case management for TANF recipients with rigorous evaluation on the back end to make sure they are delivering good outcomes.

The TANF discussion draft, which was released yesterday, puts an emphasis on case management, which I think is a step in the right direction. I look forward to working with the Chairman as we continue to refine the bill.

Ms. Meek Eells, you are on the ground in Ohio. I was fascinated by your testimony. Can you talk more about case management strategies that you think are most effective?

And I was listening to you with great intent, because you seemed to be going down the road that I have gone down, discovering that we are going to have to re-engage people. These are not just numbers, they are not just folks being added to a database. These are real people that need real help with real humans. Can you speak to that, and what you are doing in casework in Ohio case management?

Ms. MEEK EELLS. Yes, thank you. I think the issue around case management is so important, because, you are right, people can't just be handed off. They are not just a number.

I think we are finding that individuals—as we are working with them—you establish that relationship and that rapport, and then they are more likely to share more information about themselves that may get down to the real root of why they are having difficulty

finding or maintaining employment. That is what we want to get at.

And so, when we are looking at, again, barrier removal, we need to drill down to see if there is a family issue, is the individual having issues with mental health, or drug addiction, alcohol addiction, so that we can provide services and connect that individual with services that will help them.

But the main piece about case management is we are not just handing off, we are not just making a referral to an agency. That case manager is tied to that individual, and they are working with them for that progress. Because, let's face it, it's a scary thing to admit that you need counseling or that you have an issue that needs to be addressed. And when we are working with families in this nature, it is about the children and making sure that that family is stable.

So, the case management process that we have engaged in, I know in my local area we have worked with our mental health and recovery services board very closely when we kicked this off. I wanted our case managers to have some type of foundational basis for what they are doing. So, we engaged in what is called the TIPS model—Transitions to Independence Process model—where we are looking at emotional and behavioral underlying pieces that we need to work on.

So, again, I think that, rather than just handing somebody off and making a referral and still expecting them to work, you know, in a participation aspect for 20 or 30 hours a week, that is not getting these people off the sidelines.

Our employers are hungry for people. And we have people who want to work. But they can't work if they are experiencing all this trauma, and they are never getting over that.

Mrs. WALORSKI. So, do you use outcome measures like what this discussion draft is talking about, like job placements and those kinds of things, as you look overall at your program in Ohio?

Ms. MEEK EELLS. Yes, that—

Mrs. WALORSKI. What would those be?

Ms. MEEK EELLS. The foundational basis for the comprehensive case management program in Ohio is the WIOA Title I performance metrics for youth. So, we are looking at employment after the second quarter, after the fourth quarter. We are looking at skill gains. We are looking at those types of measures that are very directly related to employment. We are looking at training completion. We are looking—

Mrs. WALORSKI. We are going to run out of time. But I thank you so much.

I yield back, Mr. Chairman.

Chairman SMITH. Thank you. I will add that we are going to go to two-to-one questioning here, given the attendance. So, with that, I will recognize Mr. Bishop.

Mr. BISHOP. Thank you, Mr. Chairman, and thank you to all of you for being here today to share your testimony.

I am from the State of Michigan, and we are no stranger to this issue and the need for finding ways to close that jobs gap. But like most Americans, I was very thrilled to see last week that the national unemployment is down to 3.9 percent. That is the lowest un-

employment rate since 2000, and marked the 91st consecutive month of job gains, which is just tremendous news.

Businesses across the Nation are expanding, hiring new employees, and increasing wages. In my district, for example, Oakland County has a 3.4 percent unemployment rate; Livingston County is at 3.5 percent; and Ingham County is at 4 percent. And if I had—I mean it has just gotten so much better in Michigan, and this is wonderful news.

As I travel across my district and visit with job creators, one thing I hear time and time again is the challenge that they are having filling the open positions, which is probably a good problem to have. The economy is starting to perk now, and now we have to find people to fill these positions. And while many are willing to provide training, flexibility benefits, and competitive salaries, they still have difficulties for some reason filling the openings.

So, it is extremely important that as we talk about the 6 million people who have left the workforce that are still on the sidelines—to understand that there is something else going on here. And we have to figure out how to address that so our economy can continue to grow. Otherwise, we have a great opportunity, and we are missing out on it.

So, in our last hearing we heard testimony from groups and organizations who aggressively are looking for new ways, innovative ways to address this jobs gap issue. And one of them was an employer in my district, one that employs many constituents in my district, Fiat Chrysler. And they found that, based on their testimony, a high rate of absenteeism, in many cases, was often related to problems finding stable child care. So, they did something innovative. They developed a partnership with the United Way to help working parents secure reliable child care.

And so, Ms. Meek Eells—I hope I pronounced that right—okay. Have you found that child care is something individuals in your program need help with? And is that a supportive service that you provide? Or do you partner with the TANF agency to do so?

Ms. MEEK EELLS. Okay. In Ohio, yes, our TANF agency also oversees the subsidized child care program. So, we have a very close relationship with our TANF County Job and Family Services agencies. But it is really interesting that you asked about child care, because in my area also, child care providers are in demand.

One of the things that we are doing with a contracted provider called the Early Childhood Resource Center is we are working with them to refer TANF work-eligible individuals that are interested in getting into early care and education. And what we are doing with the Early Childhood Resource Center is we are enrolling the interested TANF work-eligible individuals in a 9-month program through this case management umbrella, and they are getting a CDA, a child development associate credential. And that is a stepping stone for them to then work in a child care setting.

And so that has really been a great program for us so far. I think we are in the fourth cohort with that program. And we are having a lot of success with individuals getting through that 9 months of both training and work experience. That is how you get the CDA credential.

And so, again, it is not about having somebody just gain some skills at a work site for 20 or 30 hours a week. It is about incorporating training with that work experience, so that they have an opportunity to have a job at the end of this. So, we are killing two birds with one stone. We are providing an opportunity for people to work, but we are also filling the need for our child care centers and some of our in-home providers to have qualified and talented child care workers.

Mr. BISHOP. So you would agree that this is an important—that child care is an important piece of this legislation, or should be.

Ms. MEEK EELLS. Child care is critical.

Mr. BISHOP. Yes.

Ms. MEEK EELLS. Definitely.

Mr. BISHOP. It is conspicuously missing right now from the draft bill, but I am looking forward to working with the Chairman and the Committee to address that issue.

We have a limited amount of time. I want to talk to you about apprenticeships, too. I recently visited Clarkston Oakland School Technical Campus to learn more about their efforts to get students involved in the apprenticeship program. As someone who runs a workforce, Ms. Meek Eells, or a development board, can you speak to the value of apprenticeships, and maybe provide an example of how they might work?

Ms. MEEK EELLS. Apprenticeships are extremely valuable. What I can say there is we have had some of our trade union and apprenticeship providers come in and talk with our youth program providers because that is one thing, too, that I think we have been missing is our young people, overall, need to be better connected and understand what an apprenticeship is, and how they can get training and credentials without having any debt and, again, fill some of these in-demand jobs in the skilled trades.

Mr. BISHOP. Thank you.

Chairman SMITH. Thank you. Next, we have Mr. Doggett.

You are recognized for 5 minutes.

Mr. DOGGETT. Thank you very much, Mr. Chairman. I am encouraged by your remarks and that of each of our witnesses this morning focusing on how we can assure that the Federal funds that have already been appropriated are directed toward helping people get into the workforce and meaningful jobs.

I believe that—I reflect on several years ago, when I was serving as the Ranking Member here and met directly with then-Chairman Ryan in this Committee, asking that we do more to see that the States use the dollars that they get for work, for child care, the other core purposes. I recognize that it is unlikely, under a Republican Administration, we will see more Federal resources devoted to helping people escape poverty, but we ought to at least assure that the dollars that we have been spending achieve those core purposes.

My concern is that—I would agree with the rhetoric that TANF has become a giant welfare program, and that some people can't get off the dole. It is just my contention that the people that can't get off the dole are some Governors and some legislators, largely Republican Governors in the South, who use money that we all

agreed was going to go to help people get from welfare to work, and instead they use it for most everything else.

And I can tell you, Mr. Chairman, that we can accomplish—I haven't—since your discussion draft just came out a few hours ago and we weren't involved in preparing it, and haven't had a chance to review it thoroughly, but I can accomplish the objective that I have in a bill with a single page, and that is to simply require—for Texas, require Texas to do what Nebraska does; require Michigan to do what Ohio does, in terms of using the resources from the Federal Government for work purposes.

In Texas we are meeting the needs of about 4 percent of poor children, 4 out of 100, through TANF. And at present we use about 15 or 16 percent of the monies that the Federal Government sends down to Texas to get people into the workforce, about \$.15, \$.16, near last—dead last, I think. The other portions of the money go for other things, or they are used to plug State budget gaps. Sometimes they are used to enable tax cuts. They are used to do anything, other than to accomplish the original congressional objective, which is to help people get not just a dead-end job where they get a few hours and they are cut after a few months, but a path to work out of poverty.

And if that is the objective of your bill, I think you are going to find a willingness to work with you to achieve that objective, because that is what welfare-to-work was all about. I voted for it in the Clinton Administration.

Unfortunately, I think it has largely been a failure in both protecting children who cannot work—that was the whole purpose of the old Aid for Dependent Children program—some impaired individuals, but those who could work are not given the opportunities under the law to get the education and training they need, and we are not monitoring the success of this program based on how many people really did get out of poverty, as Chairman Davis said, and how long did they stay out of poverty.

So if we can make that the focus, I think we have the basis for meaningful welfare reform. I don't think—and I understand this is one part of your bill—that you can accomplish that and get a State that has been on the dole under this program for so long and is so accustomed to using the money for anything else other than what it is intended for just to substitute for prior State programs, I don't think you can accomplish that by simply requiring a match.

And again, you need to look no further than Texas and other States. Texas was offered 100 cents on the dollar to provide health care for its poor people through Medicaid. It didn't want to have anything to do with that program. And so, simply having a matching program will not get us where we need to be. Texas will continue diverting money and will not accept new Federal dollars to help its people escape poverty.

Ms. Patel, I did want to ask you about education opportunities under existing law, and whether additional flexibility is needed if the goal is to really move people into long-term, well-paying jobs.

Ms. PATEL. Yes, thank you for the question, Congressman. Absolutely.

I mean, one of the challenges—and I—you know, as the Director of the Office of Family Assistance, we worked with every State in

the Nation, all of the tribes and territories. We consistently heard from States, from people of all political stripes, that the education and training limitations in TANF are a problem.

So, within TANF, under current law—in Ohio they would like to have people, you know, get education and training for in-demand jobs that employers aren't able to fill right now, but people can only receive up to—States can only count up to 12 months of vocational educational training. So, if it is a 2-year degree, forget it. There is no incentive for States to provide that training, right, because it doesn't count toward the work participation requirements. And only 30 percent of the caseload that is counting toward those rates can be in vocational educational training, so that is another limitation.

And then the other issue that I hear consistently from administrators is that it is an administrative nightmare. It is a bunch of bean counting and paperwork, which—taking all that staff time is taking taxpayer money that perhaps could otherwise be spent on paying for education or training. So it is a real problem.

Mr. DOGETT. Mr. Chairman, thank you very much, and if we can just note for the record—I know time is up—Ms. Meek Eells is nodding very affirmatively on these issues.

Chairman SMITH. I noticed that.

Mr. DOGETT. And I am sure has had similar experience in Ohio with both of them.

Chairman SMITH. Very good.

Mr. DOGETT. Thank you very much.

Chairman SMITH. Well, I—there is valuable input here, in response from our witnesses. I wish we had unlimited resources of time. So—but in the interest of time, we will move forward, and I think have further opportunity for responses.

Next, we recognize Mr. Schweikert.

Mr. SCHWEIKERT. Thank you, Mr. Chairman. Can I take a step sideways, and sort of—I wanted to first get my head around not only just TANF, but what resources are there for our brothers and sisters—let's use the threshold—that are at 200 percent poverty and below?

Mr. Doar, I believe the Institute a couple of years ago tried to do an articulated list of State, local, private, different types of resources that were parts of our community that were meant to help our brothers and sisters who we refer to as poor.

Mr. DOAR. There are a lot. And sometimes, when we talk about only one program, we miss the full picture. And Medicaid is, by far, the largest and has grown dramatically. SNAP is also large. Food stamps, it has grown dramatically. You, Congress and the Administration just recently added significant new dollars to child care, a block grant available to the States.

Mr. SCHWEIKERT. So—

Mr. DOAR. Then there is civil society, States, and localities.

I think it is not about insufficient amounts of effort with regard to dollars. In this case it is about insufficient attention to a particular group that we are not engaging successfully enough.

Mr. SCHWEIKERT. I want to circle back to that. I have a fixation that technology, the ability to do case management, the ability to—a fractured system, where I have an administrator of this pro-

gram, an administrator of this program, an administrator of this program, and—are you seeing any States or localities that are doing a quality job creating almost a single portal?

Mr. DOAR. Yes, there has been a lot of effort put forth to sort of have no wrong door, and interoperability, where applicants and recipients of various forms of assistance can get connected to all of what they are eligible for.

My concern is that there hasn't been enough attention to also getting them connected to a path toward employment. And—

Mr. SCHWEIKERT. But that should be the sort of holistic circle.

Mr. DOAR. That should be an objective for all of the programs.

Mr. SCHWEIKERT. And I can give this more—and I don't mean this as an anecdote, because it is actually something we are working on—we have Goodwill Industries in Arizona. It is actually huge in Maricopa County. They do a terrific job in job training programs, but they were seeing in their data—that they had this unusual outlier. People would finish the job training and then not show up for the job interviews. And when there was some survey work done, it was transportation issues.

It turns out an organization like Lyft basically said, “We will take care of it, and we will do it for a fraction of the cost, and we will give you a geotag that we actually dropped them off at their job interview.” And so, what I am starting to—when I am speaking of sort of a holistic, I mean more than just programs.

It is—there is technology out there that can help us in our coordination of transportation, of getting to the medical appointment, to actually child care and the documentation of everything from a babysitting co-op to subsidized child care.

Mr. DOAR. When we had—we had Goodwill in New York, also. They were a job placement program. And we were very generous with transportation assistance. And my view is that when a TANF program is forced to engage people and guardrails are put up with regard to the spending, they are going to come up with solutions like that to get back to the core objective, which is to help people get into work. But they have been allowed to not have to think that way.

Mr. SCHWEIKERT. Yes, but—and maybe—and I know, Mr. Chairman, you are working on a discussion draft and mechanisms. I have sort of a passion of—is it—do we need to do a little more thought work on—could TANF also be sort of that hub of coordination of the different benefits, and also of community organizations for the cascade of how we help someone make it back into society?

If you actually look at our unemployment data—and, you know, being someone that fixates on some of the line items, there are wonderful things happening in our society.

Mr. DOAR. Absolutely.

Mr. SCHWEIKERT. We are seeing data that marginalized populations from the last decade are finding jobs. Felons are finding jobs. Long-term unemployed are finding work. So how do we find our brothers and sisters who, either because of child care, of certain types of disabilities, of whatever the impairment may be—and my fear is we have sort of a fractured system, where we are competing against each other.

Mr. DOAR. Well, I think that we want all the programs to be focused on that. And I think if you put it all in TANF, I think that wouldn't necessarily be right. Not everyone needs—

Mr. SCHWEIKERT. No, no, I—let's—I am just—who is the traffic controller? You know, and that is where—you used the term sort of single portal.

Mr. DOAR. It is—the State Commissioner of Social Services often has the largest role, has the largest programs under their bailiwick.

Mr. SCHWEIKERT. I know I am slightly over time, but if I wanted to do some research and see who is doing it the best in our society, which State, which community has done it most elegantly?

Mr. DOAR. I can give you some ideas on that. I am sure Nisha and—we all could.

Chairman SMITH. You will have the opportunity to respond later. I certainly appreciate your feedback, though.

Next, we have Mr. Reichert for 5 minutes.

Mr. REICHERT. Thanks, Mr. Chairman. From Schweikert to Reichert. That is a little confusing.

[Laughter.]

I am just an old retired cop who happened to end up in Congress, the oldest of seven kids, grew up in a home of domestic violence, ran away from home. And I think you will find that a lot of people on this dais have—you know, we all have a story. And so I think it is good for you to know a little piece of that from me, because we do understand, you know, the complicated problem that we are trying to deal with, not only from this dais, as professionals, but also from personal experiences in our own lives, and in our own community.

But I have added up the years. I did this in the last Subcommittee hearing, Mr. Chairman. I have added up the years of experience here on our witness panel, and I wasn't very good at math in high school, but it looks to me like we have about 70 years of experience. On the last panel we had 50 years of experience. And so, as an old cop, I want to go back and just kind of try to figure out where we have been and where we are—you know, where we are today and where we are headed.

So, 30 years ago, in your case, Ms. Meek Eells, did you have performance measures 30 years ago? And 20 years ago? I am assuming that the other two witnesses had some performance measures.

I was, in 1972, on patrol, and my sergeant had performance measures for me in 1972. As the sheriff I was part of the committee in King County, in Seattle, to end homelessness in 10 years. And that happened—it started in 1997. Of course, we were unsuccessful. It is worse today.

What are we doing wrong? We had performance measures. We are looking at performance measures. We have programs in place. People need help. What else do we need to think about? I mean where—we are—program after program after program, money after money after money. I want to help people, too, but I want to really be able to help people. Anybody on the panel—

Mr. DOAR. Mr. Reichert, I think we have done a good job at providing an enormous array of material aid to struggling Americans.

We have not done as good a job at helping them move into employment and earn their own success.

Now, we have done—some of that has done well, but it is not as good as it should be. And TANF, while it had a good beginning, has faded a little bit in that objective of getting people to work with the existing caseload it currently has.

So I think we are good at providing aid, we are not so good at helping people get the skills and get into employment as we would like to be. And I think we have to work on that.

Mr. REICHERT. I was really interested, Ms. Patel, in your comments about prevention, because it really goes back to the family foundation, in my opinion.

Where have we fallen apart here? I know that TANF penalizes married couples. So what is your idea of prevention? To me, it is growing the family, strengthening the family.

Ms. PATEL. Yes. I would say a couple of things. I mean, one is just that investment of income on the front end, so families don't spiral into crisis, right? And I think it is—employment is super important, education and training are important, but they are not enough. So family stability—

Mr. REICHERT. We have children that are growing up—young people now—that don't have, as we heard in the last panel, soft skills.

Ms. PATEL. Right.

Mr. REICHERT. Whatever—I mean, in my generation, of course you can tell it has been a while—we grew up—even in the situation I described, we were taught to work hard, to persist, and keep on going. What has happened with our young people not even learning soft skills, how to show up on time for work, for crying out loud?

Ms. PATEL. Yes, you know, it is interesting. What we have been calling soft skills for a while now, the brain science—as I mentioned a lot has changed in 20 years. So behavioral and brain science have evolved.

And so, one of the things that some of the most cutting-edge organizations are doing is this movement from not just case management to much more of a coaching model, where we look at what motivates individuals' behavior. How do we help them? So the word that is being used is kind of a technical—

Mr. REICHERT. We have to break the cycle, though. So the young people you are working with will have a family. We can't let this continue to—you know, they have a family, they need to teach the soft skills, right? The so-called soft skills.

Ms. PATEL. No, absolutely. And one of the ways that we do that is through new methodologies. And actually, there is an organization right in your district, the Children's Home Society in Washington State, that is using some of these methodologies that are based in brain science, and they are working in an inter-generational way to get at exactly what you are talking about, right? They are working with the parents, but also with the young children, simultaneously.

Mr. REICHERT. Yes, I just think we have a very, very deep, deep, deep problem that we are not really, you know, sinking our teeth into.

Ms. MEEK EELLS. I think, too, if I could offer just quickly, in Ohio we have had the opportunity to work through Health and Human Services with Mathematica. And one of the things that they are working with us on is kind of a brain science model called Goal4 It!™. And what it does is it really looks at goal-setting, and incorporates the case management around that, so that people are kind of re-learning the soft skills, and they are accountable for what is happening in their lives.

So again, the case management piece is really a foundational piece for transition.

Chairman SMITH. Thank you. Next, I recognize Ms. Chu.

Ms. CHU. Thank you.

Ms. Patel, yesterday the Republicans on this Committee released a discussion draft to make changes to TANF. While we have had a limited time to review this draft and thoroughly analyze its impacts, one thing is clear: The proposal involves shifting dollars from one State to another, and it is shifting those dollars from States that may have invested significant TANF dollars in helping families with basic assistance, work support, work activities, and child care.

My State of California is a prime example. California has made significant investments in providing this cash assistance, work support, and child care. And as a result, it has reduced the percentage of children in poverty. But the sheer number of children that are in poverty is actually the greatest number in the whole United States. It is 1.8 million children. And yet, if the shift occurs, then the Federal share of TANF dollars could be cut by nearly \$420 million.

Now, I believe more money should be invested in TANF. Actually, TANF has lost one-third of its value, because it has not been adjusted for inflation since 1996. I think we have to reduce child poverty rates in every State, but not by taking money from one State and giving it to the other.

So, Ms. Patel, can you discuss what potential impacts on California would be if this proposal is passed, and TANF dollars are given to other States?

Ms. PATEL. Yes, and I only had a few hours to look at the proposed legislation, but the—you know, what I will say is while California isn't perfect, it actually currently does the best job of any State of actually reaching children in poverty with TANF. And so, I would fear that these kinds of cuts would mean that California might go from being one of the best to being one of the worst, in terms of children who are so poor that they qualify for TANF.

And you know, I would worry if California had to make those over \$400 million in cuts they would have to slash the core benefits and services that we are talking about: Slashing cash assistance, slashing employment and training, slashing child care, which could mean that children would be harmed and deprived of basic needs, and parents deprived of the opportunity to get the skills they need to get those good jobs we have all been talking about.

You know, I was looking at the press coverage from this last week. California is traditionally a State that has invested in its people. That is probably why it is now the fifth—last week, this

just happened, right? It is now the fifth-largest economy in the world. It would really be a shame to see them disinvest in people.

And given its size, because the population is so big, California—what happens in California impacts the entire Nation. There is such a large share of vulnerable children there. I had the privilege of—I mentioned in my opening statement of talking with parents who were part of Parent Voices. I was in Los Angeles over the weekend.

And one of their big areas of focus right now is trying to get California to do what Nebraska did, to actually increase the level of the TANF benefit, given the extremely high cost of living. And a cut like this could set back years of progress for those families, who, when I speak with them, all want to work. They just need a little extra help while they try to get their foot on that first rung of that ladder out of poverty. So, it gives me serious concern.

Ms. CHU. Yes. Well, thank you for that. And I would like to follow up with talking about cash assistance. TANF is the only Federal program that provides cash assistance to low-income families, yet most TANF funds no longer actually go toward cash assistance.

According to the Center on Budget and Policy Priorities, States are spending only 24 percent of TANF dollars on cash assistance. In fact, States are overwhelmingly transferring these funds to other programs such as child welfare, child care, juvenile justice, and transportation.

So, can you tell us why cash assistance is a critical support for low-income families, why it is important to lift children out of poverty, and what steps the Federal Government could take to incentivize States to invest more money in cash assistance?

Ms. PATEL. Yes. I mean cash—you know, while there are other programs, cash provides the ultimate autonomy for families. And if we want families to, you know, be able to kind of—some people like the word self-sufficient. I would say be economically secure.

Families are best positioned to make the decisions about how best to meet their family needs every day, and cash is the only way to pay for basic things like rent, like diapers, like shampoo, laundry detergent, kids shoes, school supplies, gas to get to work. Families can't use SNAP or other benefits to pay for those things. You get a flat tire and you have to go to work. How are you going to pay for a new tire? So, it is the only way that families can meet these basic needs.

I think the focus should be on children. Parents also have to pay for books, for learning materials. And together, these kinds of educational tools I think many middle-class families take for granted—right? You want kids to be in sports and have a uniform, or have new sneakers, but you also need health care, nutrition, and stable housing. All of these things together impact children's development.

But as I mentioned before, the financial burdens that cause parental stress end up negatively impacting children and the relationship between parents and children.

Ms. CHU. Thank you. I yield back.

Chairman SMITH. Thank you. And next I recognize Mr. LaHood for 5 minutes.

Mr. LAHOOD. Thank you, Mr. Chairman, and I want to thank the witnesses for being here today, and for what all of you do in your own capacities on this issue.

Mr. Doar, I want to start with you. My understanding is right now States are spending about a third of TANF dollars on what we would consider core assistance, and work support activities focused on helping individuals find employment. However, many States seem to be doing very little to help welfare recipients move into work.

Meanwhile, we have what I would describe as a jobs gap, and our economy right now is flourishing. You know, the statistics that are quoted often, we have 6 million unfilled jobs, the lowest unemployment in 20 years, roughly. And so, there are many opportunities out there.

Over the last three hearings, this Subcommittee has heard from employers across the country and across industries that are facing a shortage of workers, welders, nurses, technicians, truck drivers. And our investment in TANF is obviously meant to support work. And I want to make sure that TANF dollars are being used for their intended purposes—and I think that is part of what this Committee is looking at—and that States aren't taking advantage by diverting funds to fill State budget holes or other purposes.

And you alluded to this a little bit in your opening. What is your sense on how States are using TANF dollars now, and whether those dollars are really going to support work? And what should we be doing, from a public policy standpoint, to ensure this?

Mr. DOAR. So, the fiscal incentive that the States have by moving people into employment that leads to a lower caseload, and then being able to take those excess Federal dollars that used to be spent on benefits and original caseload and invest it in other things is a good thing. I like the idea that States can have some flexibility with dollars they save by helping people move to work.

It looks, though, now as if they—that has gone a little too far, and that there are not enough dollars being redirected or focused on the remaining caseload, which may have more difficult and significant issues than the caseload that existed in 1995. It needs a little additional effort.

So, my sense is that it would be a good thing if the Congress could impose greater restrictions on the use of dollars. The limitation to families under 200 percent of poverty is a good idea. And so, my sense is that—now, I come from a State, New York, that invests a lot and does a lot. But you know, even we could be a little more focused on the existing caseload.

Mr. LAHOOD. And you would say that recommendation, the 200 percent, is the first step to taking that. Are there any others?

Mr. DOAR. I think that is a good one. I think that is a pretty solid one.

The other way, the one thing I worry about is if you don't have a performance measure that you are going to hold States accountable for, with potential penalties on engagement—in other words, that there is going to be—you are going to hold accountable on how many hours or how many activities, or something that you are doing with each and every one of the adults on your caseload—States will not do what they need to do.

And so I think that would be the second thing, is to have—not just be about placement employment, but also on some requirement, some—you know, I am from the State, but I think sometimes it is good to hold us accountable and make us have to do that paperwork reporting that asserts to the Federal Government that we did what you asked us to do, which was to focus on engaging people in need in activities that will lead to work.

Mr. LAHOOD. I got you.

Ms. Meek Eells, do you have any comment on that?

Ms. MEEK EELLS. Well, again, I think that over time the performance metrics have changed quite significantly from the aid to dependent children days to the TANF days that we are in now.

I think that States do all they can, especially Ohio. We are doing all that we can to better engage these individuals and make sure, again, around the focus with case management, because we are spending dollars, but we want those dollars to be spent wisely. So, to help somebody transition, we want to be working with those that are the most barriered and helping those individuals overcome what it is that is keeping them from employment.

I know with WIOA, when WIOA was passed in 2014, there were guidelines placed that wanted us to work with those that are more barriered, both adults and youth. So I think that in transitioning TANF, we do need to have some State requirements that are focusing on those that are most in need.

Mr. LAHOOD. Thank you.

Thank you, Mr. Chairman.

Chairman SMITH. Thank you. I next recognize Mr. Rice for 5 minutes.

Mr. RICE. Thank you. I come from South Carolina, and South Carolina is doing well. The economy is lifting South Carolina like it is lifting the rest of the country. I have eight counties in my district. Most of those counties are also experiencing this buoyant lift of our economy. The economy's GDP growth is above 3 percent, which a lot of people said we wouldn't get back to. And a number of unemployment claims are at 50-year lows. Unemployment itself is at 20-year lows.

Yet I have three counties in my district, three of my eight counties, that have—they have struggled for decades. In fact, Dillon County, South Carolina, President Obama, when he was running the first time, stopped there and stopped at an old school and put a little child in his lap and talked about how, you know, these people had been left behind.

Well, that same county, Dillon County, South Carolina, the State of South Carolina just opened the Dillon Inland Port, which is a place where trucks coming down I-95 can pull off the highway and offload, rather than having to drive all the way into the middle of South Carolina and down to the port and—creating traffic and pollution, and all these other things. And if they get there by 5:00 in the evening, it will be on the ship the next day.

Now, what that does is it attracts exporters and importers. I opened one of these in Greer about 3 or 4 years ago, and it is creating—no, excuse me, 5 years ago—it has created 3,000 jobs. So, this one in Dillon County has already created 1,100 jobs.

We have employers screaming for employees, right here in the middle of these three very impoverished counties. These counties have unemployment rates that are at least 50 percent higher than the State average. They are—average income, median family income is two-thirds of the State average. Thirty percent of the people live in poverty, twice the State average. They have declining populations, because people historically have had to leave because there wasn't anything there for them.

So given all of that, and given that we have three fine technical schools in my district, two of which serve these three counties—and you can go for free; it is not, you know, that tuition is a barrier, they are free. And their placement rates are 100 percent in what these things—I mean in welding and electrical and plumbing and machining, there is a 100 percent placement rate. And you know what the problem is? They can't get people to sign up.

It is a fascinating thing. Opportunity has been restored. Education is provided. And they can't get people to sign up.

So here is my question. How do you break this generational cycle, this feeling that, you know, you should rely on government assistance to take care of you? How do you break that and get people to recognize—I don't think they trust—when we say, "There are opportunities for you," they don't believe there are opportunities for them. How do you break that cycle and get these people re-engaged?

Mr. DOAR. By imposing a requirement on those who receive assistance that they need to do something in return for receiving that assistance like participating in an activity that could lead to work, like going to work, like going to training and education, having that expectation embedded in the programs. That is one way.

There are other ways involving promoting stronger families, doing a better job in education. But it is part of—the Members are absolutely correct. In efforts to fight poverty, the strong economy and the availability of jobs is tremendously helpful. It is a great thing. And it is happening. Employers are reaching out and hiring people they didn't hire before. But we also have to have our benefit and assistance programs helping by encouraging and pushing people who are receiving assistance who could work into employment.

Ms. MEEK EELLS. I would offer also that what we are seeing through, again, a more intensive case management process is that we are working with individuals. As Nisha had mentioned, it is a deterrent when a State looks at the parameters for work participation.

I think, when we allow people to have an opportunity to go to training and not worry that it is not going to meet a Federal requirement, that we need to work with those families, and especially with our younger people, to understand that there is an opportunity here that is unreal, that you can get some very short-term training—I mean LPNs, 14 months, you are making \$18 to \$20 in my area. Other trainings that may take 2 years, but still, you are coming out with very little debt and you are making, you know, really, really good money, especially in the trades and the skilled trades.

So I think that with the case management aspect of working with families and individuals who certainly need a job, but they

also need an opportunity to really sit down with somebody to explain what is available in the market, what training do you need to secure that opportunity, what is it going to pay, these are the things that the workforce are expert in, and that is one of the nice things that we have seen with this blending under our comprehensive case management program, is we have a workforce flavor to this, but it encompasses so much more than just putting somebody on a job site working for 20 or 30 hours a week. It is really intensely looking at that person's skills, their interests, their abilities, their barriers, and bringing it together, meeting them where they are, and helping them to move forward.

Chairman SMITH. Thank you.

Mr. RICE. Thank you, ma'am.

Chairman SMITH. Thank you to all of our witnesses. Your insight, and certainly the expertise that I mentioned earlier is valuable.

This is a conversation that is ongoing, as we address meeting the needs of the neediest among us, as I mentioned earlier. And I appreciate the conversation that we have already had. I look forward to more. And certainly, if you would like to add to your testimony in writing, feel free to do so.

And please be advised that Members will have 2 weeks to submit written questions to be answered later in writing. Those questions and your answers will be made part of the formal hearing record.

With that, the Subcommittee stands adjourned.

[Whereupon, at 11:21 a.m., the Subcommittee was adjourned.]

