AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

OVERSIGHT OF WELFARE REFORM

HEARING

BEFORE THE

SUBCOMMITTEE ON HUMAN RESOURCES

OF THE

COMMITTEE ON WAYS AND MEANS
HOUSE OF REPRESENTATIVES

ONE HUNDRED FIFTH CONGRESS

SECOND SESSION

MARCH 19, 1998

Serial 105–80

Printed for the use of the Committee on Ways and Means

U.S. GOVERNMENT PRINTING OFFICE
58–826 CC WASHINGTON : 1999

COMMITTEE ON WAYS AND MEANS

BILL ARCHER, Texas, *Chairman*

PHILIP M. CRANE, Illinois
BILL THOMAS, California
E. CLAY SHAW, JR., Florida
NANCY L. JOHNSON, Connecticut
JIM BUNNING, Kentucky
AMO HOUGHTON, New York
WALLY HERGER, California
JIM MCCRERY, Louisiana
DAVE CAMP, Michigan
JIM RAMSTAD, Minnesota
JIM NUSSLE, Iowa
SAM JOHNSON, Texas
JENNIFER DUNN, Washington
MAC COLLINS, Georgia
ROB PORTMAN, Ohio
PHILIP S. ENGLISH, Pennsylvania
JOHN ENSIGN, Nevada
JON CHRISTENSEN, Nebraska
WES WATKINS, Oklahoma
J.D. HAYWORTH, Arizona
JERRY WELLER, Illinois
KENNY HULSHOF, Missouri

CHARLES B. RANGEL, New York
FORTNEY PETE STARK, California
ROBERT T. MATSUI, California
BARBARA B. KENNELLY, Connecticut
WILLIAM J. COYNE, Pennsylvania
SANDER M. LEVIN, Michigan
BENJAMIN L. CARDIN, Maryland
JIM MCDERMOTT, Washington
GERALD D. KLECZKA, Wisconsin
JOHN LEWIS, Georgia
RICHARD E. NEAL, Massachusetts
MICHAEL R. MCNULTY, New York
WILLIAM J. JEFFERSON, Louisiana
JOHN S. TANNER, Tennessee
XAVIER BECERRA, California
KAREN L. THURMAN, Florida

A.L. SINGLETON, *Chief of Staff*
JANICE MAYS, *Minority Chief Counsel*

SUBCOMMITTEE ON HUMAN RESOURCES

E. CLAY SHAW, JR., Florida, *Chairman*

DAVE CAMP, Michigan
JIM MCCRERY, Louisiana
MAC COLLINS, Georgia
PHILIP S. ENGLISH, Pennsylvania
JOHN ENSIGN, Nevada
J.D. HAYWORTH, Arizona
WES WATKINS, Oklahoma

SANDER M. LEVIN, Michigan
FORTNEY PETE STARK, California
ROBERT T. MATSUI, California
WILLIAM J. COYNE, Pennsylvania
WILLIAM J. JEFFERSON, Louisiana

Pursuant to clause 2(e)(4) of Rule XI of the Rules of the House, public hearing records of the Committee on Ways and Means are also published in electronic form. **The printed hearing record remains the official version.** Because electronic submissions are used to prepare both printed and electronic versions of the hearing record, the process of converting between various electronic formats may introduce unintentional errors or omissions. Such occurrences are inherent in the current publication process and should diminish as the process is further refined.

CONTENTS

	Page
Advisory of March 12, 1998, announcing the hearing	2

WITNESSES

U.S. Department of Health and Human Services, Hon. Olivia A. Golden, Ph.D., Asistant Secretary for Children and Families	6
U.S. Department of Commerce, Bureau of the Census, Daniel H. Weinberg, Division Chief, Housing and Household Economic Statistics	69
U.S. Department of Health and Human Services, Howard Rolston, Ph.D., Director, Office of Planning, Research and Evaluation, Administration for Children and Families	79
Anne Arundel County Department of Social Services, Vesta Kimble	42
Florida Department of Children and Families, Don Winstead	36
Los Angeles County Department of Public Social Services, Frank Mora	49
Nathan, Richard P., Nelson A. Rockefeller Institute of Government, University of New York	65
National Center for Children in Poverty, Barbara Blum	84
Wisconsin Department of Workforce Development, J. Jean Rogers	28

OVERSIGHT OF WELFARE REFORM

THURSDAY, MARCH 19, 1998

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

The Subcommittee met, pursuant to notice, at 11:13 a.m., in room B–318, Rayburn House Office Building, Hon. E. Clay Shaw, Jr. (Chairman of the Subcommittee), presiding.

[The advisory follows:]

ADVISORY

FROM THE COMMITTEE ON WAYS AND MEANS

SUBCOMMITTEE ON HUMAN RESOURCES

FOR IMMEDIATE RELEASE CONTACT: (202) 225–1025
March 12, 1998
No. HR–10

Shaw Announces Hearing on Oversight of Welfare Reform

Congressman E. Clay Shaw, Jr., (R–FL), Chairman, Subcommittee on Human Resources of the Committee on Ways and Means, today announced that the Subcommittee will hold an oversight hearing on implementation of the Temporary Assistance for Needy Families (TANF) block grant. The hearing will take place on Thursday, March 19, 1998, in room B–318 of the Rayburn House Office Building, beginning at 11:00 a.m.

In view of the limited time available to hear witnesses, oral testimony at this hearing will be from invited witnesses only. Witnesses will include representatives from the Administration, State welfare directors, local welfare programs, the Census Bureau, the U.S. Department of Health and Human Services, and universities. Any individual or organization not scheduled for an oral appearance may submit a written statement for consideration by the Committee and for inclusion in the printed record of the hearing.

BACKGROUND:

The "Personal Responsibility and Work Opportunity Reconciliation Act of 1996" (P.L. 104–193), created the TANF block grant, a new cash welfare program.

This is the first hearing the Subcommittee will conduct this year to review the implementation and effects of welfare reform. Future hearings are expected to focus on impacts of the Temporary Assistance for Needy Families program on children and families, as well as implementation and impacts of the 1996 reforms of the Child Support Enforcement and Supplemental Security Income programs.

The Subcommittee is interested in specific examples of how reforms are now being implemented at the State and local level. The Subcommittee will also review the major research information that will become available over the next several years that Congress, the Administration, scholars, advocates, and interested citizens can use to examine the impacts of welfare reform.

In announcing the hearing, Chairman Shaw stated: "Most of the provisions of the 1996 welfare reform law have now been implemented by every State. This is the first in a series of hearings and other activities that our Subcommittee will conduct over the next several years to carefully study the impacts of the welfare reform law."

DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:

Any person or organization wishing to submit a written statement for the printed record of the hearing should submit at least six (6) single-space legal-size copies of their statement, along with an IBM compatible 3.5-inch diskette in ASCII DOS Text or WordPerfect 5.1 format only, with their name, address, and hearing date noted on a label, by the *close of business*, Thursday, April 2, 1998, to A.L. Singleton, Chief

of Staff, Committee on Ways and Means, U.S. House of Representatives, 1102 Longworth House Office Building, Washington, D.C. 20515. If those filing written statements wish to have their statements distributed to the press and interested public at the hearing, they may deliver 200 additional copies for this purpose to the Subcommittee on Human Resources office, room B–317 Rayburn House Office Building, at least one hour before the hearing begins.

FORMATTING REQUIREMENTS:

Each statement presented for printing to the Committee by a witness, any written statement or exhibit submitted for the printed record or any written comments in response to a request for written comments must conform to the guidelines listed below. Any statement or exhibit not in compliance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

1. All statements and any accompanying exhibits for printing must be typed in single space on legal-size paper and may not exceed a total of 10 pages including attachments. At the same time written statements are submitted to the Committee, witnesses are now requested to submit their statements on an IBM compatible 3.5-inch diskette in ASCII DOS Text or WordPerfect 5.1 format. Witnesses are advised that the Committee will rely on electronic submissions for printing the official hearing record.

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

3. A witness appearing at a public hearing, or submitting a statement for the record of a public hearing, or submitting written comments in response to a published request for comments by the Committee, must include on his statement or submission a list of all clients, persons, or organizations on whose behalf the witness appears.

4. A supplemental sheet must accompany each statement listing the name, full address, a telephone number where the witness or the designated representative may be reached and a topical outline or summary of the comments and recommendations in the full statement. This supplemental sheet will not be included in the printed record.

The above restrictions and limitations apply only to material being submitted for printing. Statements and exhibits or supplementary material submitted solely for distribution to the Members, the press and the public during the course of a public hearing may be submitted in other forms.

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

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

Chairman SHAW. We're just a few minutes late starting, because there were two votes on the floor that we had to get behind us. But we should go undisturbed now for a good while.

Welcome to the Subcommittee, our Members and guests.

It has now been more than 18 months since we passed the historic welfare reform law in 1996. Early indications are that States have taken great strides to reform their welfare programs.

It is now time for our Subcommittee to begin a careful and thorough examination of what is actually happening at the State and local level, and of the impact of all this vigorous activity on the Nation's poor children and families. This morning, I personally re-

viewed with Mayor Penelas some of the problems he's having down in Miami-Dade, and some of his successes, too.

Today we begin that process. We have asked the administration, with whom we have worked very closely and productively since enactment of the welfare reform law, to give us their views on the early stages of implementation. I'm looking forward to hearing Assistant Secretary Golden's views on what has been accomplished thus far and potential problems that still lie on the horizon.

Then we are going to hear from two panels of invited witnesses who will help us establish the groundwork for subsequent hearings. The first panel consists of representatives from two States and two local programs who will describe for us the actual reforms that have been put in place. I think it is vital that Members of this Subcommittee, as well as scholars, advocates and the American public, understand the specific reforms that States and localities are now implementing.

The evidence presented by these witnesses will show that the Nation's welfare programs are being transformed into something very different than the checkwriting operations of the past. The second panel will summarize the information that is now starting to become available to evaluate the impacts of welfare reform.

The Subcommittee was very conscious of the importance of evaluating welfare reform. Thus, we included a three-part strategy for evaluation in our original bill, and then fought to retain these provisions in the final bill.

First, we completely revamped State data reporting requirements. With the help of HHS and the States, we should soon have better State reported data than ever.

Second, we gave HHS the money and authority to select interesting welfare reform programs to evaluate using scientific methods. Third, we gave a healthy sum of money to the Census Bureau to follow a large group of families over many years and to collect extensive information on children.

Today, we will hear about all three of these evaluation strategies, plus other evaluation activities that are now in various stages of implementation.

I'm also going to take advantage of this occasion to call everyone's attention to the fine study on welfare reform just published jointly by the University of Maryland School of Public Health and the State of Maryland. Based on a random sample of welfare recipients who left the rolls, this study contains information about some families who have been off of welfare for as long as 9 months.

The study found that about half of the families were working at the time they left welfare, that the percentage of families working increased somewhat over the 9-month period, and that very few children became involved with the child protection system. I congratulate the State of Maryland for conducting this careful study, and hope that other States will follow this example.

I know Mr. Cardin said he would try to join us today when that testimony takes place. Copies of the study are available on the table in the hearing room.

Whatever else might be said about welfare reform, there are very significant changes now taking place in the Nation's welfare pro-

grams at the State and local level. Our Subcommittee has a responsibility to document these reforms and to study their impacts.

I look forward to the testimony from today's distinguished witnesses that will get us started on this long and complex journey of evaluation.

Mr. Levin.

Mr. LEVIN. Thank you, Mr. Chairman.

This is the first in what I hope will be a continuing series of efforts by this Subcommittee to assess the progress and problems of welfare reform. Clearly, we have taken some encouraging steps. Welfare rolls have dropped substantially, and large numbers of people have moved from welfare to work.

Most States have taken their responsibility seriously, and are providing support services necessary for both parents and their children to transition from an income-based to a work-based system. The environment and attitude within administrative structures are being transformed to place emphasis on the value of a paycheck.

A real sense of partnership is evolving between local, State, and Federal administrative entities, replacing the adversarial relationships that existed in the past.

There are also areas that need our continued vigilance. In a substantial portion of the transitions to work, the type of employment is in a low-wage job, raising questions of the danger of recycling from one low-wage position to another, of the need for additional training and the persistence of families at an income level below the poverty level.

It is unclear also to what extent the persons remaining on the rolls present the more difficult challenges, those with lesser skills and those with more serious personal and health problems. And whether structures are in place to meet these challenges, and continue the very substantial progress of moving people off of welfare to work.

Major progress to date has occurred during a period of historic, continuing prosperity. And it remains uncertain as to whether there are structures adequately in place to respond to a period of recession in order to sustain and continue the processes of welfare reform.

There remains a need to sustain adequate tracking of recipients in other research to evaluate what is happening with this population, and of the various causes of the major successes today, in order to understand the continuing high rate of poverty among children. We must work to identify the adjustments needed to continue the vital changes in our system.

This is indeed an important hearing, and I congratulate the Chairman for holding it. I hope and believe that the spirit among all of us will be a collaborative one, without regard to party affiliation, without regard to what our positions were at each step of the legislative process, or whether we supported the legislation that ultimately prevailed, as I did, or not.

We as lawmakers, the entire Nation, and most importantly, children, have a major stake in seeing individuals move successfully from welfare to work and remaining there. The value and dignity of work is a key bedrock in the past, present, and future health of

this Nation, and the life of its families. We cannot afford to lose this effort and this experiment, and must work to ensure that it spreads to all Americans.

Chairman SHAW. Thank you, Mr. Levin.

Our first witness will be Hon. Olivia A. Golden, Assistant Secretary for Children and Families, U.S. Department of Health and Human Services. It's a pleasure to welcome you back to this Subcommittee. I believe this is the first time since your confirmation that you have appeared, so it's no longer Acting Secretary.

Ms. GOLDEN. That's right.

Chairman SHAW. We are pleased to see you back and look forward to your testimony.

We have your full testimony, as we have the full testimony of all the witnesses that will be placed in the record, and we would invite all witnesses to summarize. We've got many witnesses today, and I want to try to move the hearing along as fast as we can.

Dr. Golden.

STATEMENT OF HON. OLIVIA A. GOLDEN, PH.D., ASSISTANT SECRETARY FOR CHILDREN AND FAMILIES, U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Ms. GOLDEN. Thank you very much.

Thank you for the opportunity to appear before you today to discuss implementation of the TANF, Temporary Assistance for Needy Families Program, with a focus on State implementation, the new Federal role, and upcoming plans. I appreciate this Subcommittee's efforts and yours, Mr. Chairman, to work with us in turning welfare reform into a reality.

Over the past 2 months, I have spoken with families, with private employers, with welfare workers, with community leaders, with State and local policymakers and elected officials about how welfare reform is proceeding.

In a recent trip to New Hampshire, I talked to a young mother who had just started a job and left welfare. She spoke with great passion about her joy and her children's joy after she accepted the job. She had gone to a clerical training program and found child care through the welfare agency, and she receives regular child support, which is critical to paying the bills.

I would now like to provide an overview of our earliest findings on the effects of welfare reform and what we know about changes in State policies and practice. And there's much more detail in my written statement. More recipients are now working, and more of those who have left the rolls are working. Interim findings from the national evaluation of welfare-to-work strategies and State welfare reform demonstrations indicates significant increases in the employment levels of recipients and former recipients.

States generally are maintaining their investments in poor families. We have not seen a race to the bottom. For example, 22 States have reported that they exceeded the 80-percent maintenance-of-effort level for fiscal year 1997.

States are beginning to focus more attention on the hard-to-serve and fragile families. For example, 25 jurisdictions have elected the family violence option to ensure that victims of domestic violence receive appropriate protections and services. States are beginning

to focus their welfare offices on employment and are taking a variety of steps to reinforce the work message. Welfare offices are working closely with the State employment service, one-stop career centers, JTPA, Job Training Partnership Act, Programs and community colleges to place welfare recipients into jobs.

We have continued to see dramatic declines in welfare caseloads. Since August 1996, 2.4 million recipients have left the rolls. And at the Federal, State and community level, new partnerships are being forged. government is collaborating with business, community organizations, transportation providers, the media, and religious leaders, to help move families to work.

Key elements of ACF's new role at the Federal level include coordination, technical assistance, research and accountability. We've expanded our network of Federal partners to improve the coordination of Federal programs, we've been working with the Department of Labor on implementation of the $3 billion welfare-to-work grants, and on our data collection and evaluation responsibilities under those grants.

The Departments of Housing and Urban Development, Transportation, Education, Agriculture, and the Small Business Administration have joined us in related efforts to move families from welfare to work.

Our technical assistance initiatives will ensure that States, local governments and their community partners have access to the information they need to accomplish their goals for families. We are using models, onsite visits, contracts, and conferences to support State and local implementation efforts. We also collect and disseminate information on promising practices.

Another key component of the Federal role has been to ensure State accountability in key program areas, and to promote high performance. In November, we issued a proposed rule which covered the major TANF provisions on work, penalties, and data collection. We are reviewing comments and anticipate publication of final rules by the end of the fiscal year.

This month, we issued the proposed rule on bonuses for States that are most successful in reducing out of wedlock births. And we also just issued key guidance on the formula we will use for awarding the high-performance bonuses to States in fiscal year 1999, based on their performance this year. This summer, we expect to publish a proposed rule that will address the high-performance bonus for future years.

Our research and evaluation efforts are critical to the achievement of the goals of welfare reform. Howard Rolston, Director of the Office of Planning, Research and Evaluation for ACF, is a member of the upcoming panel on research, and will provide a fuller discussion.

Just to highlight some key points, first, States have myriad options available to them under welfare reform, and need information about which strategies are most effective. Fortunately, the evaluation efforts we began under prior law have given us useful information and will continue to produce more in the years to come. Disseminating information on the results of this research is one of ACF's major upcoming tasks.

The second challenge we face is to get better information about what is happening to families who are leaving assistance. To answer this challenge, we worked with the National Governors' Association, the American Public Welfare Association, and the National Conference of State Legislators to sponsor a conference that examined the information available on "leavers," and will be compiling a summary of followup studies.

And finally, we're supporting research in five States that will look indepth at the effects of welfare reform on children. At this early stage of welfare reform, we believe that implementation is proceeding on the right track. We are hearing from States and communities about what they view as the critical next steps.

First, supporting States, communities, and employers as they focus on job retention and earnings after the initial placement. Second, working with States to provide supports so that all families, including the hardest to serve, can succeed. Third, completing the transformation of welfare agencies into job centers, and fostering community-based approaches to reform. Fourth, completing the developing of a regular, reliable system for collecting necessary data. And fifth, improving our understanding about the effects of these changes on children and families.

At the Federal level, the Clinton administration and the Congress have worked for social policies to help ensure that work pays, including family leave, a higher minimum wage, an expanded EITC, the new child credit, the work opportunity and welfare-to-work tax credits, and increased child support collections. The President's budget would build on these successes by providing additional supports, such as targeting substantial new child care funds to low-income working families who are struggling to stay off welfare.

In closing, I would like to express my appreciation to the Subcommittee, and I look forward to future conversations about the progress of welfare reform.

I would be happy to answer any questions at this time.

[The prepared statement follows:]

Statement of Hon. Olivia A. Golden, Ph.D., Assistant Secretary for Children and Families, U.S. Department of Health and Human Services

Thank you for the opportunity to appear before you today to talk about the implementation of welfare reform. I appreciate this Subcommittee's efforts to work with us in turning this historic piece of legislation on welfare reform into a reality. In light of the Subcommittee's interests, I will focus my remarks on the implementation of the Temporary Assistance for Needy Families—or TANF—program, including the patterns that have begun to emerge about state implementation, the new federal role, and upcoming plans.

Our information comes from state plans and preliminary financial data and program data reported by the states. In addition, I learn directly about what states are doing when I travel and speak with those who are designing welfare reform and those who are impacted by it.

Over the past two months, I have spoken to families, private employers, welfare workers, community leaders, state and local policy-makers, and elected officials about how welfare reform is proceeding. I have heard over and over about the dignity of work and about the kinds of supports communities and states are seeking to put in place as families move from welfare to work. For example, in one of my recent trips, to New Hampshire, I talked to a young mother who had just started a job and left welfare. She spoke with great passion about her joy and her children's joy. "I was jumping up and down. They were jumping up and down. I was on cloud nine for a week after accepting the job." To help her make the step to employment, she had gone to a clerical training program and found child care through the wel-

fare agency, and she received regular child support that was critical to paying the bills.

Today, I would like to provide some information about our earliest findings on the effects of welfare reform and an overview about what we know about changes in state policies and practice. I also will discuss the new federal role, the steps we have taken at the federal level to assume our new responsibilities under the Act, and will indicate the additional steps we will be taking to move this important agenda forward.

WHAT DO WE KNOW?

I would now like to share with you some preliminary observations on the impacts of welfare reform. These are preliminary because while many states began their welfare reform efforts under waivers, TANF programs have been in place only a short period of time and are still evolving. We will learn more over the coming months and years about the progress of welfare reform as states make further decisions about the design of their program and data is gathered on the state's choices and their impacts.

Keeping this caution in mind, we are seeing that:

More recipients are now working, and more of those who have left the rolls are working. Interim findings from the National Evaluation of Welfare to Work Strategies and State Welfare Reform Demonstrations indicate significant increases in the employment levels of recipients and former recipients (with employment rates of enrollees in the welfare reform group sometimes 8 to 15 percentage points above those of the control group). Also, research from several individual states suggests that 50 to 60 percent of families leaving the rolls are employed at follow-up; these rates are somewhat higher than the employment rates observed for former AFDC recipients (which were in the 45 to 50 percent range).

States generally are maintaining their investments in poor families. We have not seen a "race to the bottom"—in terms of state spending or benefit levels. Twenty-two states have reported that they exceeded the 80 percent maintenance-of-effort (MOE) level for fiscal year 1997, and average spending per recipient on cash grants, transportation, child care, and other assistance has increased.

Forty states have enacted policies to change the way income is counted in determining eligibility and benefits. Most of these have increased their earnings disregards, thus helping to make work pay and reinforcing the message that going to work is better that staying at home.

Most states have maintained the income standards they use for determining benefits (according to the state plans, four states have increased while five have decreased their benefit levels). Also, 33 states raised their general resource limits, and 44 states have raised their automobile resource limits. To help families transitioning off assistance, 29 states indicate they are extending child care benefits for more than 12 months, and 13 states provide transitional medical assistance for more than 12 months.

States are beginning to focus more attention on the hard-to-serve and fragile families. For example, 24 jurisdictions have elected the Family Violence Option to ensure that victims of domestic violence receive appropriate protections and services, and most states exempt parents of infants from work requirements. (Thirty states provide statewide exemptions for parents with children under one, 11 states provide exemptions for those with children under 6 months, and 3 provide exemptions for children older than one.)

States are beginning to turn their welfare offices into employment offices and are taking a variety of steps to reinforce the work message. Almost all states have adopted a "Work First" model for setting individual expectations and responsibilities and for structuring employment and training services. This approach emphasizes early entry into the job market and often uses referrals to other local agencies and organizations for transitional resources. Thirty-three states expect parents to participate in work within six months of joining the welfare rolls (compared to the statutory standard of 24 months).

Every state requires recipients to sign Individual Responsibility Plans whereby they commit to making specific steps toward self-sufficiency. Twenty-eight states deny assistance to a family for failure to sign or comply with one of these plans.

States are also making greater use of their sanction authority to enforce the TANF work requirements. Between 1994 and 1996, sanction rates rose about 30 percent nationally, and sanction rates of 25 to 30 percent—or higher—are now not unusual. Under their state plans, 37 states have sanctions that could result in the loss of benefits for the entire family. (Most sanctions result from failure of individ-

uals to show up for initial interviews, rather than noncompliance with work assignments.)

With few exceptions, we have continued to see dramatic declines in welfare caseloads. Since August 1996, when PRWORA was enacted, 2 million recipients have left the rolls. Since 1994, the number of welfare recipients has dropped by nearly one-third. We know that many of these recipients are working at the time they leave or after they leave, but we do not know precisely what is happening to many of these former recipients.

The limited information we have suggests that sanctions, time limits, and other changes are having mixed effects on families. We are not seeing dramatic changes in the average incomes of welfare recipients and former recipients. For families leaving the rolls, the proportion of families experiencing increases in income are comparable to the proportion with decreases in income. Findings for sanctioned families are not dissimilar; studies in Iowa and South Carolina showed that 40 percent of individuals who were sanctioned experienced income increases.

At the state and federal level, and community level, new partnerships are being forged. Government is collaborating with business, community organizations, transportation providers, the media and religious leaders to help move families to work.

For example, new partnerships with transportation agencies have resulted in substantial innovation. In many places, we are seeing revisions to traditional public transportation services to provide low-income families with better access to jobs. To pick two examples from dozens:

> In Ventura County, California, the local transit agency has extended its hours of service, re-routed some lines, and developed new service to some remote locations being used as work experience sites.
>
> The remote communities of Glendale and Azalea, Oregon, have adopted a combination of innovative strategies, including the development of carpools with 28 volunteer drivers, to give residents access to education, training, and employment opportunities 10 to 50 miles away. Also as part of this effort, the local school district allows TANF recipients and other residents to use school buses to get to work.

THE NEW FEDERAL ROLE

Consistent with the changed expectations about the federal role, PRWORA required significant reductions in ACF staff positions devoted to the programs that were block-granted and in Department managerial positions. As noted in GAO's February 1998 report to you, entitled Welfare Reform—HHS' Progress in Implementing its Responsibilities, we achieved these reductions.

At the same time, we have worked to focus on the areas where we have new and expanded responsibilities. Our job is no longer to micromanage policy, but to support states and communities in moving families to work, to hold states accountable for results, and to develop and share information about effective practices. Key elements of this role include: coordination, technical assistance, research, and accountability.

Coordination

In Washington, we have expanded our network of federal partners to improve the coordination of federal programs and to make it easier for state and local program administrators to leverage the resources they need. These efforts are critical, not just for their direct positive effects, but also because they model the types of collaborations that we want to foster at the state and community level.

We have been working with the Department of Labor (DOL) on the implementation of the new $3 billion Welfare-to-Work (WtW) program, including the issuance of guidance and Interim Regulations, state plan reviews, regional conferences and roundtable discussions. We also are working closely with DOL in the implementation of our data collection and evaluation responsibilities under the Welfare-to-Work program. Representatives from the Departments of Housing and Urban Development, Transportation, Education, and Agriculture and the Small Business Administration have joined in some of these efforts to help address the challenges of finding employment for hard-to-place TANF recipients and the crucial need for state and local collaborations.

We also have entered into new partnerships with the Department of Housing and Urban Development and the Department of Transportation to work on improving the accessibility of welfare recipients to jobs and services. We are providing technical support to both of these federal agency efforts, working through our Regional

offices to support similar efforts at the state and community level and developing information on promising practices that can be broadly disseminated.

Another key target of our coordination efforts has been Tribal programs. Prior to the passage of PRWORA, Tribes had some experience operating JOBS and child care programs, but little direct involvement with AFDC. Many were, therefore, not very well positioned to make the decision whether to implement their own TANF program or to understand what that would entail.

Here in Washington and in our regional offices, we worked extensively with Tribes to help ensure that they made informed decisions and could submit an acceptable plan if they decided to go that way. We helped facilitate communications between the states and Tribes about critical implementation questions, including service area definitions, funding implications, and the need for referrals and exchange of information. We also issued guidance to clarify that states could contribute to Tribal TANF programs and claim such expenditures for MOE purposes. This clarification facilitated the development of additional Tribal programs. To date, we have approved ten Tribal TANF plans and anticipate that several additional plans will be submitted this year.

Technical Assistance

The purpose of our technical assistance (TA) initiatives is to ensure that states, local governments, and their community partners have access to the critical information they need to accomplish their goals for families. In these initiatives we use models, on-site visits, contracts, and conferences to promote ideas and support state and local implementation efforts. We also collect and disseminate information on promising practices.

To help make our technical assistance efforts more responsive to state and local needs, we established a Peer Technical Assistance Network and a Technical Assistance Work Group. The Peer TA Network facilitates the exchange of information on promising and best practices among states, localities, and community groups. The Work Group consists of federal, state, local, and non-governmental representatives. In its first meeting in January, the Work Group decided to give priority to several issues during fiscal year 1998, including: job retention, serving families with multiple needs, and information systems. In its next scheduled discussion, the group will specifically address the issues of job retention and serving families with multiple needs.

Several of the initiatives we are undertaking focus on the priority areas we have identified. For example,

1) In all our regions we are co-sponsoring workshops with employers to develop short-term training programs that upgrade the skills of welfare recipients. We held the first workshop at a community college in Huntsville, Alabama, earlier this week;

2) We have developed a training package for welfare agencies to use in implementing programs that identify and provide appropriate services for victims of domestic violence; and

3) We have funded a National Technical Assistance Center of Welfare Reform and Disabilities at the University of Kansas. This center will provide stakeholders with information to assist them in developing effective strategies for serving people with developmental disabilities.

Finally, in the interests of expanding access to information, we are creating an information center which will share data and information using a variety of media—such as the internet, conferences, brochures, and handouts—on issues such as the TANF statute and regulations, State plans, implementation status, and research results.

Accountability

Another key component of the federal role has been to ensure state accountability in key program areas and to promote high performance. In these areas, we have taken a number of critical steps over the past 14 months. However, there is still much more to be done, and will be working hard to ensure that future actions are carried out in a timely fashion.

Two TANF regulations recently have been issued which address the area of accountability. In November, we issued a Notice of Proposed Rulemaking, which covered the major TANF provisions on work, penalties, and data collection. This proposed rule sent a clear message that we recognize the importance of state flexibility in designing their programs, but we also intend to hold states accountable for meeting critical program requirements. We anticipate publication of final rules in August.

This month we issued the Notice of Proposed Rulemaking regarding the bonuses for states that are most successful in reducing out-of-wedlock births.

Key guidance on the formula we will use for awarding the High Performance Bonuses to states in Fiscal Year 1999 (based on their performance in Fiscal Year 1998) was also issued this month. The proposed formula focuses on state performance, both in moving individuals into the work force and in the success of individuals in the work force, once they are employed. We developed this formula after extensive consultation with the National Governors' Association, the American Public Welfare Association, the National Conference of State Legislatures, state agencies, advocacy groups, technical experts, and scholars.

We currently are working on a Notice of Proposed Rulemaking that will address the High Performance Bonus process for future years. We are committed to exploring measures that encompass all of the goals of TANF, including family formation and stability, and will seek advice on additional measures through the regulatory development process. We anticipate publication of the proposed rule in the early summer.

Several other TANF-related regulations will be published this summer as well, including Tribal TANF and employment programs, child poverty rate methodology, and data collection for the Welfare-to-Work program.

In addition, we have issued a number of policy announcements that have provided critical information to help states proceed with the implementation of their programs. Among the most significant were last January's announcement on the ability of states to fund activities through separate state programs, information on funding allocations, guidance on access to the contingency fund, and the interim guidance on TANF data collection and reporting.

Finally, we are finishing work on two Reports to Congress. The first report addresses Recommendations for Changes to the Contingency Fund and the second is the Annual Report on TANF Programs and Performance. We expect to submit both reports to this Subcommittee next month. Since the amount of performance information we have available is still limited, the latter report will not cover all the topics required by the statute. However, we are working with states to correct problems in their data submissions and will provide supplemental information to this Subcommittee as it becomes available.

Research

Our research and evaluation efforts are critical to the achievement of the goals of welfare reform. This subcommittee's support has been critical to enabling reliable information about welfare reform to be developed. Your keen interest in this area is demonstrated by the separate panel in this hearing today, which will address the topic of research on welfare reform. Howard Rolston, Director of the Office of Planning, Research and Evaluation for ACF, is a member of this panel and will provide a fuller discussion of this important topic. I would like to briefly highlight some of the key points.

States have a myriad of options available to them under welfare reform and need information about which strategies will be most effective. Fortunately, the evaluation efforts we began under prior law, and that PRWORA provided us authority to support, have given us some useful information and will continue to produce more in the years to come. Disseminating information on the results of our research is one of ACF's major tasks in the coming years.

One of the challenges we face is to get better information about what is happening to families who are leaving assistance. To answer this challenge, the Department worked with the National Governors' Association, the American Public Welfare Association, and the National Conference of State Legislatures to sponsor a conference that examined what information was available on "leavers." Building state capacity to track "leavers" is central to meeting this challenge. At this meeting we learned that states are greatly interested in studying this issue further, and we are compiling a summary of what follow-up studies are being done. We believe this information is critical to learning if families leaving welfare are achieving self-sufficiency and improving the quality of their lives.

The impact of welfare on children is also of critical interest to us. Because most research primarily looks at effects on adults, we are supporting research in five states that will look in depth at the effects of welfare reform on children.

OUR FOCUS IN THE COMING MONTHS

The passage of this legislation has presented all of us with a variety of opportunities and challenges. At this early stage, it appears that implementation is proceeding on the right track. That is, reform efforts reflect an increasing awareness of the critical importance of:

- Fostering personal responsibility;

• Maintaining investments, in order to reach all needy families rather than only the easiest to place;

• Getting all key players to the table (at the federal, state and *community* level) so that the many dimensions of underemployment and dependency can be addressed; and

• Directing agency efforts to the achievement of measurable employment goals and positive outcomes for families and children.

Over the next several months we will continue to work along a broad front to further the work we have begun. In particular, we are hearing from states and communities about what they view as the following critical next steps:

Supporting states, communities and employers as they focus more and more on retention and job success after the initial placement;

(2) Working with states to make the investments, develop the knowledge, and provide the supports so that all families, including the hardest to serve families, can succeed;

(3) Completing the transformation of welfare agencies into job centers, ensuring that appropriate linkages are developed, and fostering community-based approaches to reform;

(4) Completing the development of a regular, reliable system for collecting the data necessary for tracking what is happening and ensuring program accountability; and

(5) Improving our understanding about the effects of these changes on children and families so that we can develop more effective programs and make necessary adjustments.

At the federal level, the Clinton Administration has led the call for social policies to help ensure that work pays. The principle of supporting work has been embedded in the President's agenda, including family leave, a higher minimum wage, an expanded EITC, the new Child Credit, Work Opportunity Tax Credits, the new Child Health Insurance Program, and increased child support collections. The President's budget would build upon these successes by providing additional supports. The President's Child Care Initiative, for example, targets substantial new child care funds, not to welfare families, but to low-income working families who are struggling to stay off of welfare. Many states have followed the model established at the federal level and have worked to enact programs at the state level that provide similar supports for low-income working families.

CONCLUSION

I would like to express my appreciation to this Subcommittee for its interest in, and bipartisan support of, these endeavors. I look forward to future conversations about the progress of welfare reform and hope we can continue to work together in resolving any implementation issues that arise.

I would be happy to answer any questions at this time.

Chairman SHAW. Thank you, Dr. Golden.

Mr. Camp.

Mr. CAMP. Thank you, Mr. Chairman.

Dr. Golden, of the $16.5 billion TANF block grant, how much of that was actually obligated in fiscal year 1997?

Ms. GOLDEN. Let me tell you a little bit about what we know about fiscal year 1997, both in terms of the dollars and the uses that States have made of their dollars. We have preliminary information from one quarter of the year, which was a transition year for the States. In that year, States were focusing their spending on a range of critical purposes; about 91 percent of the block grant dollars were obligated. In addition, almost half the States exceeded their maintenance-of-effort commitments.

What that means is that in a time of substantial caseload decrease, States are seeing that they've got to make the investments in a range of critical supports. When you hear the speaker from Anne Arundel County, for example, I think you'll probably hear, as

I did when I visited, about the critical role of investing those dollars in supports for families, including hard-to-serve families.

So we know that States are investing those dollars in a range of critical supports for families.

Mr. CAMP. So was it 91 percent that I heard?

Ms. GOLDEN. From that transition quarter in 1997, from our preliminary information.

Mr. CAMP. How much do you think will be obligated in 1998?

Ms. GOLDEN. My guess is that in 1998, now that States have made the transition, State legislatures are really focusing on those dollars. We're working hard to challenge States to maintain their own investments on the maintenance-of-effort side and to invest the TANF dollars.

My sense from talking with States is that there is a range of critical needs and that they are investing those dollars for some of the issues that both Chairman Shaw and Mr. Levin highlighted. States are reaching a range of families, enabling them to move to work. They're taking work seriously and investing the dollars to accomplish that.

Mr. CAMP. Do you expect then that all of the dollars will be obligated?

Ms. GOLDEN. I expect that States will be spending the money. I don't know whether that means 100 percent. But I anticipate that they will be spending the money on a set of critical supports. It's interesting, in a time of reduced caseloads, given the way State legislatures need to work, I would actually have expected much more delay in being able to get that money out. So my sense is that people have made early and serious moves to investing those dollars in new ways.

Mr. CAMP. And can States use this money for child care?

Ms. GOLDEN. States are using it for a range of purposes; child care is one. But there are many other critical investments. They're spending it for a variety of welfare-to-work strategies, for supporting families, both before they leave welfare and to support low-income families afterward.

So, they are spending it for a range of purposes, including but not limited to, child care.

Mr. CAMP. OK, thank you, Mr. Chairman. Thank you, Doctor.

Chairman SHAW. Just as a followup to Mr. Camp's last question, do you feel that with this flexibility of the States and being able to transfer the money into child care, and with the fact that the States are performing so well, so that they have much money to spend per client in this regard, do you think we need to at this time put more money into child care, and if so, how much?

Ms. GOLDEN. Yes. I believe that President Clinton's initiative, the proposal of $20 billion over 5 years for child care, is critical to reach working families. I've been to about 10 States in the last couple months, and I hear this not only from families and States, but also from employers.

What States are doing is seeking to make the investments in order to move families from welfare to work, and they're having to work hard to do that.

Beyond that, there are enormous needs among working families, which is the focus of the President's initiative. When he announced

the report last week, the President focused on the fact that a family making in the high $20,000 would not be eligible for child care in most of the States.

Chairman SHAW. No, under the present definition. Do you think, without expanding it into middle income that there is a need for more dollars to go into child care? I'm not talking about the new program that the President's expressed interest in. As to the present definition of child care and who is available, who is eligible, do you think there's more money than is necessary?

Ms. GOLDEN. Right now, of the families that are eligible, we reach about one in ten through the child care program. And that need is particularly among the working poor, low-income working families. So my sense is that what States are doing through their investments is enabling families to move from welfare to work.

But the next need, the reason for the additional investment, is those low-income working families who are struggling to hold onto their jobs. That's how I see what we need.

Chairman SHAW. Isn't it true, though, that the States, even right here in the District of Columbia, are not spending all the money that's available to them, because it's a matching program?

Ms. GOLDEN. That's not true nationwide. I haven't looked recently at the District of Columbia figures. But we have, as I recall, about 99 percent obligations on the child care dollars. We do have States making the investment to pull down the matching funds.

Chairman SHAW. Have you had requests from States for an increase?

Ms. GOLDEN. What we have is States reporting both waiting lists and reporting working families who need the resources. I think States are working really hard to invest the money to move families from welfare to work. They're doing a lot of things to make that work.

They're not getting to those families who are working, who are in very low-wage jobs, and who are struggling to hold onto those jobs, rather than to go back to welfare.

Chairman SHAW. I'm having trouble seeing a clear picture of a need. If you feel there's a need for additional dollars, would you supply to this Subcommittee, and I'm talking about under existing guidelines, what exactly you feel those needs are on a State-by-State basis so we would have a better opportunity to be able to review that. Because that's something this Subcommittee has been very concerned about.

Ms. GOLDEN. OK. The national number, as I say, was about one in ten of the currently eligible families. Let me try to provide you with as much State-by-State information as we have.

Chairman SHAW. Taking into consideration of course that many of the families choose to have family care, rather than to put the child in a day care type setting. And of course, we're not trying to make that decision for them. We just want the day care setting available where the parents choose not to do that for one reason or another, including the nonavailability of family or friends to care for the kids.

But of course we know that putting these kids in these centers has both pluses and minuses, and it's not for everybody.

Ms. GOLDEN. Right. And as you know, the bipartisan consensus behind the child care block grant makes sure that those dollars go to a parent's choice of providers.

Chairman SHAW. What I'd like for you to supply is, is there insufficient dollars to meet the demand for child care that's out there? Are there some mothers that are not able to go to work because there is no child care available? And that is within the current definition, not the expanded program that the President has suggested.

I thank you.

[The information follows:]

Many families with infants, toddlers and school-age children are unable to find or afford decent care for their children while they are at work. Federal child care subsidies serve only a small proportion of children of low-income families currently eligible for assistance. We estimate that approximately 10 million children meet the federal eligibility requirements of the Child Care and Development Block Grant (CCDBG). However, federal support was sufficient to provide assistance to only approximately 1 million children in FY 95.

Without child care subsidies, low-income working families are often faced with child care expenses that consume a significant portion of their income. For example, working families with annual incomes under $14,400 who pay for care for children under age five spend 25 percent of their incomes on child care -- and even then it's difficult to find accessible, high-quality care. Disproportionately high child care costs can force families to make difficult choices regarding not only the quality and safety of their children's care, but how fundamental living needs, such as food, clothing, shelter, and health insurance, are met.

As you know, welfare reform legislation requires welfare recipients to move into the workforce, greatly increasing the demand for child care assistance. In order to meet the PRWORA work requirements, many states are using the vast majority of their CCDBG funds to provide child care subsidies to welfare recipients or families transitioning off welfare, often at the expense of low income-working families who are struggling to stay off of welfare. In our recently published compilation of initially approved FY 98-99 State child care plans, we found that, in 10 States, a family of three with an income of $20,000 does not have a chance for help with child care costs. Additionally, in as many as 37 States, a family of three with an income of $28,000 is not even eligible for a child care subsidy.

While all States do not keep records on child care waiting lists, some do and their numbers indicate the tremendous unmet need for child care assistance. According to a recent Children's Defense Fund report, "In California, over 200,000 families -- mostly non-welfare, low-income working families -- are on the child care subsidy waiting list. In Florida, 25,000 children were on waiting list as of September 1997. The State has frozen intake unless families are on welfare or have children at risk of abuse or neglect. Pennsylvania had 11,000 children on the waiting list as of December 1997. Massachusetts had 12,500 children -- including 600 in the child protective system -- on waiting lists, while Texas had a waiting list of 30,000 families as of January 1998."

Another aspect of need is the fact that many older children return home from school and spend hours unsupervised. According to the National Center for Education Statistics, in 1993-94,

there were 18,111 before- or after-school programs in public schools--70% of public schools did not offer extended learning programs. An estimated 5 million children are "latchkey kids" some time during the week. During these unsupervised times, children are more likely to engage in crime, and to use alcohol or other drugs. FBI statistics show that most juvenile crime takes place between the hours of 3 P.M. and 8 P.M. Thus, not meeting child care needs for older children has a negative effect on their safety, the parents' productivity, and our juvenile justice system.

You also asked whether some mothers are not able to go to work because child care is not available. While we do not have state-by-state data that directly address your question, we do know that the availability of child care increases the likelihood that families will work. In a 1994 study report, "Child Care Subsidies Increase the Likelihood that Low-Income Mothers Will Work," GAO said, "Our analysis showed that subsidizing child care costs has the greatest impact on poor and near-poor mothers' decision to work, as compared with nonpoor mothers. When we considered that some mothers use informal care, our model predicted that a full child care subsidy would result in a 15-percentage-point increase in the average probability of poor mothers working. That is, for every 100 poor mothers, the approximate number who work would rise from 29 to 44." Observing that affordable child care is a decisive factor that encourages low-income mothers to seek and keep jobs, GAO states, " . . . any effort to move more low-income mothers from welfare to work will need to take into account the importance of child care subsidies to the likelihood of success."

Today, 70 percent of all mothers go to work and trust their children to the best child care arrangements they can find and afford; 45 percent of all children under the age of 1 are in child care on a regular basis. Yet, according to a recent Harris poll, half of the parents polled say they found it "very difficult" or "extremely difficult" to find affordable care. The same proportion said the lack of affordable, satisfactory care made it difficult for them to do a good job at work, and a significant 43 percent said they had not taken a job they had wanted because they could not find adequate care.

An article in the April 14, 1998 New York Times described an acute shortage of child care for poor families. For example, the article tells of a mother of two who took a part-time job as a home health aide for $5.25 per hour, a very positive step after 9 years on the welfare rolls. Her company has offered full-time employment, but she cannot accept it because child care is not available. Futhermore, she is concerned that she may have to give up her part-time job if day care is not available during the summer months when school is out.

It is for these and many other reasons that the President has proposed to increase investments in America's working families.

Chairman SHAW. Mr. Levin.

Mr. LEVIN. Thank you, Mr. Chairman.

Just so we're clear, I think what you're saying is that if you take all of those who are eligible outside, or perhaps including those who are on welfare, there are inadequate funds. The 1 in 10 figure is based on those who are eligible under the present child care statutes. The fact that States are emphasizing child care for those who are on welfare often means there are even less sufficient funds for

other low-income families who are not on TANF, isn't that what you're saying?

Ms. GOLDEN. Yes. I think States are working really hard on this. My sense as I travel the country is that States are investing in child care, and they're also addressing complicated issues like after-hours care, weekend and evening care. In moving families from welfare to work, child care is critical.

But I think you're absolutely right in saying that what they're doing with this intense focus is enabling families to move from welfare to work. There are additional families who are eligible, low-income working families struggling to hold on to their jobs, and there isn't enough money right now for them. And that's key to the President's proposal.

Mr. LEVIN. Let's face the future just for a moment. You referred to this a bit in your testimony. What do you think the major barriers are to continuing and to perhaps even accelerating the effectiveness of welfare reform, of people moving from welfare to work? As you look ahead the next several years, what are the largest obstacles that we are facing?

Ms. GOLDEN. I think there is a set of important challenges. I believe that it's my job, the job of some of the people in States and localities you'll be talking with, the job of people in communities, to figure out how to address those. And I think that work is going on in several of them right now.

I would highlight several. I'm hearing in States and communities everywhere about how we work to focus on job retention and on earnings gain after people move into work. That's an arena where a lot of very good work is going on. There are collaborative approaches at the State and local level. We'll be issuing the high-performance bonus to reward States for succeeding in those arenas.

The second arena is reaching everyone, ensuring that we reach all families on welfare, including investing in people who have a variety of barriers to employment. Again, I think there's a lot of important work going on in that area. We've been trying to invest in technical assistance in some of those areas, for example, persons with developmental disabilities and family violence. We've been trying to assist States in meeting those issues.

I would also say that States are completing the transformation of welfare offices, as Chairman Levin highlighted. There's been really important change, and there's a set of next steps in terms of shifting and building the links at the community level between welfare offices and other local programs.

All of those things are critical steps, and they all require us to maintain the investment at Federal and State levels.

Mr. LEVIN. You mentioned that you're working on the contingency fund issue. Just quickly tell us what you're looking at.

Ms. GOLDEN. Surely. That report is extremely important to the Subcommittee, and we will provide it to you in the first half of April. What we will be doing, as we're required to by law, is looking at an array of options and issues that have been identified related to the contingency fund.

We've done some consulting with a variety of people to learn what the issues are, and we're trying to set out systematic analysis of those issues for the use of the Subcommittee and the Congress.

Mr. LEVIN. And that includes looking at what the needs would be if and when there is an economic downturn?

Ms. GOLDEN. One of the topics is sufficiency of the fund.

Mr. LEVIN. Are you comparing individuals' needs in previous recession periods with present levels of funding?

Ms. GOLDEN. We've looked at the best data we could find. I'm actually not positive if that specific comparison is in the current draft or not. But we're trying to look at the best information.

Mr. LEVIN. We've talked about it, and I would urge that you do so. We need to make sure that welfare reform works during times of prosperity, and that there is not a destructive outcome in times of a downturn. While no one here wants to say there will be a downturn in the economy, there have been in the past, and there might well be another one in the future.

Chairman SHAW. I don't know if that was a political prediction or what, but I think we just elected a Republican President. [Laughter.]

Mr. LEVIN. I thought the opposite, but that wasn't the purpose of my question.

Chairman SHAW. Mr. Stark.

Mr. STARK. Thank you, Mr. Chairman.

Welcome, Dr. Golden. I think it's important to note here that while you may think this TANF Program is working, there's precious little detail in your testimony to support that conclusion. And I'd just like to remind my colleagues that four out of the five Democrats on this panel voted against the legislation creating this program, and that three of the leading experts in Health and Human Services resigned from their positions in protest when this program was passed. These were your previous colleagues.

So it appears to the Minority on this Subcommittee, or most of us at any rate, that TANF is a seriously flawed program. We've been looking for some hope to indicate that our fears were not well-founded, and you don't bring us much.

You say in your written statement, 50 to 60 percent of the AFDC families leaving welfare are employed. Well, by definition that means that 40 to 50 percent of the AFDC families who left welfare are unemployed. What are they doing to make ends meet? And you don't know, and you don't seem to be concerned, which is indeed troubling.

We have a report that the number of children receiving AFDC as a percent of children in poverty declined between 1995 and 1996. And that is also true of the number of children receiving food stamps as a percentage of children in poverty.

We also know the number of children receiving TANF has declined by another 16 percent or so between 1996 and 1997. There is no way that poverty has gone down 16 percent in 1 year. You know that, I know that. I think it's suggested that poverty hasn't gone down 16 percent in 3 years.

I don't know what you make of the trend, and why poor children are less likely to get assistance now. I don't know if your department has looked at it.

I would like to think that you could tell us how you would define success under this program—in something other than caseload declines, which mean nothing. Why have you addressed no measures

of child well-being? Why have you included no measures of the number of mothers in the labor force, or fathers paying child support? Is there any other evidence that would show us that welfare reform has done anything more than kick families off programs? You don't bring us any of that. What are you going to do about that?

Ms. GOLDEN. Let me start with the success measures question, which I think is a central one, and then work back to what we know on the others. I think it is critical to have measures of success that address a range of well-being——

Mr. STARK. When do you intend to have them?

Ms. GOLDEN. Today we issue——

Mr. STARK. When do you intend to have those measures?

Ms. GOLDEN. We've issued the high performance——

Mr. STARK. When do you intend to have them? In 1 month or 6 months? When do you intend to have the measures?

Ms. GOLDEN. We've just issued the measures, and we'll have information next year.

Mr. STARK. But Madam Secretary, this is a simple question. You can count, you do this with your shoes and socks off. When do you intend to have some measures that you can bring to this Subcommittee that show us any results of this program? In how much time?

Ms. GOLDEN. I expect the State information to be available next year on——

Mr. STARK. In 1999?

Ms. GOLDEN. Yes, on the full year——

Mr. STARK. At the end of 1999?

Ms. GOLDEN. I think States are likely to be able to provide it fairly early in 1999.

Mr. STARK. Madam Secretary, half of those children could be dead by then, thank you very much. But go ahead. What else are you going to do which will be too little, too late?

Ms. GOLDEN. Let me say what those measures will be, because I think they're important.

Mr. STARK. The measures are not important if they're not going to be here. That's pie in the sky. What can you measure now?

Ms. GOLDEN. We know what families are telling us. We also have an array of studies which show that more families are working, that there is a range of income effects for families who leave welfare, and that there have not yet been the sharp negative effects that many people expected. We don't know over the long run how that will play out.

In addition, when I talk to families, what I hear often is that the reason for going to work is because of the children.

Mr. STARK. What families are you talking to? How many families have you talked to?

Ms. GOLDEN. Not a large number.

Mr. STARK. How many?

Ms. GOLDEN. A couple of dozen, three dozen.

Mr. STARK. That's piddling.

Ms. GOLDEN. Absolutely.

Mr. STARK. Madam Secretary, that is not a statistically valid study.

Ms. GOLDEN. Absolutely.

Mr. STARK. My heavens.

Ms. GOLDEN. The statistical studies show a range of information, but they don't show everything. I think what you'll be hearing in today's panel is that——

Mr. STARK. But you show us nothing. You've got no statistical studies and you've talked to a couple dozen families. And you've kicked, or you will be kicking, hundreds of thousands of children off of support systems.

Now, to me, that's pretty inhumane. To not care enough to know what's happening to those children and those families when they're booted off the welfare rolls is not something that the Democrats should be very proud of.

Ms. GOLDEN. What I'm proud of is that we will be judging the success of welfare by moving families to work, by their gains in earnings and ability to——

Mr. STARK. You're not moving them to work. You're kicking them off the welfare rolls. That's all you know. All you're counting and all you are able to count is the decline in caseload. You're booting people off their support systems. You have no idea what happens to them after they leave, except for talking to a couple dozen families.

Ms. GOLDEN. And requiring States, if they want a shot at $200 million——

Mr. STARK. Don't push this off on the States. We're running our own program here, thank you very much.

Ms. GOLDEN. Right. And what we will be measuring is movement to work, gains in earnings, retention of jobs——

Mr. STARK. I suspect that you should spend less time, Madam Secretary, on all this public relations clap-trap that you're bringing here, and a little bit more time about worrying about what happens to poor and dependent children in our country as has been the previous record of your Department.

Ms. GOLDEN. My history of research and my personal academic work experience focuses on children and welfare.

Mr. STARK. You haven't done any research.

Chairman SHAW. The time of the gentleman has expired. Dr. Golden, you should see the way he talks to the Republican witnesses. [Laughter.]

Ms. GOLDEN. And I'd be happy to outline the research——

Mr. STARK. They at least come with numbers, Mr. Chairman, and know what they're talking about.

Chairman SHAW. Mr. McCrery.

Mr. MCCRERY. Thank you, Mr. Chairman.

Dr. Golden, correct me if I'm wrong, and I could be, but it's my impression that much of the reduction in caseload has taken place as a result of voluntary efforts on the part of former welfare recipients to leave the rolls, that many of them are in fact not being thrown off the rolls, they're voluntarily leaving the rolls to obtain employment, or due to better circumstances, is that correct?

Ms. GOLDEN. Well, let me outline what we do know, what we don't know, and what we will know, because I think all of those are important.

What we do know right now is quite limited. There's a range of studies in different States, and not a systematic national approach. So we know some selected facts, like the percentage that are working and what the range is in different places. We know something about sanctions.

What we know about the point you make is that about 50 to 60 percent of those who leave the rolls are working. Of those who leave for sanctions, about 40 percent are working, which does suggest that some of those may have left by choice.

On the other hand, I don't think we know enough to say very much specifically about why people are leaving or about their circumstances. I share Congressman Stark's concerns that we have to know much more than we do.

We will know is a set of things. We are investing in research that will be a much more systematic look at the "leavers." The Congress appropriated $5 million, which the Assistant Secretary for Planning and Evaluation will be using for much more systematic work there.

We will know much more through a range of evaluation studies, which will be discussed at length. Both Barbara Blum and Howard Rolston will speak about some of the specific research that focuses on children and outcomes for children, which I think is critical.

In addition, we will know more through administrative data. We have just put in place, and are really very pleased to have put in place, a system for reporting not just caseload information, because as Congressman Stark points out, that's not complete, but also information about what happens to people in terms of their movement to work, their time in those jobs, and their wages in those jobs.

So, we know some information on the issues you raise. We will know more, and it is absolutely critical for us to know more.

Mr. McCrery. Let's return to the question of child care money. I'm told that CBO, at least, estimates that in 1998, only about 75 percent of the TANF money that's available to States will be in fact obligated. In other words, States will in effect save 25 percent of the money that's available to them for TANF.

If that's the case, and obviously we don't know yet, that's just an estimate, but if that's the case, and States are able to use that money for child care, I'm not sure that we ought to dive headlong into increased funding for child care, when there's money on the table that's not being used that could be for that purpose.

Could you submit to us your agency's analysis of exactly why you think more child care money is needed in view of the CBO estimate of utilization of TANF funds, and in view of the fact that we have in fact called for, I think, about a 50-percent increase in child care funding over the next 5 years, which is a significant increase. So would you submit that to us.

Ms. Golden. Surely, let me summarize the main points, and then we should submit followup. First, as you note, it is speculation in terms of next year for States. You may want to speak with other panelists about that.

While States are holding some parts of money because they believe they need to address future as well as current contingencies, States really are finding that they have to invest the TANF money

to address the challenges of reaching all families and moving families to work.

Second, I would again make the distinction between moving families from welfare to work, which I believe States are making the investments to do, and the broader needs of those struggling families who are working and who should not be in a position where they'd have to leave work and go back to welfare. In that latter group of families, we're providing child care to about 1 in 10 of the eligible families.

The critical needs are to make sure we have a system that supports work and ensure that working families don't need to return to welfare in order to get in line for child care. And we'll submit the followup analysis.

[The information follows:]

States are using their TANF funds to help recipients find and keep jobs. Although TANF caseloads are down, many of the families remaining on TANF may well be the most difficult to serve and need the most intensive -- and expensive -- interventions in order to move into the workforce.

The early reports of TANF obligations also must be considered in context. In its report titled "Welfare Reform: States' Efforts to Expand Child Care Programs" (January 1998), GAO noted "much remains unknown...[about] states' ability to fund programs over the long term." Many states are in the earliest stages of reforming their welfare systems, and it must be kept in mind that PRWORA allows states to save TANF funds for contingencies or rainy days in order to protect against economic downturns.

While States also can use their TANF funds directly for child care or shift up to 30 percent of their TANF funds into the Child Care and Development Block Grant (CCDBG), very few have done so to date. For example, only $180 million, or slightly over 1 percent of TANF funds have been shifted to CCDBG.

States are using virtually all the child care money available to them from welfare reform. States are required to obligate their funds within one year, and the overwhelming majority have done so (99 percent). States have two years to actually spend their money and several years to draw down (i.e. outlay) funds from the Federal Treasury. Child care outlays were 90 percent for FY 1997 (as of January, 1998), and we project that States will expend virtually all their funds within the two years as required. States also are well on their way to spending FY 98 child care funds, and approximately two-thirds of them have requested to share in any unexpended FY 97 child care funds.

Mr. MCCRERY. Thank you very much.

Chairman SHAW. Mr. Matsui.

Mr. MATSUI. Thank you, Mr. Chairman.

Dr. Golden, I want to follow up on some of the areas that Mr. Stark moved into. I did skim over Mr. Rolston's testimony and Barbara Blum's testimony and the Census Bureau's. I just skimmed those. And I didn't see anything that helps me understand what is really happening with the welfare caseload at this particular time in America.

Ms. GOLDEN. OK.

Mr. MATSUI. I guess one of the problems I have, and I understand that this is a political town and this is a political country, but one of the real problems I think I have, and I think many of us have, is that the impression trying to be conveyed by this administration and by HHS in particular is that welfare reform is a wonderful success, because we've seen 2.4 million people go off the welfare rolls.

And we've heard it from the President, in his Saturday morning addresses. There's just been an array of commentary on what a wonderful program this is, but the Family Support Act actually deserves a lot of credit because the States were finally able to put up the match and draw down Federal funds. Clearly, the Family Support Act helped create the progress we see today.

Because in early 1996, we saw a drop in the rolls, significant drop in the rolls. And we've had also 80 months of economic growth. So there are a lot of factors involved that have resulted in this drop in the rolls.

If you came today and you had empirical evidence, data that Mr. Stark had requested, to show that in fact this program is working and you can attribute the drop in the rolls to this program, I would really have a great deal of respect for your opinion and the opinion of all the people that are touting this program.

But the problem is that you're making these statements about how wonderful this program is and how it's worked so well, but you're not providing data. Just common sense tells me that because the economy's going so well, you have to expect the caseload to drop. It would have happened under the 1988 Family Support Act. It probably would have happened even without any welfare program in place.

So, I hope your rhetoric changes until you get these studies. Because until you get these studies, you're going to get people like me and Mr. Stark and others very angry. Because it's misleading. It's not fair to the people that are falling off the rolls. And it's just not an appropriate way for adults and people that are in positions of power and influence to be conducting themselves.

Ms. GOLDEN. What I would like to do is characterize what's convinced me personally, because I've been working on welfare for 25 years.

Mr. MATSUI. I understand that. But you see, that doesn't tell me——

Ms. GOLDEN. But I would then address data.

Mr. MATSUI. I go back home to Sacramento and people tell me it's not working, that there are a lot of problems involved.

Ms. GOLDEN. Right.

Mr. MATSUI. In fact, all the people that are eligible in the State of California to receive child care funds or child care programs are not getting it. Only 30 percent are getting it, you know that.

So I'm hearing just the opposite of what you're hearing. But I won't go around saying it's not working, because that's anecdotal. That's my personal opinion, based upon a comment by somebody. And I don't think you should make comments based upon anecdotes. Because maybe somebody's feeding you information that may not be accurate.

Ms. GOLDEN. Could I characterize what we know now and what we don't know, because that's a very fair piece of information.

Mr. MATSUI. That's fine.

Ms. GOLDEN. Part of what we know is about the array of studies that I've just characterized, about more people working, but we have fragmentary information in different places.

Mr. MATSUI. But can you attribute these to the welfare reform program, or would you attribute it to the economy, or would you say part of it is because of the 1988 Family Support Act that was finally starting to work in 1996?

Ms. GOLDEN. I think everything, when the Council of Economic Advisors looked at the reasons——

Mr. MATSUI. But then you're just telling me what I already know, that the welfare rolls have dropped, and half the people that have dropped off of welfare now are working and the other half we don't know what happened to them. We all know that, and frankly that statistic, we knew before the welfare reform bill.

Ms. GOLDEN. I started out in welfare in Massachusetts, working as my first job out of college in the seventies. Two things are most dramatically different to me, and they're both indicators of progress, not success. I believe that we have a lot more to do and a lot more to learn.

One of the two indicators is who's involved in moving families from welfare to work. When I worked in Massachusetts, there was no way that I or anyone else in the office would have thought we could call up the transportation authority, employers, or community organizations and get them focused on working with us to work with families. I now believe that has changed. The welfare agency is not in it alone, and that's an incredibly important step.

The other thing that is enormously important is that perspectives by and about families on welfare have changed. They believe they can move to work, and employers and other people see them as people we ought to be supporting in that move.

I think what we need to know, and I am very committed——

Mr. MATSUI. If I can just interrupt you, because I know my time's running out, I apologize to you.

Ms. GOLDEN. That's OK.

Mr. MATSUI. Mr. Stark and I had these same kind of discussions back in 1981 when Ronald Reagan took office.

Ms. GOLDEN. Absolutely.

Mr. MATSUI. Remember when he eliminated the disregards and made all these changes, we had that same problem. We basically eliminated individuals from owning cars because we increased——

Ms. GOLDEN. Right, and now we've gone the other way.

Mr. MATSUI. Right.

Ms. GOLDEN. We've essentially made sure that the programs are supporting work.

Mr. MATSUI. Many of these burdensome regulations that were not necessary. So you're speaking to the choir in that respect.

But the real issue is, are sanctions working? What happens to these families that drop off? And there are a lot of States, 38 States, that impose very severe sanctions.

And you don't know, and I don't know, and I want to believe that they're doing better, maybe they move in with their brothers and

sisters or mothers and fathers, and so they're taken care of. If you show me they're taken care of, that's great. But if all of a sudden we're finding out that homelessness is going up, people are out in the streets, then we need to do something.

Ms. GOLDEN. Right. Absolutely.

Mr. MATSUI. So before, and my time has run out, so before we start spreading the gospel about how wonderful this program is, let's get the facts. And I would hope that you and your department and others within the administration would be somewhat circumspect. Because we're talking about, as Mr. Stark suggested, a lot of people's lives, particularly children.

Ms. GOLDEN. Thank you.

Chairman SHAW. The time of the gentleman has expired.

I'd like to just point out to the gentleman, in addition to the answer that Dr. Golden was making, that if you track welfare reform into the States who got an early start, you will find that they are way ahead of the curve, even though the curve is very aggressive. I think that we have great evidence that it is working.

Are some people falling through the cracks? Yes. Some people fall through the cracks of every program that we try to put together. But I think to take away from the tremendous success of welfare reform would certainly be a mistake. We've had years of prosperity, and yes, the welfare rolls should go down in those years.

But the dramatic drop that we have seen in recipients of welfare in this country certainly outstrips being able to simply attach that to the economy. The economy's been good.

Mr. MATSUI. If the gentleman would yield, I don't want to make this a long discussion, because I just want to see the facts. We can talk rhetorically. But almost every economist says they have not seen growth like this since the fifties and sixties. So I have to say that the growth of the economy right now is unprecedented in terms of our generation. I think perhaps maybe we should give a little credit to that.

Chairman SHAW. I give a lot of credit to the economy, and I think Dr. Golden was correct, that all of——

Mr. MATSUI. The only concern I have is that if the economy starts to dip, then what happens to these people, if this program isn't working as we presume it is working judging by our rhetoric.

Chairman SHAW. That's a concern we all share.

Dr. Golden, I have a question that I want to submit to you on the welfare-to-work program. But I'll do that, and ask that you reply in writing if you would.

Ms. GOLDEN. OK.

[No questions were submitted by Chairman Shaw.]

Chairman SHAW. Thank you very much for your testimony.

Mr. LEVIN. Mr. Chairman, would you yield before Dr. Golden leaves? I just want to say to Mr. Stark and Mr. Matsui that whether the recession is an issue, I think no one has worked harder on the contingency fund issue than I have. That's why I've urged the Department to review it.

Clearly, prosperity has been a major factor, and I don't think anybody should deny that. I've spent a lot of time in Michigan, mainly in Detroit. I would urge anybody who asks whether there's been a change in the emphasis on the State and local level to help

people move from welfare to work to go to Detroit and talk with Mayor Archer, talk with the people who are working on that program. And they will give you compelling data.

Though we don't have national data and there may have been exaggerated claims, I think it's a mistake to say that there has been a lack of overall progress.

Mr. MATSUI. I don't think anybody is. In fact, I would take the position, no one is saying that there's no progress. What we're trying to do is make sure that the words and the rhetoric are backed up by facts.

Mr. LEVIN. I very much agree.

Mr. STARK. Would the gentleman yield further on that point?

Mr. LEVIN. Yes.

Mr. STARK. Northwestern University economists just did a study suggesting that the expansion of the earned income tax credit is responsible for more than half of the increase in employment rates among single mothers over the period of 1984 to 1996. All I'm suggesting is that you look at the relative importance of the EITC, welfare reform, and general economic conditions in moving single mothers into employment.

At least the Northwestern study is one on which we can rely. I don't know whether they did any of their study in Michigan or not. But to me, the idea that we are claiming victory in welfare reform just because people are no longer participating in TANF is not responsible.

Mr. LEVIN. That isn't what is being claimed, and as someone who strongly supports the IT and the President, it is obviously a factor, and a major factor. The question is whether the transition of the welfare program to a work-orientation caseload with the maintenance of efforts by the States, has contributed to a movement of people from welfare to work in addition to all of these other factors.

I think the data will help us to assess all the causations. But I don't think there should be exaggerated claims on either side including those who try to minimize the significance of the——

Mr. STARK. I would support——

Chairman SHAW. This debate will be continued at another day in another forum.

Before we leave, I would like to introduce the next panel, because I know that Mr. Cardin wants to introduce one of his constituents. So I would yield to Mr. Cardin.

Dr. Golden, thank you very much.

Ms. GOLDEN. Thank you.

Chairman SHAW. And thanks for putting up with Pete. I meant that humorously. [Laughter.]

Mr. CARDIN. Mr. Chairman, thank you very much for the opportunity to sit in with the Subcommittee. My colleagues from California thought I came to listen to their debate, but no, I came because I'm really pleased that Vesta Kimble is here, who is the deputy director of the Anne Arundel County Department of Social Services.

The Anne Arundel County Department of Social Services has taken up the challenge that we created in welfare reform to establish innovative employment programs. They have developed a sin-

gle stop shop for employment services that has been very successful in the county and has acted as a model for our Nation.

I'm very pleased that she could be here with us today, and I thank you for giving me the opportunity to introduce her. And one of your constituents happens to be Congressman Stark, who lives in Anne Arundel County. [Laughter.]

But I warn you about the questioning ahead of time.

Chairman SHAW. Now you'll lock your doors at night. [Laughter.]

I would like to introduce Don Winstead, who is from my home State of Florida. He's the welfare reform administrator of the Florida Department of Children and Families in Tallahassee. And we, too, are very proud of the job they're doing down in the State of Florida.

Also, they will be joined by Jean Rogers, who's the Administrator of the Division of Economic Support, Department of Work Force Development in Madison, Wisconsin, and of course, Madison, Wisconsin, has certainly been a leader in reform. Also Frank Mora, Job Development Supervisor, Department of Public Social Services, South County GAIN Region, Rancho Dominguez, California.

We are going to have a series of votes on the floor. The Subcommittee will stand in recess until approximately 12:35 to 12:40 p.m.

[Recess.]

Mr. COLLINS [presiding]. If the panel that's already been introduced will take your seats. We will hear from J. Jean Rogers. We will pause for a moment and wait for Ms. Rogers.

STATEMENT OF J. JEAN ROGERS, ADMINISTRATOR, DIVISION OF ECONOMIC SUPPORT, WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT

Ms. ROGERS. I'm honored to be here today to tell you all how PRWORA, the Personal Responsibility and Work Opportunity and Reconciliation Act, has made it possible for Wisconsin to help thousands of needy families reach self-sufficiency. PRWORA is based in large part on Wisconsin's experience and recommendations.

Although over the years, Wisconsin implemented 14 cutting edge waiver demonstrations, it really wasn't until we envisioned a world without AFDC that we could create a program as innovative and comprehensive as we have in Wisconsin Works.

While W–2 was fully implemented only 6 months ago, we've already seen a dramatic drop in our cash assistance caseload, from 31,476 families in September to only 14,391 in January. Unlike other States experiencing recent caseload declines, Wisconsin's drop came from an already reduced caseload. In 1987, when we implemented our first waiver, we were over 98,000 families. Ninety-eight thousand to fourteen thousand—our numbers speak for themselves.

Without the authority granted by PRWORA, we really couldn't have implemented W–2. I'd like to share with you six reasons you were right to pass PRWORA instead of continuing the old ways that only allowed flexibility through the waiver system.

By their very nature, waivers are temporary. Why? Because waivers were experiments which were time limited and only applied to some clients, and our participants knew it. Many figured

they just had to wait it out. TANF gave us the ability to make our changes universal and permanent.

Second, waivers were static and rigid. Our benchmark for a policy change now is, will it help the participant progress toward a job. If the answer is yes, we can change. Unlike a waiver, PRWORA allows States the flexibility to change a policy or procedure immediately, based on their implementation experience.

Three, waivers were too restrictive to allow full engagement. AFDC categorically exempted so many people that nearly half of the caseload was not required to do anything for their welfare check. The result? Thousands of families languished on assistance for years without receiving any meaningful help to become self-sufficient.

Well, no one ever got a raise on welfare. PRWORA gave us the ability to require everyone to work to the best of their abilities. The surprising result? People with even the most severe barriers want to work, and they can work. They just didn't know how, in many instances, to take that first step.

I had a woman say to me, with tears in her eyes, thank you, thank you to my caseworker for believing in me, because nobody else ever did.

Fourth, you couldn't waive the entitlement. Ending the entitlement was really as much symbolic as it was hard policy. Having no entitlement reinforces the work requirements and allows us to design the work training requirements in W–2, like a job in the real world, rather than a handout.

W–2 payments are based on participation, not on family size. As parents move up the W–2 employment ladder, their income increases. And families can have outside income with no grant reduction, as long as they stay under the income limit of 115 percent of poverty.

Five, even with extensive use of waivers, it really was difficult to change the culture of the welfare office and our employers. The existence of random assignment to control groups really constrained our ability to advertise as we do now. The improved support of services available to all parents in need, because half of them weren't eligible before, they were in the control group.

In fact, we're recruiting clients. W–2 agencies in Milwaukee are doing TV, radio, and full page newspaper ads, as well as having community parties, just to encourage needy families to take advantage of the services in W–2.

Sixth, waivers didn't allow us to change the bureaucracy. We knew that if we were asking more of our participants, we really had to ask more of our W-two agencies as well. To ensure that they were really giving 110 percent, we instituted a competitive bidding process with outcome-based contracts.

And the result? Of our 80 W–2 agencies, 63 are county run, 3 are run by tribes, and 14 by private agencies, two of which are for-profit.

We already are seeing the positive results. Just look at our caseload numbers and wages at full-time placement. That is six dollars and 38 cents and rising.

In addition, the block grant structure of PRWORA gives States the opportunity to shift funds to critical areas of need. Because

we're in the work support business, not the income support business, we really need to spend our money on things like child care and increased case management and transportation. And that is exactly what we're doing.

We've tripled the funding for child care in Wisconsin, ending the waiting lists. And we're the only State to have no waiting lists. We've expanded usage up to families with incomes up to 200 percent of poverty and only modest copays. Example, a mother at the Federal poverty line with two kids on full-time licensed care, our most expensive, pays only $69 a month for over $900 in child care services.

Let me conclude with two more things that PRWORA did really right. One, instead of mandating how many people cannot participate, as the extensive exemption criteria did in AFDC, PRWORA sets aggressive work participation rates, raising the bar for all States. And by limiting the amount of postsecondary education, PRWORA focuses States on the basics of getting and holding a job.

Less than 18 percent of our current caseload has a high school diploma. That's down from 51 percent in 1995. This statistic shows us two things. One, many former welfare recipients with a high school diploma have already successfully entered the work force. And second, we're correct in focusing on basic education, rather than on college degree programs. Once a person has the basics and demonstrates the ability to hold a job, then W–2 will help with postsecondary education as support for life-long learning, not in place of working, just like in the real world.

One last thing I would like to take this opportunity to say before I close, and that is, we have become aware of a budget proposal that would cut TANF funds in year 6. To accomplish this, it would likely eliminate all of the State's ability to have carryover funds.

PRWORA did so much that was right, both in terms of its structure and in terms of its funding. Please don't now put the States at risk based on some early guesses on the part of the Congress of what future caseloads and economic conditions might be. As was mentioned earlier today, economies are cyclical, and we need to plan for the future.

Thank you.

[The prepared statement follows:]

Statement of J. Jean Rogers, Administrator, Division of Economic Support, Department of Work Force Development

I am honored to be here today to tell you how the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 has made a difference in the state of Wisconsin. This groundbreaking legislation, based in large part on Wisconsin's experience and recommendations, gives each state the tools it needs to design a work-focused program responsive to the unique needs of its population. Wisconsin Works (W–2), our Temporary Assistance for Needy Families (TANF) program, is paving the way for a world without Aid to Families with Dependent Children (AFDC).

Being a leader in welfare reform for ten years, there is no doubt that Wisconsin had a head start addressing the problem of welfare dependence and the poverty that it creates. In fact, Wisconsin's welfare legacy began in 1987, when Governor Thompson made welfare reform one of his top priorities upon taking office. At the time, Wisconsin's AFDC caseload had swelled to over 98,000 cases.

Governor Thompson had little confidence that the Family Support Act of 1988 would do much more than continue the status quo. As a result, Wisconsin pioneered the way for states to receive waivers from the federal government to run welfare demonstrations. Wisconsin's first waiver, called Learnfare, changed the direction of

welfare by connecting, for the first time, the receipt of welfare to personal responsibility. Learnfare, which has since been folded into W–2, requires students to attend school or face a reduction in the family's cash benefit.

Since then, Wisconsin conducted 14 major welfare reform demonstrations, finding solutions to many of the barriers faced by families on welfare and steadily chipping away at the caseload. By 1990, the caseload had decreased to just over 78,000 cases. Five years later, in 1995, there was a decline to 73,000 cases. When PRWORA was signed into law, in September 1996, 49,932 cases remained on Wisconsin's caseload. Although we had cut our caseload in half in the preceding nine years, we knew we could do better.

In fact, it was not until we envisioned a world without AFDC that we could create a program as innovative and comprehensive as W–2. When, in 1993, Wisconsin's State Legislature mandated that the Governor end AFDC and replace it with a work-based program, most states were just beginning to tinker with incentives to work like increasing the earned income disregards. This mandate gave us more latitude than we could have hoped for. While many of our reforms were successful, they were bound by federal limits. Legislating an end to AFDC allowed us to start with a clean slate. We took nothing for granted.

The result was Wisconsin Works (W–2), a work support, not an income support, program. When Wisconsin passed the W–2 legislation in May 1996, however, states did not yet have the authority to end AFDC. It was the passage of PRWORA by Congress just a few months later that made our vision of a work-based program possible. In fact, Wisconsin was the first state to submit a TANF plan. Key provisions of W–2 were phased in soon there after.

Full implementation of W–2 began in September 1997 and the last AFDC checks were sent out this month (March 1998). The transition to W–2 has been an overwhelming success. More parents than ever are finding employment. Since September 1997, our already reduced caseload has been cut in half from 31,476 families in September to only 14,391 as of January 1998 (latest numbers available).

Caseload Reductions

Month	Caseload Size
January 1987	98,295
January 1994	78,507
January 1995	73,962
January 1996	65,386
January 1997	43,888
January 1998	14,391

The decline in Wisconsin's cash assistance caseload is truly astonishing— the numbers speak for themselves. Although Wisconsin had the groundwork laid for a work-based program like W–2, it was not until the advent of PRWORA that Wisconsin could take the final steps toward a truly work-based program. Without PRWORA, the decline you see since August 1996 would not have been possible. With PRWORA, Wisconsin was able to fully implement the clear lesson learned from our 10 years of welfare reform experience—to prepare parents for employment, a support program must look as much like the world of work as possible.

It is clear that without the authority granted to all states through PRWORA, we could not have implemented W–2. Let me tell you six of the reasons you were right to pass PRWORA instead of continuing the waiver system.

Six Differences Between Waivers and PRWORA

1. By their nature, waivers are temporary.

The goal of welfare reform demonstration waivers was to determine whether a specific policy caused people to change their behavior. Waivers were generally granted for a period of five to seven years, after which, the state would go back to the status quo.

The result was that many participants subject to these policy changes knew that it was an experiment. Many figured they just had to wait it out. In fact, a Manpower Demonstration Research Corporation's Cross-State Study of Time Limited Welfare, which focused on time limit demonstrations in Wisconsin, Florida, and Vermont, found that several participants did not believe that they would ever actually be subject to a time limit. In fact, one individual from Florida said that "somehow, some way, they'll come up with another program to supplement those who are

off." [*The View from the Field: As Time Limits Approach, Welfare Recipients and Staff Talk About Their Attitudes and Expectations,* A. Brown, D. Bloom, D. Butler. MDRC: October 1997.]

In contrast, TANF gives states the ability to make our changes universal and permanent. Wisconsin has spent a lot of time and energy ensuring that our participants understand that W–2 is not an experiment, it is this state's AFDC-replacement program: all participants are subject to a lifetime limit and will be required to participate in exchange for their W–2 payment. This fundamental change is not a message we could have conveyed in a few weeks. Since PRWORA passed 18 months ago, we have been preparing our participants to transition to W–2. Our efforts are paying off. Our participants are getting the message. Many have chosen to enter the workforce and save their time on assistance for when they may have a greater income need. The magnitude of these behavior changes would not have been possible in an "experiment" we needed a permanent program with real consequences to get the message across. PRWORA gave us that.

2. Waivers were static and rigid.

Under waivers, we designed a specific program, and even if we discovered that the program would be more effective if we could change a policy, extend certain benefits to another group, or increase a penalty for non-compliance, we could not make that change until the waiver was ended. States became captives of their own experiments. Although keeping the policies static made the evaluation results more valid, it was not the best thing for the participant.

Unlike a waiver, PRWORA allows states the flexibility to change a policy or procedure based on their implementation experience. Now, we can implement the lessons we have learned right away. We are able to be responsive to the concerns of participants, communities, elected officials, advocates, and our W–2 agencies. Our benchmark for a policy change is, "Will it help the participant progress toward a job?" If the answer is "Yes," we make the change.

For example, we recently extended our marginally employed policy to individuals placed in our W–2 Transition position, where individuals with extensive barriers to work such as a caring for a disabled child are usually placed. We originally thought that these individuals would not be able to work due to their severe barriers. However, in just the first few months of statewide implementation, we heard from participants, advocates and W–2 agencies that many of our W–2 Transition individuals can work, want to work, and can benefit from work, even if it is only a few hours per week. Thanks to our ability to adapt, we have broadened our policy to include these individuals. This would not have been possible under a waiver. If W–2 were a waiver, we would have to wait until the end of the demonstration to consider extending this benefit.

3. Waivers made it difficult to implement Full Engagement.

AFDC categorically exempted anyone who met pre-determined criteria labeled "barriers to employment," which averaged nearly half of the caseload. These individuals received a check without any participation requirement. The result? Thousands of participants languished for years—even decades—in AFDC, often never working with a case manager. By shielding these families from participation requirements, AFDC denied them the opportunity to break down their barriers. One thing is clear, no one ever got a raise on welfare.

PRWORA recognized that simply writing out a government check each month did not address the problems of poor families. PRWORA gave us the ability and the incentives to require everyone to participate. Instead of ignoring the hard-to-serve, W–2 works with them. W–2 requires everyone to work to the best of their abilities. W–2 case mangers have flexibility to assign work activities that address participant barriers such as an alcohol problem, poor work history, or a disabled child. The surprising result? The more we work with these individuals, the more we find that their "barriers" do not actually prevent them from working.

In fact, most of these parents want to work, but they were told for years that they were not capable. And they believed it. These people simply did not know how to take that first step. I had a woman say to me with tears in her eyes, "Thank Governor Thompson for believing in me." In Wisconsin, we are now helping thousands of parents take that first step. It is not an easy one, and we have to stick with these families to ensure that they stay on their feet, but a job is their best chance of becoming self-sufficient.

Interestingly, penalties for non-participation in W–2 are not as high as in earlier Wisconsin demonstrations. The goal of W–2 payment reductions is to encourage individuals to participate, not to punish them. Instead of imposing uniform "sanctions" for non-participation for a month or three months, under W–2, just like a job,

the parent receives payment for only those hours in which they participated. Every hour the participant fails to show up for required, pre-assigned activities, their W–2 payment is reduced by $5.15. Both participants and W–2 case managers realize that it takes a lot of hard work and commitment to move families toward self-sufficiency. Participants further realize that participation requirements, more suited to individual circumstances because of PRWORA, are actually helpful in realizing their employment goals. Case managers are more committed than ever to making a success story out of every family on their caseload, since contracts are outcome-based.

4. You could not "waive" the entitlement.

Ending the entitlement was as much symbolic as it was hard policy. When we were designing W–2, I met with employers from across the state. They told me that the existence of the welfare system as an alternative to work was acting in a very real way as a competitor. Employers, particularly those needing large numbers of entry level workers, complained that their ability to attract and retain, and in some sense manage their workforce, was weakened by the alternative cash support system. If our workers with minor children did not like something about the job, they could always quit and go back on welfare. Now, under PRWORA, individuals who quit their jobs without good reason are no longer entitled to a check. Instead, we help them find a new job.

Having no entitlement reinforces the work requirements and allows us to design the work-training requirements in W–2 like a job rather than a handout. Under AFDC, states set payment levels based on family size and Wisconsin was among the most generous in the nation. The inherent problem in that process was that there was an implied reward for having additional children while on welfare. In addition, the old concept did not reflect the working world, where parents do not receive a raise when they have additional children.

PRWORA allowed states more flexibility in setting payment levels. W–2 payments are based on participation, not family size. As a parent moves up the W–2 Employment Ladder, their income increases with the final rung being an unsubsidized job. Even the lowest rung on that ladder pays more than what 80 percent of what AFDC recipients in Wisconsin received before W–2.

In addition, W–2 allows families to keep more income than under AFDC. Previously, net income was deducted dollar for dollar from a family's AFDC payment eliminating any incentive to pursue other avenues of income. Even child support was assigned to the state and a family could only receive the first $50. Under W–2, once a family passes the gross income test (115 percent of federal poverty level or $15,330 annually for a family of three), income does not reduce their W–2 payment. And the W–2 payment does not count in the gross test. Even wages from a part-time job do not reduce the W–2 payment. In addition, through a federal waiver, Wisconsin asked to be even more generous with its needy families. In another reflection of the real world, Governor Thompson fought to pass through the full amount of child support paid each month to W–2 families.

Because of PRWORA and creative thinking by W–2 planners, families are encouraged to seek other sources of income to augment earnings when the enter the world of work. Unlike the old system, these earnings do not reduce a family's grant. Again, just like the real world: you work more, you have more.

Under PRWORA, eligibility requirements became much more simplified and Wisconsin took advantage of these less complex federal regulations. For example, there are no more rules excluding two-parent families and discouraging marriage and family formation. Gone are the strict asset limits which were out of step with the times. Also noticeably absent from W–2 are the complex benefit calculations that were incomprehensible to workers, not to mention recipients. Instead, PRWORA allows states to set reasonable limits for eligibility. Our goal now is to focus on case management, not mathematical equations!! Participants may now own a vehicle with up to $10,000 in equity value and remain eligible for W–2. In addition, they are able to retain up to $2,500 in other assets, such as savings accounts for future education or family emergencies.

All of this increased generosity is made possible because of the end of the entitlement. States can now say, "Just as in the real world of work, we will help you if you help yourself to the extent you are able, and do so without fear of the abuse of due process."

5. Waivers made it difficult to change the culture of the welfare office.

The existence of a random-assignment control group constrained our ability to advertise, as we do now, the improved supportive services available to parents, because half of them were not eligible—they were in the "control" group. Now we no

longer have to say, "I'm sorry, we know this may help you leave welfare, but because your Social Security Number ends in an odd number, you are not eligible." In fact, we are recruiting clients. W–2 agencies in Milwaukee are doing television and radio commercials and full-page newspaper advertisements as well as community parties to encourage needy families to take advantage of W–2.

6. Waivers did not allow us to change the bureaucracy.

We realized that in order to change how families receive welfare, we had to change how we provide welfare. So we eliminated the entitlement counties had as the sole service providers of cash assistance. Instead, we asked them to compete with themselves to meet certain performance outcomes in order to be W–2 agencies. The benchmark was set high: two standards had to be met within a 12-month period:

Caseloads had to be reduced by up to 25 percent; and

• 105 out of 160 points had to be earned by progressively increasing the number of adults in work activities and reducing the amount of AFDC expenditures.

We speculated that perhaps half would make it. We underestimated what a little healthy competition could do. Seventy of the 79 counties/tribes earned the Right of First Selection. In the five unsuccessful counties and the seven successful counties who earned the right, but simply were not interested in being in the welfare business any longer, we opened the process up to private sector competition. In essence, we ended the monopoly that counties in Wisconsin had on administering welfare. This competitive process to select the best and most enthusiastic provider is integral to W–2.

And size was important too. We wanted each agency to be small enough to develop a sense of community. Therefore, Milwaukee, which did not earn the Right of First Selection and contains over 80 percent of our state's cash assistance caseload, was divided into six W–2 Regions. As a result, while the majority of cases in Wisconsin are privatized, the majority of agencies are not.

The results:

66 Counties/Tribes; 12 Non-profit agencies; 2 For-profit agencies; and 2 Tribes developed their own TANF plan.

By the way, every county agency and all but one Job Opportunity and Basic Skills (JOBS) agency that went through the competitive process was selected.

We found that through this process, even with counties that earned the Right of First Selection, agencies had to redefine their mission. The result was more innovation and creativity than would ever be possible under the old system. The bidding process also established partnerships between private businesses, government agencies and non-profits who in many cases will work together for the first time to provide the most effective and efficient services to low-income families across the state.

The Department of Workforce Development is managing the W–2 contracts through state field staff to ensure that contractors are meeting performance specifications. The approach is one of technical support and guidance rather than "gotcha."

We made our goals our measures of success. The primary goal we want to achieve is economic self-sufficiency. We chose a modified health maintenance organization model. Instead of determining funding based on the number of cases, we made a one-time determination of the caseloads in each region at the start of the program, and set maximum contract allocations based on this number.

W–2 agencies keep their profits. Therefore, there is a built-in incentive for the agencies to succeed in placing individuals in jobs. Rather than prospering by having a large caseload, agencies will succeed by helping their participants find jobs and move off the caseload, but not permanently. Agencies will be tracked for recidivism and wages at placement to ensure they are helping people properly. In addition, there is a $5,000 penalty per instance of failure to serve.

Why is the competitive contracting process so important? Because we felt our W–2 families deserved excellent service. We knew we could best ensure excellent service if we had the following three things:

A single entity to hold accountable for all aspects of the program; Providers who wanted the privilege of helping people help themselves; and The ability to change providers through time-limited contracts if service and outcomes were substandard.

Wisconsin's AFDC program was state-supervised and county-administered, with basically two separate, parallel, service delivery systems: 1) eligibility and check distribution, run exclusively by counties, some of whom did not even want to be in the business; and 2) the JOBS program, which could be run by public or private vendors, some of whom were not committed to the workforce-attachment model.

The W–2 program was designed so that one organization is wholly accountable and responsible for results. By having one agency, with each participant dealing

with only one case manager, we eliminated the excuses for low performance by both agency and participants.

PRWORA also gave states the opportunity to shift funds to critical areas of need. One of the best examples of that flexibility is in the area of child care. Safe, affordable child care is a challenge for all working families, regardless of their economic status. It was also the barrier cited most often by welfare recipients trying to enter the workforce. Wisconsin was able to pool child care dollars into one funding stream, with the goal of providing access to all working families below 165 percent of the federal poverty level and recipients up to 200 percent of the federal poverty level, with child care subsidies. To that end, $158 million was budgeted for state fiscal year 1998 and $180 million for state fiscal year 1999. Modest co-pays, which underscore personal responsibility as well as stretch available funds to more families, are based on a sliding scale. For example, in Wisconsin, a mother at the federal poverty line with two children in full-time, fully licensed care pays $69 per month for over $900 in services. Today, there is no waiting list for subsidized child care in Wisconsin!! Without PRWORA, we could probably not make that statement.

W–2 Child Care Program

	# of Families Served	# of Children Served
September 1996	3,552	5,847 (9,347 children on waiting lists)
December 1997	11,357	19,868

CONCLUSION

Let me conclude with two additional things that PRWORA did right:

1. Instead of mandating how many people cannot participate (as the extensive exemption criteria did in AFDC), PRWORA sets aggressive work participation rates, raising the bar for all states.

2. By limiting the amount of post-secondary education, PRWORA focuses states on the basics. PRWORA contains a welcome provision that restricts post-secondary or vocational education to 12 months. This reflects Wisconsin's experience with post-secondary education for welfare recipients. Under the AFDC JOBS program, participants with the poorest success rate were enrolled in educational components; the most successful participated in work experience or on-the-job training.

Currently, our most urgent educational goal is to increase the percentage of W–2 participants who graduate from high school. In December 1995, almost 51 percent of our AFDC population had a high school diploma or its equivalent. By contrast, less than 18 percent of our current W–2 caseload has attained that educational level. This statistic shows two things: 1) that many former welfare recipients with a high school diploma have successfully entered the workforce; and 2) we are correct in focusing on basic education rather than on college degree programs. As a result, our goal is to have each W–2 participant who lacks at least a high school education enrolled in basic skills, GED, or HSED classes.

However, we do not stop there. W–2 also supports lifelong learning. Career planning and exploration go hand-in-hand with services provided by W–2 case managers. Wisconsin also offers grant money and additional subsidized child care for education to individuals who have a proven work history. However, just like the working world, families must strive first to support their families. Many parents have balanced work with part-time education over the years. And as many of us know, that opportunity for higher education means more when it is earned, rather than seen as an entitlement.

Thank you for this opportunity to speak with you today about some of the many benefits Wisconsin has gained from the Personal Responsibility and Work Opportunity Act of 1996. We believe its passage was the 104th Congress' finest accomplishment.

Mr. COLLINS. Thank you, Ms. Rogers.

Mr. Winstead, we'll hear from you now, please. Your entire statement will be entered into the record, each of you.

STATEMENT OF DON WINSTEAD, WELFARE REFORM ADMINISTRATOR, FLORIDA DEPARTMENT OF CHILDREN AND FAMILIES

Mr. WINSTEAD. Thank you, Mr. Chairman, Members of the Subcommittee.

I appreciate the opportunity to provide you with information about Florida's welfare reform activities and our implementation of the Temporary Assistance for Needy Families Block Grant Program. My name is Don Winstead, and I'm the welfare reform administrator for the Florida Department of Children and Families.

Along with the Florida Department of Labor and Employment Security and the Department of Health, our agency is responsible for administering the program that you passed with the National Welfare Reform bill.

I'd like to highlight some of the comments that I've submitted in writing today. In the spring of 1996, the Florida legislature passed, by unanimous votes in both chambers, the Work and Gain Economic Self-Sufficiency, or WAGES Act. This act anticipated enactment of national welfare reform legislation. When you passed your bill, we were able to move very quickly, because our laws were already on the books. We submitted the required State plan and began statewide implementation of our program in October 1996.

In the month prior to our WAGES implementation, there were slightly over 200,000 families in Florida receiving AFDC. This month, March 1998, the cash assistance caseload in Florida is 110,826 families, a decline of 45 percent. When you focus specifically on the families containing an adult that are the ones under the time limit, the decline has been over half. And there is a chart attached to my testimony that gives more information about the caseload reduction.

At the same time, our Department of Labor is reporting in the first year of operation over 63,000 entries into employment, 26,000 additional by the end of the calendar year, and as of yesterday, the total figure was over 105,000.

The caseload reductions we've seen have been in spite of changes in eligibility rules to reward work. We have increased the earnings disregard, we disregard the first $200 of earnings and half of the remainder for as long as the individual is receiving welfare. We've doubled the asset limit. We have eliminated the so-called marriage penalties that applied to two-parent families under the AFDC unemployed parent program.

We've extended transitional child care to 24 months. And we've also implemented a provision called transitional education and training where people who leave welfare can continue to get help to upgrade their skills and further their education. There's information in my testimony on our caseload trends and also on our experience with time limits.

We have changed our governance structure for the program. The Florida legislature established a board of directors to have oversight to the State WAGES Program. And this board has a majority of private sector members.

We've also set up local WAGES coalitions in each of 24 regions of the State who have oversight of the local implementation of the program, and our implementation is very much community based.

In terms of time limits, Florida was one of the first States to implement time limits under demonstration waiver. And I believe I would be accurate in saying we've had more experience with families actually reaching the time limit than any State in the country. I was in Pensacola in February to celebrate with them the 4-year anniversary of our demonstration in that county.

There's more detail in my testimony, but bottom line, our experience has been that the so-called time limit cliff is more like a gradual slope, that the catastrophic impacts that some people have feared would result from time limits have not occurred, at least so far.

We've seen remarkable progress in our implementation of welfare reform. Employment's up, caseloads are down. And we're keeping our commitment to provide the child care and transitional benefits that families need to move successfully from welfare to work.

We foresee not only using all of the child care funds that you are providing, but we anticipate transferring the maximum allowable amount of the TANF block grant to the child care and development fund, and to the social services block grant.

In the next State fiscal year, Governor Chiles has proposed to use over $80 million in welfare savings to expand child care for the working poor families of Florida. This proposal has received broad bipartisan support in the Florida legislature, and when implemented, will represent the most significant expansion of child care services to low-income working families in the history of our State.

In closing, I'd like to emphasize three key points as we move forward. First of all is the need for continued flexibility. The regulations that were recently published by the administration for Children and Families have been the subject of much discussion. We have provided specific recommendations. We hope that they will seriously consider our recommendations in support of continued flexibility, and we hope you will do the same.

Second, we also urge you to continue your funding commitments. We hear persistent rumors that Committees of the Congress are considering a variety of measures that would undercut our reform efforts. Measures that cut our Federal matching funds in the Medicaid or Food Stamp Programs or further reduce funding in the social services block grant will have a direct impact on our success in welfare reform.

I have very clear memories of the recession a decade ago, when our AFDC caseload doubled. The effect on the State budget was devastating. And for each $1 of increased cost, we were then only responsible for 45 cents. Next time we'll be responsible for 100 cents on $1 of that increase. That's why we're using part of our TANF block grant for a welfare reform rainy day fund, and it's critical that we have that ability.

In our initial implementation, we've demonstrated that the law you passed and the framework you established for State and local reform can work. The old AFDC Program no longer exists in Florida. In its place is a program that supports work, personal responsibility and self-sufficiency. With your continued support and through the efforts of communities throughout our State, we believe that next phase of welfare reform can build on the success of

the first 18 months and complete the transformation that has begun.

Thank you, Mr. Chairman.

[The prepared statement follows:]

Statement of Don Winstead, Welfare Reform Administrator, Florida Department of Children and Families

FLORIDA'S IMPLEMENTATION OF WELFARE REFORM

Mr. Chairman and Members of the subcommittee, I appreciate the opportunity to provide you with information about Floridas welfare reform activities and our implementation of the Temporary Assistance for Needy Families (TANF) Block Grant. My name is Don Winstead and I am the Welfare Reform Administrator with the Florida Department of Children and Families. Along with the Florida Department of Labor and Employment Security and the Florida Department of Health, our agency is responsible for administering the program you created in Title I of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Pub. L. 104–193).

Implementation of WAGES

In the Spring of 1996, the Florida Legislature passed, by unanimous votes in both chambers, the Work and Gain Economic Self-Sufficiency (WAGES) Act. This Act anticipated enactment of national welfare reform legislation. With the passage of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Florida was able to move quickly to submit the required state plan and implemented the new program statewide in October 1996.

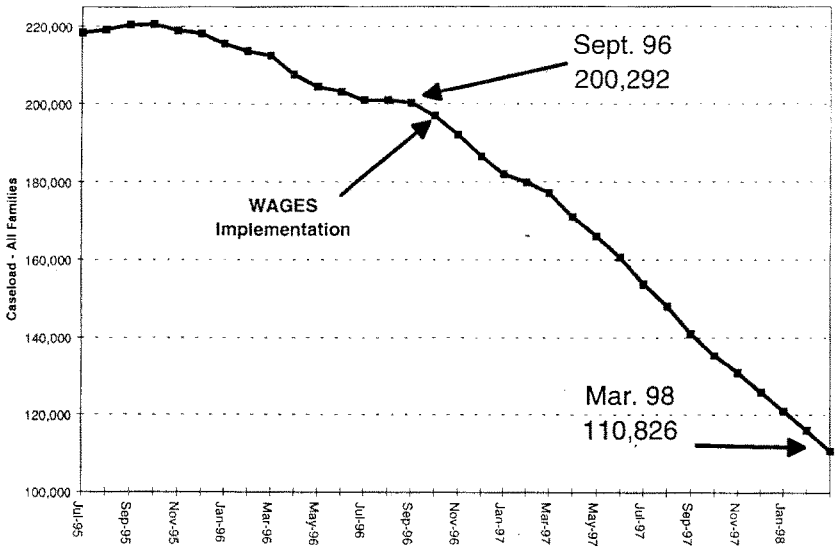
In the month prior to WAGES implementation, 200,292 families in Florida received AFDC. This month, March 1998, the WAGES cash assistance caseload is 110,826 families, a decline of 45%. In the first year of operation, the Department of Labor and Employment Security reported over 63,000 entries into employment by WAGES participants, with an additional 26,000 reported in the October 97 through December 97 quarter.

The caseload reductions have been achieved in spite of changes in eligibility rules to reward work. We let participants who go to work retain eligibility longer by disregarding a higher portion of their earnings than under the old AFDC program. We have replaced the "$30 and 1/3 disregard" under the AFDC program by disregarding the first $200 of earnings and 1/2 of the remainder. This earnings disregard is available as long as the individual remains eligible for temporary cash assistance.

Other changes have raised asset limits so that people can exit welfare with more savings and eliminated the so-called "marriage penalties" which placed severe restrictions on two-parent families. We have also extended transitional child care to 24 months and implemented a transitional education and training provision to permit people to upgrade their skills and further their careers after they leave welfare.

The following chart shows the caseload trend in Florida for June 1995 to March 1998. As you can see, the caseload was declining prior to our implementation of WAGES, but the rate of decline has increased considerably since October 1996.

Cash Assistance Caseload Trends
June 1995 to March 1998



Governance Structure

In addition to changes in program design, Floridas WAGES program has a very different governance structure than the old welfare program. A State Board of Directors, with a majority of members from the private sector, has been established to provide oversight to the program. The State Board of Directors oversees development of the statewide implementation plan, oversees the program budget and charters local coalitions.

Local WAGES coalitions have been set up in 24 regions with oversight, service delivery and financial planning responsibilities. The local WAGES coalitions provide for many of the work activity and training components of the program through contracting for services. In addition, we are in the process of implementing privatization projects in three areas of the state for all WAGES services.

Time Limit Dynamics

Florida was one of the first states to implement time limits through our Family Transition Program begun in early 1994 under a federal waiver. We are continuing that demonstration in Escambia County to learn more about the impacts of time limits. So far, over 1,400 families have reached their theoretical time limit in Escambia County. Very few individuals have used all of their benefits and been terminated due to the time limit. Our experience has been that over time, about 6% of families reach the time limit and are cut off. Another 6% are employed, remain eligible because of the higher earnings disregard and choose to continue receiving cash assistance until they reach the time limit.

For families reaching the time limit, we can extend benefits for the children if termination of full benefits would make it likely that the children will come into emergency shelter or foster care. So far, we have used this option in only a handful of cases. Our experience in the Family Transition Program has been that most families who have reached the time limit have had other sources of support such as family members or other income.

Our statewide WAGES program used the time limit structure that we tested in the Family Transition demonstration. Our time limits are shorter than those in federal law. For most families, the time limit is 24 months out of a 60 month period. For longer term welfare recipients and younger individuals lacking high school completion or work experience, there is a 36 month out of 72 month time limit. Both the 24 month and the 36 month limit are within an overall 48 month lifetime limit.

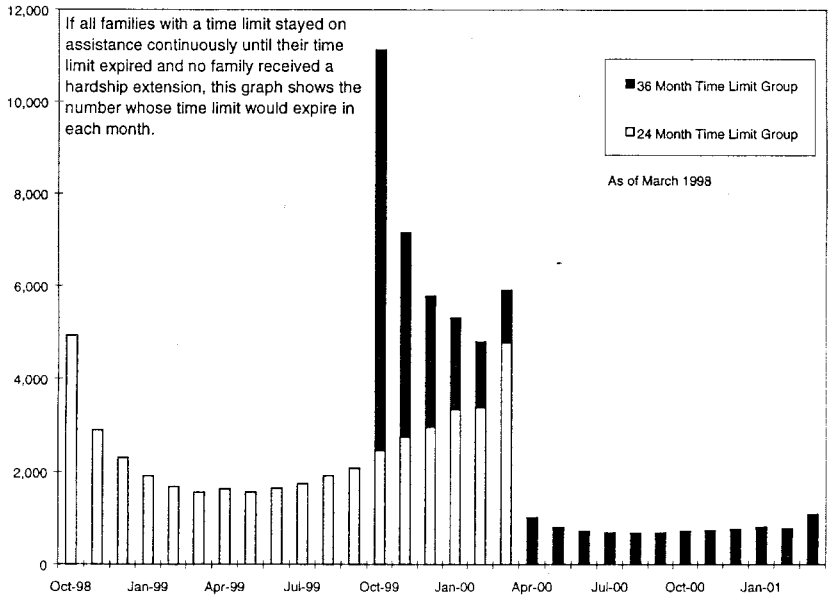
As in the federal law, child-only cases, such as children being raised by grandparents where the benefits are only for the children, are not subject to either a time limit or a work requirement.

The following chart shows a snapshot of the families in Florida who are subject to the time limit and the theoretical end of their eligibility. This chart shows when people would reach the time limit if no family left welfare for any reason other than the time limit and if no family received a hardship extension. This is a theoretical worst-case scenario that we use for planning purposes.

The chart show that very few of the families who became subject to time limits in October 1996 are at risk of reaching the time limit in October 1998. Local WAGES coalitions are now in the process of reviewing the families who are within six months of the end of their time limit. Those who have diligently participated in the program and those with hardships may qualify for an extension of their time limit for up to 12 months under state law.

Our experience is that the so-called "time-limit cliff" is more like a gradual slope and the catastrophic impacts that some people feared would result from time limits have not occurred, at least so far.

March 1998 Time Limit Exit Chart



The Need for Continued Flexibility and Support

Mr. Chairman, we have seen remarkable progress in the implementation of welfare reform in the past 18 months. Employment is up, welfare caseloads are down and we are keeping our commitment to provide the child care and transitional benefits that families need to move successfully from welfare to work. We foresee not only using all of the child care funds you are providing, but we anticipate transferring the maximum allowable amount of the TANF block grant to the Child Care Development Fund and Social Services Block Grant.

In the state fiscal 1998–99 budget, Governor Chiles has proposed to use over $80 million in welfare savings to expand child care for working poor families in Florida. This proposal has received broad bipartisan support in the Florida Legislature and when implemented, will represent the most significant expansion of child care services to low income working families in the history of our state.

By the end of April, the Florida Legislature will pass a state budget that expands services for WAGES clients at risk of domestic violence, increases funding for treatment of substance abuse and expands family planning services to reduce out-of-wedlock births.

We're off to a good start, but we need your continued help and support.

The Administration for Children and Families (ACF) has recently published proposed regulations that would impose extensive reporting requirements on states, restrict the extent to which state expenditures can be counted toward the maintenance of effort requirement and make it more difficult to transfer funds to the child care block grant. We have provided specific recommendations to ACF on ways we believe the final regulations can implement the statute while continuing to support state flexibility. Without the past support of the Administration for Children and Families through the federal waiver process, many of the lessons we have learned from previous demonstrations and applied in the design of the WAGES program would have lost.

We hope they will seriously consider our recommendations in support of continued state flexibility and we hope you will continue to allow us the flexibility we need to best serve the families in our state.

We also urge you to continue your funding commitments. We hear persistent rumors that committees of the Congress are considering a variety of measures that would undercut our reform efforts. Measures that cut our federal matching funds in the Medicaid or Food Stamp programs or further reduce funding in the Social Services Block Grant will have a direct impact on our success in welfare reform.

I have very clear memories of the recession a decade ago when our AFDC caseload doubled. The effect on the state budget was devastating, and for each dollar of increased cost, we were only responsible for 45 cents. Next time, well be responsible for 100 cents of every dollar in increased cost. Its important to remember that the implementation of the Temporary Assistance for Needy Families Block Grant transferred the risk of future economic downturn and the resulting caseload increases from a shared federal/ state risk to a state risk.

TANF Block Grant funds were established as funds available to states "without fiscal year limitation" under federal law. As federal participation rates and the pressure of time limits increase, we retention of the block grants is critical to success. The unexpended block grant balances also represent a "welfare reform rainy day fund." to protect the state from future caseload increases.

Our initial implementation has demonstrated that the law you passed and the framework you established for state and local reform can work. The old AFDC program no longer exists in Florida. In its place is a program that supports work, personal responsibility and self-sufficiency.

With your continued support and through the efforts of communities throughout the state, we believe the next phase of welfare reform can build on the success of the first 18 months and complete the transformation that has begun.

WAGES Monthly Flash Report
Caseload Data

Report Month for Cash Assistance Caseload Data: **March 1998**

Note: This report shows cash assistance caseload data for the indicated month. Employment data is reported on a separate report by the Department of Labor and Employment Security.

Indicator	Baseline Month (Sept. 96)	Previous Month (Feb. 98)	Report Month (Mar. 98)	Difference From Baseline	Percentage Change	Comments
Total Number of Cash Assistance Families Containing an Adult	152,436	78,837	73,940	-78,496	-51%	This indicator shows the number of families containing an adult. This number closely corresponds to the number of families subject to the WAGES time limit
Total Number of Families Receiving Cash Assistance	200,292	116,084	110,826	-89,466	-45%	The total number of families receiving cash assistance in Florida.
Total Number of Two Parent Families Receiving Assistance	2,353	4,156	3,904	1,551	66%	The total number of two parent families (formerly AFDC-UP). This is also included in the total above.
Total Number of People Receiving Cash Assistance	531,485	306,530	290,977	-240,508	-45%	The total people in the families who receive cash assistance. This figure includes both children and adults.
Total Number of Adults Receiving Cash Assistance	155,071	81,977	76,825	-78,246	-50%	The number of adults receiving cash assistance.
First of Month Cash Assistance Payroll	$48,731,324	$26,982,307	$25,713,011	($23,018,313)	-47%	This is the value of cash assistance authorized for the first of the month.
Supplemental Payrolls (estimated)	$4,616,290	$4,470,292	$4,351,744	($264,546)	-6%	This is the estimated value of supplemental payrolls that occur throughout the month. Based on most recent estimating conference.
Total cash assistance expenditures).	$53,347,614	$31,452,599	$30,064,755	($23,282,859)	-44%	This is the sum of the regular and supplemental payrolls.
Total Cash Assistance Budgeted		$44,370,723	$43,836,199			This is the amount budgeted in the approved operating budget.

Souce: Florida Department of Children and Families
Economic Self-Sufficiency Program

Mr. COLLINS. Thank you, Mr. Winstead.

Ms. Kimble.

STATEMENT OF VESTA KIMBLE, DEPUTY DIRECTOR, ANNE ARUNDEL COUNTY DEPARTMENT OF SOCIAL SERVICES, ANNAPOLIS, MARYLAND; ACCOMPANIED BY CHRISTINE BONDS, CHILD SUPPORT WORKER; JUANA CHAPMAN, JOB COUNSELOR; AND ANGELA COLEMAN, CASEWORKER

Ms. KIMBLE. Good afternoon. My name is Vesta Kimble, and I'm Deputy Director of Social Services for Anne Arundel County, Maryland. Thank you for the opportunity to testify today.

The Anne Arundel County Department of Social Services is a State office, a local office of a State agency, the Maryland Department of Human Resources. Three years ago, our local office changed the culture of welfare without any State legislation, without any Federal waivers, without any additional staff and without any additional allocation of funds. We simply began doing business in a different way, transforming ourselves from an impersonal, forms-laden bureaucracy into a professional job center that offers customized employment services for any county resident.

The job center is open Monday through Friday, 8 a.m. to 5 p.m., for walk-in service. No appointments are necessary. We offer many employment services onsite, free of charge: Employment assessments, local job listings, onsite job fairs, targeted hiring, resume computers, phones for calling employers, occupational training,

microenterprise development programs, and even a job club for those people who need a little bit more intensive services.

We also offer employment-related services onsite, free of charge: Career clothing vouchers, transportation subsidies, child care vouchers, onsite child care, instruction in earned income credit, GED preparation classes and GED testing, English as a second language classes, and even an alternative high school for teen mothers.

In addition, we offer other family services, onsite, free of charge: Child support services, immunizations, WIC clinics, Healthy Teen clinics, and even a summer camp and after-school club for school-age children.

All of these services, in tandem, have helped us achieve a 66-percent reduction in the number of able-bodied TANF cash assistance recipients and have helped to keep our recidivism rate to under 10 percent.

Some of us would argue that welfare reform was possible all along, given effective management, even under the AFDC Program, and that we really didn't need PRWORA's time limits and other penalties. In 1995, a full year before any legislative reform in Maryland, our local office became an employment agency for welfare applicants in order to divert them from ever applying for cash assistance.

In 1996 we opened the job centers to the general public in an effort to remove the stigma of welfare and to mainstream our recipients with other unemployed county residents. In 1997, we began our boldest initiative to date, to help any under-employed county resident get a better job, one that pays at least $8.15 per hour and has health benefits.

Our goal, you see, is to reduce poverty, not merely reduce welfare dependency. This is by far our greatest challenge. It is a challenge that lawmakers and policy leaders applaud, but do not support when the budget funds are divvied up.

If I could ask you for just one change, it would be to please think in terms of outcomes that matter for needy families, not merely job placements, but prevention of recidivism. Not merely employment, but employment in living-wage jobs that just might survive the next economic downturn. Not merely services for TANF-eligible parents, but services for all low-income individuals who seek our assistance in finding a job, finding affordable child care, transportation, health care, and training for a better job.

Please remove the categorical chains that bind the funding we receive, so that we can serve our customers better. We do not want to, nor will we ever, turn away some residents simply because we cannot fit them into a particular funding category.

Our caseloads overall have not decreased. In fact, they have increased slightly. Nearly every TANF case we close remains open for food stamps and Medicaid. Nearly every would-be TANF applicant whom we divert up front from applying for TANF, applies for and receives food stamps and Medicaid, if only for the children. We haven't lost those people in exiting the TANF caseload; in fact, we still own them in many other caseloads.

Now, during these glory days of economic health, is the time to address poverty head-on. Please help us achieve our goals within our existing allocation of funds.

I'd be happy to answer any questions I can, and I will defer to the experts, my staff, on questions that I cannot answer. With me here today are Christine Bonds, child support worker; Juana Chapman, job counselor; and Angela Coleman, caseworker. All of them are from the Annapolis Job Center.

Thank you very much.

[The prepared statement follows:]

Statement of Vesta Kimble, Deputy Director, Anne Arundel County Department of Social Services, Annapolis, Maryland

"CHANGING THE CULTURE OF WELFARE AT THE LOCAL LEVEL"

My name is Vesta Kimble. I am the Deputy Director of Social Services for Anne Arundel County, Maryland. Thank you for the opportunity to testify today.

The Anne Arundel County Department of Social Services is a local office of the Maryland Department of Human Resources. Three years ago, our local office changed the culture of welfare—under the AFDC program—without any State legislation, without any Federal waivers, without additional staff and without an additional allocation of funds.

We simply began doing business in a different way—transforming ourselves from an impersonal, forms-laden bureaucracy into a professional Job Center that offers customized employment services for *any* County resident.

Services On-Site, Free-of-Charge

The Job Center is open Monday through Friday, 8 AM to 5 PM, for walk-in service. No appointments are necessary.

We offer many employment services, on-site, free of charge: employment assessments, local job listings, job fairs, targeted hiring, resume computers, phones for calling employers, occupational training, micro-enterprise development, and a Job Club for those who need more intensive services.

We also offer employment-related services on-site, free of charge: career clothing vouchers, transportation subsidies, child care vouchers, on-site child care, instruction in Earned Income Credit, GED preparation classes and GED testing, English as a Second Language classes, and even an alternative high school for teen mothers.

In addition, we offer other family services, on-site, free of charge: child support services, immunizations, WIC clinics, Healthy Teens clinics, and even a summer camp and after-school club for school-age children.

All of these services, in tandem, have helped us achieve a 66 percent reduction in the number of able-bodied TANF recipients, and have helped to keep our recidivism rate to under 10 percent.

Management by Objective

We did not engage in a lengthy planning process before we began reforming the AFDC program in our local office. Rather, we chose to begin with a few strategies that seemed to work in a few other offices that we had visited around the country.

Specifically, from Portland, Oregon, we learned about up-front job search coupled with child care subsidies for any AFDC applicant, not just for AFDC recipients. From Minneapolis, Minnesota, we learned about on-site child care in the social services office. From Riverside County, California, and Kenosha, Wisconsin, we learned about the importance of professional environments.

Unlike these other offices, however, we chose to develop a team of specialists—child care staff, child support staff, job counselors and caseworkers—and presented them with a set of objectives for the year, judging their performance as a group.

Team members had free reign to design and experiment with strategies to achieve four specific expectations that first year: 1) reduce our County's AFDC caseload 3 percentage points faster than the other major metropolitan counties; 2) double the number of job placements when compared to the Private Industry Council agency's number from the previous year; 3) divert as many families from applying for cash assistance as possible by providing other services up-front; and, 4) keep as many employed parents as possible from coming back into the AFDC caseload within six months of employment.

The success of the team approach that first year was evident in the results: the team *quadrupled* the number of job placements, decreased the caseload faster than other counties by 12 percentage points, and kept recidivism to 10 percent. Up-front child care and transportation subsidies helped to divert hundreds of would-be AFDC applicants that first year.

A formal cost-benefit analysis, conducted by the University of Maryland, concluded that every $1 invested in the Job Center and its services, yielded $2.70 in public program savings—money not paid out in AFDC, Food Stamps and Medicaid.

We received designation as a pilot site for a U.S. Department of Health & Human Services program called "Changing the Culture of Welfare." At times, we had to hide behind that designation in order to protect our staff-directed local reforms both from those who sought to preserve the stigmatizing system of welfare, and from those who sought "one-size-fits-all" welfare reform at the State level.

There were no special permissions or financial incentives granted to our staff from the headquarters office in Baltimore, and there was no escape from the "welfare-like" salaries for caseworkers and supervisors ($17,900 annual salary for a caseworker with a college degree).

Instead, the only rewards for staff were the authority and freedom they had to make changes in welfare as they knew it. For example, a renegade group of four caseworkers attacked the stack of State forms and the State's 14-page benefits application form, reducing them all to a one-page Assessment Form with additional information able to be input directly into a local data base designed in-house specifically to suit their needs. With this new freedom, the teams also identified several key operational needs: for transportation strategies; for training (in Earned Income Credit and domestic violence awareness); and, for a Job Developer to serve as a liaison to all the local employers who flooded the Job Center with job orders.

National Attention

This led to the development of three national models:

• A curriculum for training front-line workers in *Domestic Violence Awareness*, whose development was funded by a grant from the U.S. Department of Health and Human Services' Administration for Children and Families. This training protocol is now helping other jurisdictions implement the Wellstone-Murray provisions of Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA).

• The *AdVANtage* transportation program, which transforms welfare recipients into van company owners who help transport other Job Center customers on job search and to and from work. This strategy was funded by a grant from the Community Transportation Association of America, which operates a demonstration grant program for the U.S. Department of Transportation's Federal Transit Administration.

• The *Wheels for Work* program, which Anne Arundel County Executive John Gary created in 1995, to help welfare recipients purchase surplus County government vehicles that otherwise would have been auctioned off for a very low return.

These and other strategies have attracted national media attention. TIME magazine, CNN and *The Washington Post* have highlighted the Job Center as a national model, and because of the media attention, more than 500 visitors from local, State, Federal and national (for-profit and non-profit) organizations have toured the Job Center in an effort to learn *how* it has accomplished its objectives—in other words, to pick our brains.

Most visitors are surprised to learn that the Job Center is run by State government employees—not some local, private company or national, for-profit contractor. Our usual retort is to be equally surprised at our visitors' amazement that government workers *can* and *do* operate an efficient, effective, business-like entity. We further assert that it is better for the government to operate such a facility because it can easily shift its objectives as customers' needs dictate, and not be burdened with lengthy and costly contract modifications. Moreover, it is better in the long run, because the social services agency can also carefully track whatever effect welfare reform might have on the foster care caseload. Notably, the foster care caseload in our County has *decreased* steadily during the past five years, while the rest of the State's caseloads have increased. Again, effective management was the key.

Outcomes that Matter

Ever since that first magical year, the Job Center's strategies and its objectives have continued to evolve. In 1996, we established a second Job Center, in our other district office, and decided to open both Job Centers to the general public, in order to remove the stigma of welfare, and to mainstream our recipients with other unemployed County residents.

Diversion is now one of *the* principal objectives. As Chart 1 indicates, in September and October 1997, 3,666 County residents used the Job Centers. More than 2,300 of them were interviewed by Job Counselors, yet only 417 applied for cash assistance, and only 194 of those actually had their cash assistance cases activated.

Recently, we began our boldest initiative to date—to help *any* under-employed County resident get a better job—one that pays at least eight dollars and fifteen cents per hour and has health benefits.

By far the most challenging of our customers are those who are working, but whose wages are so low that they continue to qualify for, and choose to receive, TANF. Their partial monthly cash assistance grant is usually under $100; nevertheless, each month's grant still counts toward their lifetime limit of 60 months. *This* group of recipients represents a different type of "hard-core" population because it is difficult to persuade them to close their cases voluntarily, or to seek training to get better jobs while they are also working. Some of them, quite frankly, do not believe the 60-month lifetime limit will ever be imposed.

Even though PRWORA allows us to claim victory for a high "participation rate," we cannot and should not rest on our laurels. Our goal, you see, is to reduce poverty, not merely reduce welfare dependency. The outcomes we focus on now are broader than the PRWORA or "Welfare-to-Work" formula grant programs. We seek to achieve:

- Not merely job placements, but prevention of recidivism;
- Not merely employment, but employment in living-wage jobs that just might survive the next economic downturn;
- Not merely employment for those who are "mandatory" for work activities, but resources to assist even those who are statutorily exempt from work requirements but who want to work, and need to work, just to stay above the poverty level (such as disabled parents and parents of disabled children);
- Not merely services for TANF-eligible parents, but services for *all* low-income individuals who seek our assistance—in finding a job, and finding affordable child care, health care, transportation and training for a better job.

We seek to address these broader outcomes largely *in spite* of existing Federal and State programs, which recently have created some operating flexibility for local programs, but still rely on "one-size-fits-all," restrictive, categorical funding.

For example, as Chart 2 shows, the TANF grant and Food Stamps together do not provide enough income to meet the Federal Poverty Level. Clearly, in Maryland, work pays more than welfare. However, there are few incentives to strive for a better-paying job. Gains in wages *decrease* overall household income for a mother with one child because of the loss of Food Stamps benefits and the loss of eligibility for child care subsidies. Sadly, if this low-income mother has another baby, then the State will pay child care subsidies for *both* children. This message, of course, is counter to every common-sense notion in *anyone's* version of welfare reform. Yet, the Federal rules associated with these funds limit her options.

We would prefer not to turn away low-income residents simply because we cannot fit them into a particular funding category. Those who today are living on the edge of poverty will tomorrow most likely spiral down to a level that will qualify them for services. *Now* is the time to address the needs of all low-income families.

Although our TANF caseload has decreased markedly, our caseloads overall have *not* decreased. In fact, they have increased slightly, from 20,175 cases in 1995, to 20,467 in 1998, as is shown in Chart 3. Nearly every TANF case we close remains open for Food Stamps and Medicaid. Nearly every would-be TANF applicant that we divert up-front, applies for, and receives, Food Stamps and Medicaid, if only for the children.

At the present time, neither the Federal government nor the State government measure the diversion activity that occurs on the front lines. Because it is not measured, it is also not funded. We look forward to a day when our staff and other resources are allocated, not based on the number of cases we have under care in the cash assistance caseload, but rather, based on the services we provide to the low-income residents in our County and the outcomes associated with those services.

I'd be happy to answer any questions I can, and I will defer to the experts—my staff—on questions that I cannot answer. Accompanying me today are: Christine Bonds, Child Support Worker; Juana Chapman, Job Counselor; and Angela Coleman, Caseworker. All of them are from the Annapolis Job Center.

Thank you very much.

The Job Center

Customers walk in the door

▼

Drop off children at the on-site child care center

▼

Fill out a one-page Assessment Form

▼

Interview with Child Support Worker/Court Paralegal

Identify any needs regarding child support: paternity, establishment of order, modification of existing order, enforcement of existing order, discussion about "good cause" reasons for not filing for child support

▼

Interview with Job Counselor

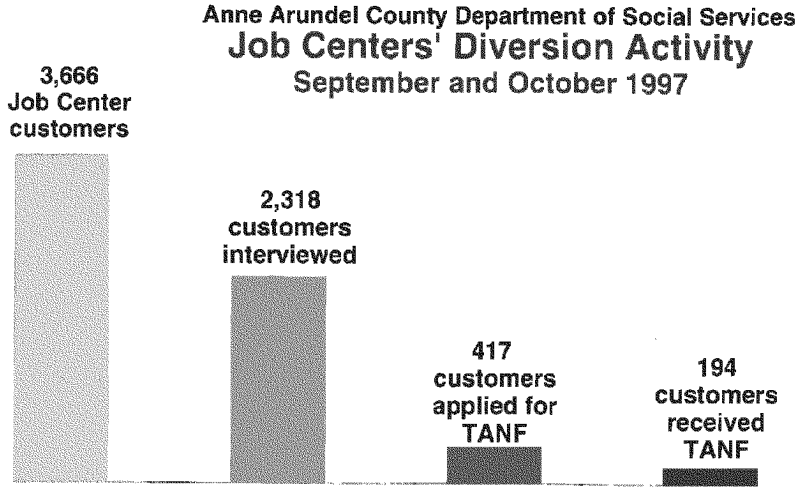
Domestic violence screening, substance abuse screening, employment assessment, enrollment in Up-front Job Search, child care vouchers, transportation subsidies, resume assistance, job leads, occupational training opportunities, referrals to other on-site services (Job Club, GED preparation classes, ESL classes, WIC and Public Health Nurse, and social workers)

▼

Interview with Caseworker

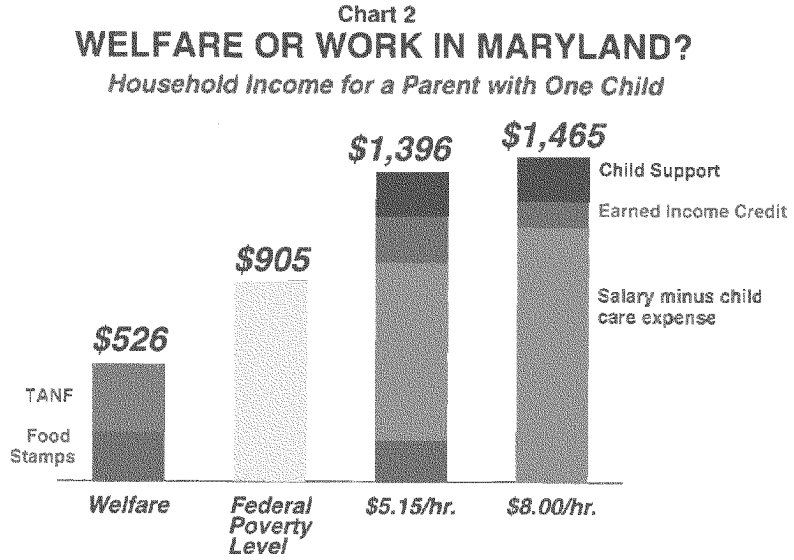
Welfare Avoidance Grant, Medicaid, Food Stamps, and TANF (if customers are still in need of cash)

Chart 1



Source: Anne Arundel Co. DSS Job Center Automated System reports

Chart 2

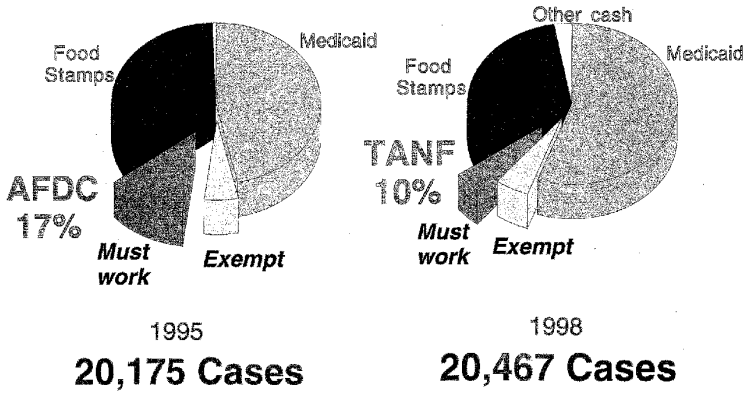


Source: Anne Arundel County (MD) Department of Social Services, 1998

Chart 3

Anne Arundel County Department of Social Services

Caseloads Pre- and Post-Welfare Reform



Source: Maryland Department of Human Resources, 1995, 1998 Management Reports

[The official Committee record contains additional material here.]

Mr. COLLINS. Thank you. We're glad to have your staff here, also. Mr. Mora.

STATEMENT OF FRANK MORA, GAIN SERVICES/JOB DEVELOPMENT SUPERVISOR, LOS ANGELES COUNTY DEPARTMENT OF PUBLIC SOCIAL SERVICES, RANCHO DOMINGUEZ, CALIFORNIA

Mr. MORA. Good morning. Mr. Chairman, Members of this Subcommittee, thank you for inviting me here on behalf of Los Angeles County.

We have jobs, OK, I want to start with that. On behalf of Los Angeles County, I have 17 staff members that work with me, job developers. My name, again, is Frank Mora. I'm a supervisor. What I do, basically, I talk to 50 to 60 employers a week.

I understand what employers want, I bring it back to my staff, and I relay this to my clients. The process to becoming employed is understanding the process of getting a job, what you need to do, and applications, and so on, including the interview.

I bring all the resources together in our region, meaning from the housing industry, EDD, to job services, to JTPA and so on, to make sure that our clients who become employed can go on and get the training they deserve.

Our 17 job developers, we average approximately 325 participants per week that we see. Of the 325 we see every week, we put them into a job pool, what we call a labor market job pool, a computerized system, that we can become somewhat like a temp agency. We're catering to employers. When they call us, we can call people, motivate people within 24 hours, and fill employment.

Out of this pool, we need to identify the three groups we have. The first group on the labor market is the fast tracking client that doesn't need much, he can get out there and work and get going. This kind of client is very successful. Anybody can do it, there's nothing to it.

The second group is the tough one. It's the person who has not worked in the last 3 years or has been out of work even 10 or 12 years. We need to find out and we need to recondition, we need to do some self-skill training, we need to establish the self-confidence, motivate the client so he or she can get into the employment force. And we're doing that quite successfully. I'm talking about quite successfully, $6 an hour. That's very good.

The third group that we have is the one I pride the most, because this is where the welfare starts, is the teen parent. This is where the problem begins, folks, and gets out of control. We're talking about keeping families together, we're talking about talking to young people, 19, 20 years old, and counseling them and keeping them together, and to employment and completing their education.

Let me describe to you one case that I have, that touched me, and this is what's going on. I'm telling you what's happening right now in the trenches.

Last September I had a gentleman by the name of David. He's 20 years old. He came to see me. He came to see our job development staff, and we noticed that he was ready for employment. We screened him. This guy can get out there in the market, he can start work right now.

So consequently, I told David, David, I'm giving you an appointment with me next week at 2 o'clock on Tuesday, see me, I'm going to talk to several employers, that's what I do for a living, and I'm going to get you some interviews. I want to see you in my office at 2 o'clock next week, so I can get you ready to go within 48 hours.

The following Tuesday came and David didn't show up. I'm a very intense job developer. And what happened was, we made a house call. Because I made a commitment to an employer that I found that wanted to see the guy. He wanted to see this guy within 48 hours, because he wanted to give him a job, interview him, see what he's made of.

I went to see David. He lived in a not very good area of Long Beach. I took a job developer with me over there, for safety reasons, two together. When we were outside, we noticed that there were some gang members that were buzzing around us on bicycles. My job developer became very concerned. I told her, don't worry, I'll take care of this right now.

When David came out, I said, David, where were you? You had an appointment with me at 2 o'clock. I see there are some safety reasons here. I want to see you in my office this afternoon at 2 o'clock. If you really mean it, and you really want to go to work, and you have a wife, you told me you do, with two little babies upstairs, I want to see you this afternoon at 2 o'clock.

At 2 o'clock, David came to see me. When David came to see me, I told David, David, we need to be responsible. David, we have a family that we need to keep together and you want to provide for, and two little babies. He opened up to me. He told me what the problem was and so on.

I made an appointment with the housing authority in Los Angeles County to bring their resources together with him, because obviously, for him to work and perform, he needs safety. He needs to live in a place that will enable him to come back and forth and feel safe with his family.

I told David, David, I got you the interview with Delco Machine Shop in Long Beach. You need to be there, that's your first responsibility, then you need to go see the housing authority, and everything's going to work out, we're going to give you the 100-percent effort. If you're giving us 100 percent, we're going to give you 100 percent.

David told me his wife was concerned, she didn't want to be alone and so on. I told David, relax, go to the interview on Thursday. David went to the interview on Thursday, Delco Machine. Saram Graham called me back from Delco Machine in Long Beach. She told me, you've got an outstanding client here. He can go to work, I don't see why not. He can be a warehouseman.

I told David, I said, David, you got yourself a job at $7 an hour. So David came to me, he told me, Mr. Mora, I still need some place to go where there's housing that I can feel safe. I called into the housing authority and I told Linda that David was coming over.

As far as I saw, there was an effort from David coming to me that was going to allow him to become employed and give his family a chance to stay together. This is very important to us. This is not written policy, but it's common sense. If we're going to make it together, we have to maintain the family together.

David became employed. He got a job at Delco Machine. David went to the housing authority. He moved. He got a better house, a better place to live.

Three months after David was employed at Delco Machine, I called Saram Graham, Delco, and I said, Saram, you wanted to talk to me about maybe possibly sending David to training while he's still working. So Saram told me, Yes, we can do that, but I need to find out the school.

I called Long Beach City College. We got the community college, we're bringing resources together here so we can do something to keep a family together. It makes sense.

Long Beach City College told me, that's fine, we can do it. And I can tell you right now, sir, that David is going to Long Beach City College. When he completes machine shop operator, while he's making $7 an hour, still working, he's going to be making $15 an hour upon graduation.

His wife is completing her GED under Cal-Learn, the State of California has allowed that. She graduates in June. I will make sure that she gets proper guidance and employment. And I'm talking about a family here, keeping it together, that she's going to be making probably $7 to $8 an hour in customer service.

We're talking about maintaining a household together.

[The prepared statement and attachments follow:]

Statement of Frank Mora, GAIN Services/Job Development Supervisor, Los Angeles County Department of Public Social Services, Rancho Dominguez, California

Mr. Chairman and members of the subcommittee, thank you for inviting me to testify on the Los Angeles County Department of Public Social Services (DPSS)

Greater Avenues for Independence (GAIN) program's job development efforts. As far as welfare to work is concerned, as a GAIN service/job developer supervisor, I am "where the rubber meets the road."

Special acknowledgment must go to our leaders in Los Angeles County. Their vision of the program has allowed us the opportunity to excel. Our entire staff also shares in the dedication that has enabled us to fast-track welfare recipients into the workforce.

I am here to talk to you about DPSS California Work Opportunities and Responsibilities for Kids (CalWORKs) program's job development component. I service welfare recipients who are at different stages within the GAIN program. My unit provides job development services. Job development consists of a job creation process for job ready welfare recipients who need assistance in entering the job market.

I will describe to you my typical experiences in the trenches. I supervise thirteen (13) GAIN service workers and one (1) clerk engaged in developing jobs for the South Los Angeles County GAIN Region service area. Job development however is a countywide effort that is taking place in five (5) regional offices.

A job developer is a self-motivated individual who will be responsible for understanding employer's needs. He/she is the liaison between the employer and the welfare participant. Employers perceive job developers as genuine and honest individuals who the employer can rely on and trust. Employers range from mom-and-pops operations, to small, medium and large businesses.

The job development responsibilities impress employers and allow for a successful relationship with the employers. Employers value our providing screening, short-term training, employment tracking and post-employment counseling to participants. Consistent attention to all these components impress our employers and make our program successful.

Screening consists of assessing whether or not our participants are job-ready and able to enter the job market and/or are suitable for this employer. The screening focuses on work history, skills, education and conditioning habits that are conducive or non-conducive toward the work environment.

In Los Angeles County, we provide our employers the assurance that every participant who we refer to them meets the legal immigration status required for employment. Employers find in our participants a diverse prospective employee pool, with different skill levels, rich multicultural and language backgrounds.

Another asset of our program that has impressed our employers is our participation in forming short-term training programs that help to meet the employers' current job demands. For example, a fork-lift program can be done in one (1) week through a community college, provided the participant has some previous warehouse experience. The forklift training has led to immediate employment at an average pay of seven dollars and fifty cents ($7.50) per hour. The certified nurse assistance (CNA) short-term training emphasizes acute care and can be done in eight (8) weeks. Our CNAs average earnings of nine dollars and sixty-eight cents ($9.68) per hour with benefits. Normally a CNA training used to take six (6) months long and the forklift training used to be one (1) month. The beauty of the short-term training programs is that they were done with private sector participation. There are other short-term training programs that are available such as welding, landscaping, and customer service.

Employers are also impressed with our employment tracking that enables them to evaluate our retention rates and to predict trends in retention and growth.

Post employment counseling is the final service in the job development process offered to our participants. We give participants essential information for their understanding about available transitional supportive services such as child care and Medical (Medicaid).

Employee mentoring occurs as participants and job developers continue to nurture the relationship and the credibility with employers.

The job development services enable our employers to make a connection with our participants before, during, and after participants enter the workforce. The flexibility that Los Angeles County has provided job developers in guiding our participants toward employment has left a positive impression with our employers. A single job developer is perceived as a reflection of the whole organization. Employers perceive that this can be a "no-nonsense" approach, meaning less paperwork and more measurable results. We continue to nurture the relationship with employers through follow-ups, swiftly addressing their trends and employment needs. This is a beneficial relationship where employers get "a bigger bang for the buck" while we move welfare recipients into the workforce.

Having addressed the relationship with our employers, I would like to address the relationship that our job developers build with participants.

Job developers identify participants as either (1) job ready, (2) as needing additional case management, or (3) as needing to complete basic education activities. Job ready means participants can be fast-tracked into employment. Job developers work one-on-one with participants who need additional case management in order to be "reconditioned" to enter the job market. These participants usually have some work history and may have been out of work for more than three (3) years. Participants must have a broad view of the job market to be successful in getting hired and keeping the job. Lastly, the third group of participants require basic education to be successful. They may be functionally illiterate in their own language. These participants will be encouraged to attend basic education classes with a vocational focus. They will also be encouraged to take an entry level part-time job if one can be found for them. If the participant is a teen, and already in school, he/she will be encouraged to stay on track to complete his/her high-school diploma or equivalent degree.

Participants value our workshops and one-on-one servicing on resume preparation services, faxing resumes to employers, typing tests, dressing for success, and referral to private and public employment agencies. Most of all, participants value the job leads and personal contacts. It is during the job interview where participants "put it all together." For participants, this is "where the rubber meets the road." Once offered the job, participants gain reassurance to maintain self-sufficiency through exit interviews and mentoring with the job developer and when they see the job developer continue a relationship with the employer. If the participant does not get the job, we duplicate the process again and again until we succeed or until more information becomes available to assist us in removing the participant's employment barriers.

Challenges exist. Employment does bring other issues to the surface such as dependable and quality child care, and reliable transportation. There are some very basic changes the participants may have to make such as personal hygiene and grooming habits, their concept of appropriate business attire and soft-skills needed to maintain employment. Such soft-skills may include: getting to work on time, being reliable, being a self-starter, following instructions and being a cooperative team player. Other challenges include such things as language barriers, the ability to read written instructions, etc. Substance abuse, credit record setbacks and/or convictions require a managed and an honest approach with the employer in helping the participant find employment. On the other hand, we do not ask or expect employers to lower their standards for our participants. We ask and expect of our participants to rise to the employer's standards. We strive to solve problems before the participant gets hired. That way, the problem the participant faces does not become a barrier to getting employment.

In conclusion Mr. Chairman, our young CalWORKs program has developed into a successful model for welfare to work. It offers more open participation from all players involved—public and private. It uses innovation to the fullest and keeps up with demands as they occur. In summary, I want to emphasize that success in our program lies in making our participants and our employers the central and most important elements in our process. Our success occurs when the participant and the employer find a common ground.

Attachments

Employers Who Hire Significant Number of Participants

Employer	Address
Carl's Jr. Restaurant	16229 Paramount Boulevard, Paramount, CA 90723
Chief Auto Parts, ATTN: Vicky Demas.	5400 LBJ Parkway Suite 200, Dallas, TX 75240
Daniel Freeman Hospital	333 N. Prairie Avenue, Inglewood, CA 90301
Franklin Brass Mfg. Co.	19914 Via Baron Rancho, Dominguez, CA 90220
Helpmates	13221 South Street, Cerritos, CA 90703
Helpmates	2780 Skypark Drive/Suite 115, Torrance, CA 90505
Kaiser Permanente	9333 E. Rosecrans Avenue, Bellflower, CA 90706
Little Company of Mary	4101 Torrance Boulevard, Torrance, CA 90503
Microdyne	23610 Telo Avenue, Torrance, CA 90505
Saint Mary's Medical Center	1050 Linden Avenue, Long Beach, CA 90813
Sears (Carson/Torrance)	22100 Hawthorne Boulevard, Torrance, CA 90503
St. Francis Medical Center	3630 E. Imperial Highway, Lynwood, CA 90602
Torrance Memorial Medical Center	824 E. Carson Street, Carson, CA 90745

Employers Who Hire Significant Number of Participants—Continued

Employer	Address
United Airlines	5970 Avion Drive, Los Angeles, CA 90045
Volt Temp	3655 Torrance Boulevard, Torrance, CA 90503

Other Private and Public Agencies Who Partner With South County Gain Region

Agency	Address	Type of Partnership
Job Training Partnership Act (JTPA). Contact: Thelma Coles	7655 S. Center Avenue Los Angeles, CA 90001	Job Fairs
Los Angeles District 22d Contact: Rudy Svorinich, Jr.	461 W. 6th Street, Ste. 302 San Pedro, CA 90731	Job Fairs in South Bay Area
Compton Career & Human Services Center	700 N. Bullis Road Compton, CA 90221	Employment Placement
State of California Employment Development Department (EDD) Contact: Sharon La Floer	1220 Engracia Avenue Torrance, CA 90501	Employment Placement
Larson Training Center Contact: James Griffith	637 E. Albertoni Street, Ste. 100 Carson, CA 90746	Job Fairs
Hub Cities Consortium Contact: Joe Martinez	5610 Pacific Boulevard Huntington Park, CA 90255	Soft Skills Training
California State University Long Beach, CA 90840 Contact: Sigmud Jacoby	1250 Bellflower Boulevard Long Beach, CA 90840	Certified Nurse Assistant Training
Carson Community Center Contact: Pete Fajardo	3 Civic Plaza Carson, CA 90745	Job Fairs
Long Beach City College Contact: Jim Martois	1305 E. Pacific Coast Hwy Long Beach, CA 90806	Forklift Training and Certified Nurse Assistant Training

Mr. COLLINS. Mr. Mora, we're out of time, sir. That's a good story, though, it's a good success story.

Let me ask you a question about that. How are other participants, what is their attitude? This is one case. On the scale, since we passed the welfare reform, how has it affected the other participants in your area?

Mr. MORA. I'd probably have a heart attack telling you some stories that——

Mr. COLLINS. We don't have time for individual stories. Has it been positive, negative?

Mr. MORA. Very positive. The overwhelming turnout from our participants, it's incredible. I mean, they want to go to work, sir. It's just us coming up with the manpower.

Mr. COLLINS. Well, that's good. It's good to hear that.

Ms. Kimble, how does the 1996 welfare reform law support the changes that Anne Arundel County made at the local level, and are there continued Federal barriers to the changes that you still want to make, and if so, what would you suggest we do?

Ms. KIMBLE. Well, it's clear that some of the provisions of the PRWORA have assisted us. For instance, in Maryland we already passed a welfare reform bill expecting that PRWORA would be enacted. I don't know if we're the only State, but I think we're one

of the few States that said, whatever State money is put in, we're going to keep those funds in the budget, so that whatever savings accrue during the year, we will plow those back into the programs. And in fact, 45 percent of those savings go back to the local jurisdictions that generated them.

So we've had a wonderful, really a windfall of funding to be able to plow back into training programs and replicate the job center. We now have that additional money. Hopefully, that will continue. That is, of course, only a State option.

Changes I would love to see, I was unfortunately a little bit unhappy about the welfare-to-work legislation. Because it was so restrictive about who we could serve with that funding, and how the funding was even allocated. So it's only particular people within the caseload who even qualify to get some of that funding. And categorically funded programs are just so difficult to operate, especially when you have a job center that you want to open to the public, to try to remove the stigma.

So really, taking the categorical chains away from all the funding and just saying, "Here is your money. What is it that you want to do? Demonstrate with outcomes, not merely participation rates." Quite frankly, the participation rates aren't helping our people. They allow us to claim victory by saying, a certain percentage of our welfare caseload is participating.

But those people are still "on the clock," and the clock is ticking away. So we look at that as a failure, not a success.

Mr. COLLINS. Very good.

Ms. Rogers, tell us more about having to advertise for people in Milwaukee. It's kind of unusual, isn't it?

Ms. ROGERS. Well, we believe that the way to really help people in the broader sense of the community become self-sufficient is to reach out and let them know that we have services available to support them in work, child care, transportation, case management, those kinds of assistance. And under the umbrella of a job center, so that it doesn't carry the stigma of welfare.

And that is an education and a cultural change that takes time. We have competitive agencies, meaning they have contracts that are based on competition, and they can earn profit. So for these agencies to be spending what amounts to hundreds of thousands of dollars advertising services, I think, puts a very strong comment on how committed they are to helping the community and not just pocketing savings.

Mr. COLLINS. Has this been a result of the drastic drop in the number of cases, the success of your program has led to the point that you have fewer participants?

Ms. ROGERS. In a sense. Resulting from the fact that we realized that we have the increased flexibility to be able to reach out to the larger community. It was also a commitment from the very beginning as well, because we want to establish an environment in which the noncustodial parent can come to the door for help, too, in hopes that we can build a more traditional family support system. That will take some time.

Mr. COLLINS. Very good.

Mr. Levin.

Mr. LEVIN. Thank you.

Mr. Winstead, let me be sure we understand the figures in your testimony. On the first page, you talk about the month prior to the implementation of WAGES, 200,000 families, and now the caseload is, as of March, was 110,000. Then you referred to employment figures.

Do you know what percentage of those who have left the rolls are now working?

Mr. WINSTEAD. I don't know the precise number of those that have left the roles that are now working. Our followups show it's over 50 percent. But of course, there are some people who don't report to us that they're leaving because of employment. They call up and ask that their benefits be terminated, or they don't come in for their redetermination.

And we don't have information about how many of those are working. Some of the followups we've done, we have indications that many of them are, but I don't have the precise percentage.

Mr. LEVIN. Is the State tracking current recipients and former public assistance recipients?

Mr. WINSTEAD. Yes, sir. We set up in essence a data warehouse where we're using the unemployment wage information, so that we can track longitudinally what happens to people who have left welfare.

Mr. LEVIN. So let me then ask you, Ms. Rogers, about your figures. The chart about the caseload reduction for the State. Has the State of Wisconsin been tracking what happens to those who leave AFDC or TANF?

Ms. ROGERS. Two things. First of all, what we do have and have had in place for several years is the ability to look at what we call status codes, why a case closes. One of those codes has to do with what's called excess income. About 75 percent of our reported closures are as a result of excess income. And excess income is driven by, largely, income, meaning earned income. In part, a small part, it's child support as well that could be part of excess income. About 75 percent is that.

Another thing that we're doing is working very hard to build a data warehouse so that we can track into the future against wage records the kind of information that you and we are looking so much for. Part of the problem in the past, and why we haven't been able to do that immediately in these new programs is because the old systems were designed simply to meet the Federal reporting requirements.

That's all that was in place before. Now we have to track a larger set of data, and it takes time to build those programs onto systems that really weren't designed to do it in the first place. We expect that we will have our first capability in July, with reports coming quarterly thereafter.

Mr. LEVIN. So your information is that a decrease from 98,000 to 14,000 is not a static figure. Taking those figures into account, about 75 percent of the reduction involves income from one source or another, correct?

Ms. ROGERS. That's our best estimate, based on the data we have.

Mr. LEVIN. Mr. Winstead, are you going to have a system in place soon? When do you expect your system will be up and running?

Mr. WINSTEAD. Yes, sir, we have the system in place now. We have built on a system that was originally put in place in our Department of Education to follow or develop outcome measures from vocational education and adult education programs. So we're partnering with them to enhance their capability to track what happens to people who leave welfare.

Mr. LEVIN. Ms. Rogers, on the second to last page of your testimony, there's a reference to the number of people who have a GED. It appears that those with a diploma have been placed more readily than those without.

Ms. ROGERS. It would appear, from looking at what percentage of the caseload has achieved that, that those are the easier folks to help find jobs.

Mr. LEVIN. Right.

Ms. ROGERS. We have a more difficult time with both the education and the broader aspects of readiness for the work force with the remainder.

Mr. LEVIN. I want to say to you, Ms. Kimble, it's a factor like that that caused us to try to focus the $3 billion welfare-to-work program. We wanted to provide the States with some additional resources for the harder-to-place recipient. We didn't want States to simply work with those who are easy to place or easier to place or help place.

So if you would look at testimony like from Ms. Rogers and other data that you perhaps have, I think you can understand, we weren't trying to tie hands, we were trying to focus resources. Because there's so much flexibility with the rest of the money, total flexibility.

Mr. COLLINS. Thank you.

Mr. Shaw.

Chairman SHAW. Thank you, Mr. Chairman.

Mr. Winstead, I enjoyed visiting with you and the Governor down in Florida and listening to the success of the Florida plan and how far you've come.

I'd like to direct your attention to the attachment to your testimony entitled WAGES Monthly Flash Report. On the total assistance expenditures, you show your baseline for the month of September 1996 of $53 million. We come over to the monthly report for March 1998, and we find that it's only about 66 percent of the baseline.

Would you explain that to me, and what happens to the surplus?

Mr. WINSTEAD. Yes, sir. As you noted, in September 1996, we were spending slightly over $53 million a month in welfare payments. And this month, in March, about $30 million, so that's a difference of about $23 million a month in terms of the savings.

What we've done in Florida is really three things with the savings. First of all, used a considerable portion of it to fund child care expenses. We have transferred, last year we transferred some $70 million. In addition, to that $70 million, the Governor has proposed an additional $80 million, over $80 million, closer to $85 million, in terms of child care expenditures in the coming budget year.

We've also used those savings to establish our work supports. We've significantly expanded our focus on employment support services, and so forth. Then we've also used a portion of the savings to establish a welfare reform rainy day fund, a reserve. Because we're very fearful of what the effect could be on our State should we experience an economic downturn. We wanted to use the fact that you've made those funds available without fiscal year limitation, gives us the opportunity to establish some reserve and we think that's prudent.

Chairman SHAW. Thank you. Other Members will remember that this was something that was very important to welfare reform, and that is, giving the States flexibility to do precisely that. You spoke of, if we have an economic downturn. I think Mr. Levin expressed the possibility of something. I think we all know, however, that economic downturn is a certainty. It's just a matter of when. And I congratulate you for doing that and setting up that rainy day fund.

I'd like to get into just one other area with you, because the Governor was very supportive of what I as Chairman tried to do last year, and that is, the possibility, worrying about the possibility of the impact of the Fair Labor Standards Act. Could you tell us, what impact would that have on the Florida program? I know that the Governors all across this country, on both sides of the aisle, have expressed concern about this.

Mr. WINSTEAD. Right. We're very concerned, and have been very concerned, about the potential impact. And it takes several forms. First of all, we were concerned about nonprofit organizations and governmental agencies even being reluctant, and particularly, State, local, and civic organizations and governments being reluctant to work with us, because of unknown liability, how this would affect unemployment compensation, how this would affect other liabilities.

In Florida, we did pass into State law a provision that said in terms of workers compensation that the State would be responsible for workers compensation. We also passed in State law a provision that said people assigned to work experience that we would use a calculation based on their cash assistance and food stamps divided by the minimum wage in terms of adjusting the hours. So those were not issues for us.

The concern that the Governor expressed to you that was a particular concern was the effect of other labor-related laws or payroll taxes on welfare recipients. Questions like, would we be required to withhold 7.65 percent from the cash assistance and food stamp benefits of recipients as a "payroll tax" if they were assigned to work experience. That would constitute one of the largest reductions in welfare benefits in the history of our State, and that's something that was very much a concern.

Chairman SHAW. There's a concern of sending out the wrong message, too, because in listening to all of these witnesses on this panel, it's very obvious that you've turned this whole thing around to showing that work pays and that work is much better than welfare.

I'm very, very impressed by this entire panel. We certainly don't want to see that all of a sudden, when someone has to work for

their benefits, that their paycheck is less than their benefit. That's sending out all the wrong messages.

I thank you all for your very fine testimony. And thank you for the good work that your States are doing.

Thank you, Mr. Chairman.

Mr. COLLINS. Thank you, Mr. Chairman.

Mr. Robert Matsui, Congressman from California, is recognized.

Mr. MATSUI. I thank the gentleman from Georgia.

I want to thank, first of all, both the Majority and the Minority staff and the Ranking Member and the Chair. Because I think this panel is an excellent panel, and I really appreciate the fact that there are a wide variety of views here, which I think is very, very important for us as we try to understand this program and obviously how adjustments could be made to it in future years. I just think it's an excellent panel.

I'd like to commend you, Ms. Kimble, because you saw the problem back in 1993, 1994, and you made those adjustments under the 1988 act, and you didn't even ask for a waiver. You just went ahead and did it. It shows the kind of leadership that's required to make a program work.

I think your concept of perhaps looking for some flexibility in the work program, training program, might be something we may want to look at in future years. I know the theory behind it was not to skim the cream, but I think we need to maybe even go beyond it. I see Mr. Mora even acknowledging that. I think it's probably something we need to look at.

I'd like to ask Mr. Winstead a question, a followup to Mr. Levin. You said about 50 percent, I'm trying to quote you here, it says, there's an indication that 50 percent are working, is that right, or a little over 50 percent?

Mr. WINSTEAD. Over 50 percent.

Mr. MATSUI. When you say over 50, like 55 or 52, or 51, 60 percent maybe, 70 percent? You don't have any statistics, this is anecdotal, like Olivia Golden testified, right, your feeling about things?

Mr. WINSTEAD. No, sir. I'm trying to recall, and I don't recall the specific percent from our demonstration program that we began under waiver, where we had half of the group randomly assigned to a control group, and half randomly assigned to the program, and what the experience was with the followup done by the Manpower Demonstration Research Corp.

Mr. MATSUI. I have a 1996 green book here. You probably know these numbers, but it states on page 500, most episodes of AFDC enrollment end within 12 months, but of those who exit, many come back after 24 months. Statistically, I recall, in fact we've had these numbers for years and years, that the first 12 months, about 70 percent of the recipients go off of welfare. They get married, they get jobs, some of them go on disability, I think 2 percent go on disability. Seven percent move.

So we know that 70 percent go off, it's the 30 percent that everybody was always concerned about. The problem is that many of the 70 percent went back on, because they get divorced, they lost their job, or they quit their job because they lost their Medicaid benefits. So your numbers are very similar to what these numbers were back in 1993 when these studies were being done.

So perhaps maybe over time you can do some kind of a study as to why this is happening. Why these numbers haven't really changed, even though we have this wonderful, healthy economy, the most healthy economy we've had in a generation. Is it because maybe there are impediments in the welfare law? Are the time limits hurting people? Are they creating more poverty?

These are the kinds of study and data that we need in order to really make a fundamental, very good faith decision. This program may be working wonders. But we shouldn't attempt to skirt it and make it that way if it in fact isn't. And we shouldn't try to make it bad if it really isn't, either. What we need is hard data, and data that doesn't try to obscure what we want to do.

And I appreciate the fact that you're doing a rainy day fund. But rainy day funds usually don't work that well. I remember back in 1982, in the height of our recession, that horrible recession, Members from Michigan, the Michigan unemployment department came to us and said, we have a rainy day fund, but it didn't work in terms of UI, unemployment benefits. So we had to do EB, extended benefit, Program, and a number of others.

And obviously, the Federal Government in those days tried to bail out, obviously, States and local government, of some of their problems. I don't know if we're going to be able to do that in this case if we hit a recession, because I think we have a compact with you.

And like you said, you're going to pay 100 percent of whatever the problem might be whenever that recession hits. And I think the Chairman is right, it may hit one of these days, hopefully not too soon.

I don't know if you have any comments on this, but let me say this. The success of this program isn't necessarily going to be measured when we have this wonderful economy. The success of this program is going to be measured when we're in a recession, a recession that goes on 1 year or 2 or maybe 2½ years, whatever the case may be.

That's when you determine whether a program is working or not working. Because that's when you decide whether or not you have people who are going to go into poverty, when people are hurting, when you create hardship for people.

And that's why this is a little artificial right now. I mean, I don't know of anybody that complains about anything right now. In fact, we're seen so wonderfully, Members of Congress, everybody is so high in popularity now. But that's because we have a great economy. So we shouldn't have these problems.

And I will say one final thing. And you can comment. One of the reasons Mr. Stark and I are intense about this issue, and we haven't had a chance to really talk about this, is because we do something to senior citizens like we did in 1996, AARP will be all over us, they'll be doing 150, 200 studies that will be commissioned by millions of dollars worth of consultants. They'll be shunting paper all over this institution, saying, you guys are screwing up, you guys aren't doing well, this bill needs to be changed in this way.

Children, kids in poverty and single women don't have that kind of lobby. And so some of us have to take that responsibility on. And

I hope all of you will as well, because you're in charge of this, and you need to make sure that if programs aren't working, you need to come back to us.

Mr. WINSTEAD. If I may respond, Mr. Chairman, a couple of points. First of all, one of the reasons that we are continuing, even though we have terminated our Federal waivers, because we didn't need them, we were able to do without waiver the things we were already doing in our program. But we continued the evaluation that we began under those waivers.

And Secretary Golden mentioned five States they were working with to measure the impact of welfare reform on the well-being of children. We are one of those five States, and we have continued that commitment, because we want to, now that we have a substantial number of people enrolled in our time limit demonstration, we think we have an opportunity to learn more about, now, what's the impact on the children in those families. Because that is a very important issue to us.

I work for a Governor for whom there is no higher priority than Florida's children. So that is the critical question. And I would agree that the economy has certainly helped us quite a bit, and I hope it continues. I hope that recession is a long way off. But I've administered these programs during recessionary times, and I know how difficult that can be.

I don't know if a rainy day fund will work for us, but particularly if we have a regional recession or a short-term recession or a recession that disproportionately affects our State, given our reliance on tourism and agriculture, then it's one consideration, and the fact that we do not have a State income tax, so that State funds are affected very quickly when you rely on sales tax receipts. It becomes very much an issue for us.

Mr. MATSUI. If I may, Mr. Chairman, I apologize, but I appreciate this. Let me just say this. I have a great deal of confidence and respect for you and Governor Chiles. You have been wonderful over the years, and I have no second thoughts about your commitment.

I'm just saying that there may be circumstances beyond your control. I was in local government before I came back here. And I have to say that when we hit a recession, and it was the difference between taking care of police and fire or children that are in poverty, it was easy to make that decision politically. You took care of police and fire. Because they had a constituency.

Obviously, at the State level, you have those same kind of competing priorities. And usually, the ones that can't squeak are the ones that lose out, and you know which group that is.

Mr. WINSTEAD. Yes, sir.

Mr. MATSUI. Thank you.

Mr. COLLINS. Mr. Coyne.

Mr. COYNE. Thank you, Mr. Chairman.

Mr. Winstead, the State of Florida has reduced its caseload by 45 percent since you implemented the WAGES effort.

Mr. WINSTEAD. Yes, sir.

Mr. COYNE. And at the same time, Mr. Rolston, who will be on a panel right after this, will testify that 31 percent of the Florida participants HHS studied were sanctioned, 31 percent.

I wonder if you could tell us what percentage of that group that were sanctioned lost all of their benefits and therefore left the rolls.

Mr. WINSTEAD. I'm not familiar with the 31-percent sanctioned figure. So I can't speak to that particular——

Mr. COYNE. Well, as I say, Mr. Rolston will testify to that later on.

Mr. WINSTEAD. Right. I'll listen very attentively.

The sanction in Florida, the way we work our sanctions is, if you fail to comply with the work requirement, the entire family benefit is terminated. That is a new provision, a provision that we enacted under welfare reform, and it's different than what it was under our waiver demonstration.

The reason that we recommended that to our legislature, which they passed, was in our family transition demonstration program, the case managers who worked with families told me, they said, Don, the people who are most at risk of reaching the time limit without good options started to fail to comply early on, and our sanctions were so weak that it did not have the effect of redirecting their behavior. And that's why we have changed our sanctioning policy.

On the first occurrence of sanction, it is full termination. For chronic noncompliance, we have a provision where we can then restore benefits on second or third occurrence of sanctions to the children and pay those through a protective payee.

Mr. COYNE. Can you tell us what percentage of those who have left the rolls have left the rolls because they found a job, they found employment?

Mr. WINSTEAD. As I said, it's something over 50 percent that we believe are connected to employment. When you look at the employment figures reported by our department of labor, it's over 105,000. But as you all know, the numbers associated with the dynamics of welfare programs can be very misleading.

When I say that our caseload has gone from 200,000 to 110,000, that's not because 90,000 families left the rolls. Actually, it's because when we were at 200,000, of those specific 200,000 families, 140,000 of those have left the rolls. And 60,000 remain, and they've been joined by another 50,000 who have entered or reentered. That's what that dynamic is.

Of those 140,000 who have left the rolls, our department of labor is reporting employment entries of slightly over 105,000 as of now. It was 63,000 the first year, then an additional 26,000.

Some of those employed families, however, are still on the welfare rolls because of our earnings disregard, and have chosen to do that.

Mr. COYNE. Thank you.

Ms. Kimble, we're all pleased to hear that you're focusing on helping former welfare recipients find jobs that pay a living wage and offer the health insurance, which is critical to family security. I know you're very interested in that in Maryland. But of the former welfare recipients you have placed, what percent found good paying jobs with health benefits?

Ms. KIMBLE. I can tell you the average wage at placement is climbing. And I think that has more to do with the Federal minimum wage increase than it does with actually our efforts. We

started out with $6.27 an hour as an average, and it's up to about $6.50.

Our goal this year for our job center teams, and let me just add that they come up with the strategies, we just set the goals for them, $7.00. So they have a way to go before September.

It isn't that easy. It's easier to help someone get a job, any job, and then we have to make the commitment to say, we will help you get a better job. All of our job training slots for the higher wage jobs, the jobs that pay at least $8.15 an hour with benefits, are reserved for people who have jobs, so they have to have at least a part-time job in order to qualify for training.

Mr. COYNE. Do you have any information that would tell us how many of them have health care benefits?

Ms. KIMBLE. From our up front job search, where I got the average of $6.50 per hour, right now, about 25 percent of those jobs have health benefits. And that really hasn't changed over time. The goal for the job center is to try to get that up to 35 percent this year.

They've climbed a little bit, not much. And it's difficult, because of the Medicaid income eligibility standards, unfortunately, do knock the parent off of Medicaid, even though the children stay on Medicaid in Maryland.

Mr. COYNE. Do you have any additional suggestions about what additional resources and training would be required to help all welfare recipients find the kinds of jobs that promote self-sufficiency and would provide health care insurance?

Ms. KIMBLE. I guess my bottom line is flexibility with the money. The less time we spend administratively trying to pigeonhole people for particular funding categories, the more time we have to spend with individuals, who for want of pride, do not come into the TANF caseload. They're just as much in need, however.

Mr. COYNE. Are you aware of the study that was done in your State that showed 38 percent of the companies in Maryland looking for employees, needing employees, but not finding them because of the lack of training?

Ms. KIMBLE. I'm not aware of that actual study, but I do know that that's an issue in our State. And that's why we're trying to partner with employers specifically. For example, we know nationwide there's a need for 150,000 electricians. So we have just partnered with an electrical contracting conglomerate to do that training for us and it's our job to get the people there, to give them the transportation they need, to give them the child care.

Our job is not to help employers get tax credits. Our job is to help people get jobs and keep jobs. That's our commitment to the employers. So we've removed all the stigma. We don't need tax credits. We don't need specialized things to entice employers. But we do need to respond to their needs, as you said, for specialized training.

Mr. COYNE. Thank you.

Mr. COLLINS. Thank you.

Mr. Winstead, I want to go back and ask you a followup question to a question earlier. It was about sanctions. You understood early on that some of those who were going to reach the limit were going

to reach that limit because of the fact you didn't have strong enough sanctions.

But then in your testimony, too, you mentioned community based programs. Did the community-based programs have any effect or work with you in helping to keep the number who actually reached the limit from being such a large number? If so, how?

Mr. WINSTEAD. Yes sir, and I think in the experience that I talked about and in interacting with the case managers in our Pensacola office, that's an example of the community-based emphasis that we have. But under our new program, we've set up 24 regional coalitions that have oversight responsibility for bringing together all of the State and the community resources.

I would remark also that we gave local communities, when we did State level welfare reform in anticipation of your bill, we also did State level work force development reform in anticipation of something. But that hasn't happened yet at the national level.

But we've reconstituted our private industry councils, we established work force development boards in regions. And we gave communities the option of having the same local board that administers their work force development programs be the oversight board for their welfare programs. In 16 of 24 areas of Florida, they are the same. So in fact, our welfare-to-work recipients will in large part be the same organizations that are helping us provide oversight to our welfare programs.

But we think the more of those resources we can get together at the community level, and also the more authority that we can delegate to the community level on how they operationalize the program, the more effective the result.

Right now we are going through a review process, because we have shorter time limits than what you permit. And for some families in Florida, the time limit can be 24 months. Our community-based coalitions are going through a review process now, looking with us at families that are within 6 months of the end of their 24-month time limit. They have authorities under State law to grant exemptions or extensions of the time limit, based on people who have diligently participated in the program and haven't been successful. And they'll be making those decisions.

Mr. COLLINS. They've actually been able to guide you?

Mr. WINSTEAD. Yes, sir.

Mr. COLLINS. Thank you.

We thank the panel, and we will excuse you and call the next panel.

We'll introduce the panel, and then we'll go back and call on them in the order of the introduction.

We have Richard P. Nathan, director, Nelson A. Rockefeller Institute of Government, Albany, New York; Daniel H. Weinberg, Division Chief, Housing and Household Economic Statistics, Bureau of the Census, Washington, DC; Howard Rolston, Director, Office of Planning, Research and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services, Washington, DC; and Barbara Blum, director, Research Forum on Children, Families and the New Federalism, National Center for Children in Poverty, New York, New York.

Very good. Welcome, each of you, and your testimony and your statements in full will be entered into the record.

We'll start with Mr. Richard P. Nathan.

STATEMENT OF RICHARD P. NATHAN, DIRECTOR, NELSON A. ROCKEFELLER INSTITUTE OF GOVERNMENT, UNIVERSITY OF NEW YORK

Mr. NATHAN. Thank you, Mr. Chairman.

I'm the principal investigator for a study in 21 States where we're focusing on management systems, institutional change, the organization of agencies, their budgets, their staffing, their contracting, their information systems. Is welfare reform, with the ideas that you're trying to work with, penetrating to the local workers and affecting the culture and signals of agencies and agency systems?

I, myself, have been to 10 States, and in the 10 States, I've talked to our researchers, because we have researchers in 21 States. I've talked to officials in State agencies, and then I go and talk to caseworkers, to see if what they're telling me, people tell me is happening, is really happening.

I've been working in this field 30 years. I started in high school. And I have never seen so much change as is going on now. New policy bargains are being struck. The work emphasis is happening. Welfare is being reinvented. Most agencies don't call themselves welfare agencies any more. Semantically, we've ended welfare.

I brought a chart that's got eight points. And all I'm going to do is quickly mention some of these points. Number one, there are, to me, and I've looked at this for a long time, I'm a political scientist interested in management, there are big surprising changes in the signaling and bureaucratic culture and behavior of people at all levels who carry out these social programs.

And when you talk to the workers and go to the local offices, most places I've been, this is something that I have not seen before. When I give talks about it, I make what I think is a little joke, that all of this is happening and all Congress did was pass a law.

Point number two is, it's not just devolution to the States. It's very much also local, second order and third order devolution to community groups in most of the States we're in. And I was going to name the States, but I'm afraid I don't have time. But I have 7 States out of our 21 where we have data I could mention, including some represented here today.

Third is a point that I didn't expect. There's a new politics out there. There's a new political equilibrium. People are much more accepting of welfare and what welfare programs are supposed to do. Because the time limit and the work emphasis are popular and there are a lot of jobs available in most parts of the country.

So the mood has changed. And social agencies are getting a lot more cooperation from other agencies that provide services. Employers want to hire anybody who can breathe into a mirror in the morning and have a little mist form in most labor markets. If you're ever going to reform welfare, this is a good time.

Point number four is the work-first emphasis. I used to be, and Barbara Blum and I worked on this together for many years, chair of the Manpower Demonstration Research Corp., and their re-

search shows that immediate attachment to the labor force is where you get your strongest effects. That is your culture change, that is the signalling. And it's very strong in the country. Our research, yes, we look at statistics, Mr. Matsui, but we also spend a lot of time looking at institutions, which we should look at more.

Mr. MATSUI. Well, since he mentioned my name, you worked for Richard Nixon, didn't you?

Mr. NATHAN. I did. First term. First term. I like to—I don't know how to take that, but OK. [Laughter.]

Mr. MATSUI. Take it as you heard it. Take it as you heard it.

Mr. COLLINS. Now, wait 1 minute. Let's let him finish his testimony.

Mr. NATHAN. I'm proud of what I did.

Mr. COLLINS. You'll have your time.

Mr. MATSUI. No, I appreciate the fact, the Chairman says that. He should not have mentioned my name in that context. That's all I'm asking.

Mr. COLLINS. Refrain from mentioning a Member's name.

Mr. NATHAN. I won't mention any other names.

Thank you, Mr. Chairman.

The fifth point on our chart is diversion. That was a surprise, too, to people, in that what agencies are trying to do, welfare agencies are trying to do, is prevent people from becoming permanently in assistance systems, and help them deal with emergencies up front. And that is happening very widely in a lot of States.

Point number six is enforcement. Not so much sanctions, but that people are being required to sign personal responsibility or self-sufficiency agreements, and they're being required to take the steps that are part of this process embodied in programs that go back a ways, but particularly embodied in this new law and in earlier laws.

Point number seven is that work force development, employment, and training agencies are playing a much bigger role. In fact, in many States, the responsibility for administering TANF Programs is being turned over to them, as you heard, in Florida, Michigan, Texas, in lots of States. This is becoming a different signalling by a different bureaucracy. It's very jobs focused.

Point number eight is one that I particularly care about and that you've been talking about today, but I won't mention any names, and that is information systems. We really do need to give attention to how we can get and who should be responsible for the kind of data we need for general oversight, for case management by case managers and for evaluation.

I'd like to have a word, if the opportunity arises, to talk about the fact that many States are collecting the kind of postprogram data we ought to have about what's happening to people who are exiting from these systems.

Thank you very much for the chance to testify.

[The prepared statement follows:]

Statement of Richard P. Nathan, Director, Nelson A. Rockefeller Institute of Government, University of New York

My name is Richard P. Nathan. I am the director of the Nelson A. Rockefeller Institute of Government, the public policy research arm of the State University of New York located in Albany, and I am the Principal Investigator for a multi-state

study the Rockefeller Institute is conducting of the implementation of social programs. This study focuses on the *management systems* for social programs of states, local governments, and nonprofit and for-profit organizations. Field research associates—typically teams of university based field research analysts—in a representative sample of twenty-one states are participating in this study. The overview analysis is being conducted by a core staff of management and policy analysts based at the Rockefeller Institute. Funding for this research has been provided by the W.K. Kellogg Foundation, the U.S. Department of Health and Human Services, and a number of other private foundations. As the Principal Investigator for this study, I have visited ten states this year to meet with the field researchers, state and local government officials, and to visit local program offices and interview local workers—eligibility workers, case managers, and other front-line workers.

In thirty years of observing welfare policy making and administration, I have never seen a period of such rapid change. This is not the case in all states, but it is the case—to varying degrees—in *most* states. In spite of the tendency for the media to focus on the 5-year time limit for TANF cash benefits, our conclusion is that the time requirement that matters most right now is more near-term. The biggest story so far in this respect is "Tomorrow Requirements"—by that I mean upfront stronger signalling and enforcement of work and work-related participation requirements. Some people may not like this. But it is surely different now. Our reports from the field and my visits to state and local offices suggest that observers need to get out of Washington and out of state capitals to examine these changes at ground level. Yogi Berra once said, "You can observe a lot of things just by watching." He was right.

In short, new policy bargains are being struck. The work emphasis is happening. National policy has shifted from the "income strategy" of the seventies to an employment strategy that emphasizes services and sanctions in different ways and in different combinations in different states. One result is that some former recipients and applicants who might previously have been aided are not receiving cash benefits as employment-related strategies and other services are being expanded in many states. In addition, welfare bureaucracies are being reinvented and given new names. They are no longer even called "welfare" agencies. Semantically, we have ended "welfare."

There is, as stated, diversity in how this is happening. Each state tends to put its own spin on reform, and many states claim that reform was "invented here." There is a window of opportunity for welfare reforms now due to several factors—added funds, added interest, political stability, and tight labor markets in many areas of the country. Moreover, there is a new political equilibrium about cash assistance for the poor in many states now that welfare is so visibly work-oriented and is time limited. This political shift has taken welfare off national and state legislative agendas where for a long time it had been a flash-point social issue. But state administrative systems still need to adapt to these policy and program changes, especially in the areas of information systems and with regard to the application of financial incentives to local public and private agencies.

Basically what is happening is that, after several major national policy attempts to do so, states are now converting what used to be "welfare systems" into "social service systems" for poor people with children. This is a massive, complicated, uneven conversion process. But make no mistake about it, it is happening, although faster in some states than others.

In human terms, there are both costs and benefits, both of which I believe we need to measure better as stressed in this testimony in discussing information systems for social programs. Some families are being helped in new ways that raise both their self-esteem and their living standards. On the other hand, some people, many of whom were already working, are being subjected to stronger work and participation requirements which many social program advocates find objectionable. *However, these social policy requirements are not so much new as newly-enforced.*

Following are ten generalizations based on our research to date:

1. The Personal Responsibility Act of 1996 is causing surprisingly large and extensive changes on a bipartisan basis in the signalling, organization and aims of social programs for the poor in many states.

2. Especially important is what we call "second-order devolution," whereby states are assigning greater responsibility to local jurisdictions and groups of public, nonprofit, and for-profit organizations. There is diversity in the way this second-order devolution is occurring and in the organizational and institutional structures responsible for social programs for the poor.

3. The third point is an especially important one and is also surprising. We observe a new political equilibrium emerging on welfare and work in many states which may over time detoxify these programs and make it possible for public and

nonprofit agencies to do more and work together better to deal with the problems of the most disadvantaged poor children and families.

4. Most states are pursuing a "Work First" strategy for welfare (i.e., immediate attachment to the labor force), which represents a shift from the education/human-capital investment strategy under the Family Support Act of 1988, which created the JOBS program.

5. Another surprise is that states are devoting unexpected priority to what are called "diversion" programs to prevent families from becoming cash assistance recipients. Although some of these diversion programs involve only one-time cash grants in lieu of applying for continuing assistance, some states are using diversion to expand their repertoire of short-term solutions to financial crises affecting families, such as immediate job search assistance, short-term services, and referrals to other public or private agencies.

6. Many states are adopting stricter, faster, and broader enforcement procedures to implement the job search, work, and other requirements of the Personal Responsibility Act. Frequently, these procedures are tied to conformity with the terms of "Personal Responsibility Agreements" or "Self-sufficiency Agreements," which specify responsibilities related to work, job search, etc.

• Sanctions are being both threatened and imposed earlier as these arrangements have become more routinized and more serious. (HHS Secretary Donna Shalala recently referred to this as the "smoke out" effect; she made the point, with which I agree, that it has turned out to be larger than was expected.) Based on a study by the U.S. General Accounting Office, twenty-six states now are enabled to apply sanctions to the full family as opposed to limiting them to the proportion of the benefit designated for the family head.

• In some states benefit reductions are ratcheted up monthly for failure to comply with work requirements, as in Arizona where for the first month of noncompliance the benefit is cut by 25%, the second month by 50%, and the third month after failure to comply, the full benefit is ended. In order to reinstate the benefit, or a benefit reduction, the adult recipient has to re-apply and there is a three-day special programming requirement for job search, counseling, etc. In other states, benefit reductions are ratcheted up for each violation of the work requirements, as in Delaware where the benefit is reduced by one-third for each violation.

7. Reorganization efforts are underway in many states to assign the major responsibilities for administering TANF programs to employment bureaucracies, combined with a related effort to change the signalling and culture of these programs to emphasize jobs and self-support.

• Although some states have consolidated responsibilities and operations into one agency and even a small number of divisions, many of these programs are spreading responsibilities across a large number of entities. Sometimes this complexity is dealt with by giving formal leadership to employment bureaucracies; sometimes it is managed through informal co-location (e.g., "one-stop") coordination mechanisms. Most commonly, it is managed at the case level through the use of case managers. If there is any clear tendency, it is to push these program responsibilities outward to include more organizations and service providers in a wide variety of formal and informal ways, producing new linkages by referrals as well as by contracts.

• Privatization initiatives to turn TANF-related social program responsibilities over to non-profit and for-profit groups are another important way states have changed the signalling and procedures of a wide array of social and employment programs to aid poor families. States and local agencies are also devising innovative mechanisms for bringing the resources of private institutions—such as businesses, charities, religious institutions, and advocacy organizations—to bear in pursuing the goals of local social programs. These administrative changes mean that in some states divisions between the public and private sectors are becoming blurred.

8. Increasingly, the key to implementing these and related reforms is developing and operating information systems that can provide on-line, linked data for case tracking and case management. These systems are also critical for knowing what happens to people (pre- and post-program outcomes) affected by welfare reforms, including importantly the diverted population and people who leave the rolls. This is an area of major need, which over time will be the key both to understanding what happens to needy families under social programs and also will be the key to what these programs ultimately become in their on-the-ground operations.

• Although many tasks and responsibilities are being passed down to local governments, local state offices, and private service organizations, their welfare information systems remain more accessible and responsive for state and federal reporting requirements than to local administrative and case management needs.

• We observe tension and confusion between local and central authorities about what should be reported. It is increasingly clear that much crucial information

about the treatments people receive is not being captured, which is a real problem as these treatments are becoming increasingly varied and complex. There is considerable disagreement across and within all levels of government over operational measures of program performance.

• Many state information systems publish little more than aggregate caseload information. Whatever the local agencies are doing or accomplishing, not enough can be learned about their activities from the data they are collecting and reporting.

9. Most states have not yet worked out financial penalties, rewards, or allocation rules that are consistent with the goals of their new programs. Some of the existing incentives imposed by states on local welfare agencies and contractors may in fact work against program goals, such as when state budget allocations to local agencies depend solely on the number of cases in an area or the number of long-term cases.

10. Although many states are encouraging program experimentation by allowing selected counties or regions to apply different policies or administrative structures from those used in the rest of the state—such as pilot privatization projects—few states are making efforts to evaluate how these variations might affect program performance or outcomes.

I request that a brief description of the Rockefeller Institute's "State Capacity Study" be included in the record with this statement.

[Additional material is being retained in the Committee files.]

Mr. COLLINS. Thank you, Mr. Nathan.

Mr. Weinberg.

STATEMENT OF DANIEL H. WEINBERG, DIVISION CHIEF, HOUSING AND HOUSEHOLD ECONOMIC STATISTICS, BUREAU OF THE CENSUS, U.S. DEPARMENT OF COMMERCE

Mr. WEINBERG. Mr. Chairman, Members of the Subcommittee, I want to thank you for the opportunity to appear before you to report on the Census Bureau's efforts to collect the data necessary to evaluate welfare reform. Evaluating the effects of changes in a huge, national program like TANF is not easy. I want to focus on the analysis of longitudinal microdata, that is, data that allow comparisons of the same individuals or families at two points in time, more like a video than a snapshot, if you will.

This is the preferred approach to evaluation, when there is a nationwide change like the 1996 welfare reforms. Analysts used prereform characteristics of a population group to control for preexisting differences among households and families. Analyses may be as simple as examining changes in employment for specific demographic groups or as sophisticated as multiple regression that takes account of people who leave the sample.

There will be only two sources of longitudinal data that will have large enough samples for such analyses. The 1996 panel of the Survey of Income and Program Participation, which we call SIPP, and the SPD, Survey of Program Dynamics, the new survey created by the welfare reform law.

In the interest of time, let me focus on the latter, the Survey of Program Dynamics, or SPD, as we call it. The SPD data will provide information on spells of actual and potential program participation over a 10-year period, from 1992 to 2001. It will examine the characteristics of people who participate in programs and the economic consequences that changes in these programs have on the well-being of recipients, their families and their children. And the data will allow us to examine the characteristics of people who leave welfare and their economic well-being.

Since the SPD is based on a representative national sample of all households, inferences about the effects of welfare reform nationwide on families over time will be possible. The data collected in the 1992 to 1995 period, using the SIPP for the same sample of people will provide extensive background information. The SIPP has more detailed data than any other national survey on program eligibility, access to and participation in programs, transfer income, in-kind benefits, and so forth.

Coupled with an extensive array of economic and demographic data, such as employment and job transitions, and income and family composition, the data already collected will characterize the prereform situation of households exceptionally well. Because the SPD interviews the same people, analysts will have data for the baseline prereform period, the reform implementation period in the medium term, and through the 2001 postreform period. This design will provide data for evaluating the effects of the 1996 welfare reform that has seldom, if ever, been available to assess other social policy changes.

Now I'd like to give you an idea of where data collection for the SPD stands. Once the legislation was signed in August 1996, we determined that it was critical to collect income and program participation data as soon as possible from as many of the 1992 and 1993 SIPP panel households as we could find. Waiting too long to contact these households would have run the risk of losing many of them and missing too much going on in their lives.

We collected data for 1996 in April through June 1997 by administering a modified version of the March 1997 Current Population Survey. I'm pleased to report that we found 82 percent of the SIPP households and completed over 30,000 interviews. We are preparing for the release of these 1996 data which will take place in the next few months.

However, these data only provide an extension of the baseline information. The key first look at postreform behavior will be collected in May and June 1998, using a brandnew questionnaire. We developed this questionnaire in collaboration with other Federal agencies and with Child Trends, Inc. The 1998 questionnaire includes many questions that focus specifically on welfare reform and on child well-being, including a special supplement for adolescents.

We anticipate that these data, which will give the first picture of the effects of welfare reform on individuals, will be available in the summer of 1999. Along with the microdata from the SPD, the Census Bureau will also be releasing basic descriptive statistics that present the data in nontechnical ways.

The great interest of the research community in these data suggests to us that there will quickly be a number of more sophisticated studies of the effects of welfare reform. These researchers will describe in detail what the Census Bureau will initially describe in summary form.

The chart attached to my testimony illustrates the kind of outcomes measures that analysts will be able to examine with the SPD. I've given some examples there. In the interest of time, I'll skip that.

We've also begun work to develop our 1999 questionnaire, again working with interested Federal agencies and Child Trends aiming

toward an improved questionnaire. Finally, we are examining how best to present these data to the public to make analysis easier.

The opportunity to conduct the Survey of Program Dynamics is an exciting one for the Census Bureau. It is also a sensible investment for the government, as it builds on the investment it already has in the Survey of Income and Program Participation. The challenges are daunting, especially given the length of time we will need to follow households, and especially since household cooperation with government surveys continues to decline.

You can be sure the Census Bureau will do its best to meet these challenges.

Thank you.

[The prepared statement and attachments follow:]

Statement of Daniel H. Weinberg, Division Chief, Housing and Household Economic Statistics, Bureau of the Census, U.S. Department of Commerce

Mr. Chairman, thank you for the opportunity to appear before the subcommittee to report on the Census Bureau's efforts to provide the data necessary to evaluate the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 as directed by that legislation.

Evaluating the effects of changes in a huge national program like Temporary Assistance for Needy Families (formerly Aid to Families with Dependent Children) is not easy. Three kinds of information are critical to those investigating the effects of this welfare reform—process information (providing background descriptions), cross-section microdata (comparisons of different households at two points in time—a "snapshot"), and longitudinal microdata (comparisons of the same individuals at two or more points in time—more like a "video"). All three kinds are needed to understand the full effects of the welfare reform legislation.

The analysis of longitudinal microdata is the preferred approach when there is a nationwide change like the 1996 welfare reforms. Analysts use pre-reform characteristics of a population group to control for preexisting differences among households. It is critical to know the pre-existing differences when evaluating post-reform outcomes for the same people. This may be as simple as examining changes in employment for specific demographic groups, or as sophisticated as multiple regression that takes account of people who leave the sample. Only two sources of longitudinal data will have large enough samples for such analysis—the 1996 panel of the Survey of Income and Program Participation (SIPP), and the Survey of Program Dynamics—the new survey created by the welfare reform law.

While the 1996 SIPP has a large sample size and will follow households for up to four years, it suffers from the deficiency that data collection began in April-July 1996, while the reform took effect on October 1, 1996. One could argue that four months of pre-reform information is sufficient for many analyses, and the SIPP does try to collect retrospective program participation information. Some, however, are skeptical, particularly those analysts who need a longer pre-reform period to accurately measure some initial condition, and particularly because many (if not most) states had already begun to make changes under federal program waivers well before the beginning of the SIPP panel.

The other, and the best, source of longitudinal information will be the Survey of Program Dynamics (SPD). The welfare reform legislation directed the Census Bureau to continue to collect data from members of the 1992 and 1993 panels of the SIPP through the year 2002. These data will:

- Provide information on spells of actual and potential program participation over a ten-year period, 1992 to 2001;
- Examine the characteristics of people who participate in programs and the economic consequences that changes in these programs have on the well-being of recipients, their families, and their children; and
- Examine the characteristics of people who leave welfare and their economic well-being.

Since the SPD is based on a representative national sample of all households, inferences about the effects of welfare reform on families over time will be possible.

The data already collected in the 1992 and 1993 panels of the SIPP, which form the basis of SPD, provide extensive baseline (background) information from which to analyze the effects of welfare reform. The SIPP has more detailed data than any other national survey on program eligibility, access to and participation in pro-

grams, transfer income, and in-kind benefits. Coupled with an extensive array of economic and demographic data (such as employment and job transitions, income, and family composition), the data already collected will characterize the pre-reform situation of households exceptionally well. Other SIPP data of special interest here include those on (1) education and training, (2) marital, fertility, migration, and program participation histories, (3) family relationships within the home, (4) work schedules, child care, child support, support for non-household members, (5) medical expenses and use of health care services, and (6) child well-being.

Because the SPD interviews the *same* people, analysts will have data for the baseline pre-reform period, the reform implementation period, and the medium-term (through 2001) post-reform period. This design will provide data for evaluating the effects of the 1996 welfare reform that have seldom, if ever, been available to assess other social policy changes.

Now I'd like to give you an idea of where data collection for the SPD stands. Once the legislation was signed in August 1996, we determined that it was critical to collect income and program participation data as soon as possible from as many of the 1992 and 1993 SIPP households as we could find. Waiting too long to contact these households would have run the risk of losing many of them and missing too much going on in their lives. To get into the field quickly, we could not use a custom-designed questionnaire. We collected data for 1996 in April-June 1997 by administering a modified version of the annual March 1997 Current Population Survey (CPS) demographic supplement. We supplemented the questionnaire with a few new questions designed to collect summary 1995 data for the 1992 SIPP panel (who were last interviewed in January 1995). I am pleased to report that we found 82 percent of the SIPP households, and completed over 30,000 interviews.

We are preparing for the release of 1996 data, which will take place in the next few months. However, these data only provide an extension of the baseline information. The key post-reform information will be collected in May and June 1998 using a new questionnaire. We developed this questionnaire in collaboration with other federal agencies and Child Trends, Inc.; an interagency working group reviewed the questionnaire to ensure that the appropriate issues were covered. The 1998 questionnaire includes many questions that focus specifically on welfare reform and child well-being. We anticipate that these data, which will give the first picture of the effects of welfare reform, will be available in the summer of 1999. Along with the microdata from the SPD, the Census Bureau will also be releasing basic descriptive statistics that present the data in non-technical ways. The great interest of the research community in these data suggests to us that there will quickly be a number of more sophisticated studies of the effects of welfare reform. These researchers will describe in detail what the Census Bureau will initially describe in summary form.

I must note that funding does not support continued interviewing all of the 30,000 households, however. We, therefore, reduced the number of households to be interviewed to about 19,000 in 1998, including all low-income households and nearly all households with children (excluding only those at the highest income levels).

We have also begun work to develop our 1999 questionnaire, again working with interested federal agencies and Child Trends, aiming toward an improved questionnaire. Finally, we are examining how to best present these data to the public to make analysis easier. Along those lines, I would like to mention a contract we have with the University of Wisconsin. Their project team is attempting to describe all state programs, both pre- and post-reform, along a set of common dimensions (descriptive factors), such as whether applicants are sent on job interviews immediately, whether sanctions are strictly enforced, whether child care services are fully available, and so forth. These characteristics could then become explanatory variables in investigations of outcomes using survey data—for example: Are job placements higher in states that provide child care? Are earnings higher in states that emphasize immediate job placement? Also part of the Wisconsin project is a pilot study to see if such data can be collected at the county level.

The attached chart illustrates the kinds of outcome measures that analysts will be able to examine with the SPD. Specifically, the SPD will measure:

- Program eligibility and participation for the full range of transfer programs, not just cash welfare;
- Money income, in-kind benefits, and services received from programs;
- Employment, earned income, and income from other sources;
- Family composition and changes therein; and
- Outcomes for children including key features of their environments.

The opportunity to conduct the Survey of Program Dynamics is an exciting one for the Census Bureau. It is also a sensible investment for the government as it builds on the investment it already has in the Survey of Income and Program Participation. Yet the challenges are daunting, especially given the length of time we

will need to follow households, especially since household cooperation with government surveys continues to decline. You can be sure that the Census Bureau will do its best to meet these challenges. I invite you and others to keep track of our progress by visiting the special SPD web site: http://www.sipp.census.gov/spd/. I am also attaching for the record a copy of a paper on the Survey of Program Dynamics presented last November at a Statistics Canada Symposium.

Examples of Measures Collected by the Survey of Program Dynamics 1998–2002

Research Area	Example of SPD Measure
Program eligibility and participation	Number of months receiving cash welfare
	Amount of cash welfare received
	Did family later return to welfare after leaving the program?
In-kind benefits and services received	Amount of food stamps received
	Number of months using government-supplied child care services
Employment, earned income, and other income	Earnings
	Number of months with earnings
	Amount of child support received
	Job-related health insurance
Family composition and changes therein	Marital event (marriage or divorce)
	Childbirth
Outcomes for children including key features of their environment.	Poverty status
	School-related information such as changes in behavior and participation in extra-curricular activities
	Contact with absent parent

A Survey of Program Dynamics for Evaluating Welfare Reform

Daniel H. Weinberg, Vicki J. Huggins, Robert A. Kominski, and Charles T. Nelson U.S. Census Bureau [1]

Abstract

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 eliminated the main United States welfare program, the Aid to Families with Dependent Children program, and replaced it with another program providing welfare support in the form of block grants to states. Part of that law directed the Census Bureau to field a survey, whose purpose is to collect the data necessary to evaluate the impact of this change. To carry out that directive, we are conducting a Survey of Program Dynamics (SPD). The SPD will simultaneously describe the full range of state welfare programs along with social, economic, demographic and family changes that will help or limit the effectiveness of the reforms. We will collect data for households previously interviewed from 1992–1994 or 1993–1995 by the Survey of Income and Program Participation for each of the six years from 1996 through 2001.

Key Words: welfare, surveys, evaluation

This paper will

- describe the need for a new survey focused on providing the data necessary to adequately evaluate recent United States welfare reform legislation,
- describe the origin, purpose, status, and plans of the Survey of Program Dynamics, and
- discuss some technical issues we must resolve in the future.

[1] Paper prepared for Statistics Canada Symposium XIV, "New Directions in Surveys and Censuses," November 1997. Contact: Daniel H. Weinberg, HHES Division, US Census Bureau, Washington DC 20233–8500. This paper reports the general results of research undertaken by Census Bureau staff. The views expressed are attributable to the authors and do not necessarily reflect the views of the Census Bureau or the U.S. government. The authors would like to acknowledge and thank Evan Davey and Stephanie Shipp for their comments and suggestions and the SPD Team for doing all the work described herein; they bear no responsibility for any errors that remain.

I. WHY IS A NEW SURVEY NEEDED?

On August 22, 1996, President Clinton signed legislation passed by Congress, and the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 became Public Law 104–193. This comprehensive legislation has extensive implications for many programs. The law

- eliminates the open-ended federal entitlement program of Aid to Families with Dependent Children (AFDC),
- creates a new program called Temporary Assistance for Needy Families (TANF), which provides block grants for states to offer limited cash assistance,
- makes extensive changes to child care, the Food Stamp Program, Supplemental Security Income (SSI) for children, benefits for legal immigrants,[2] and the Child Support Enforcement program,
- modifies children's nutrition programs,
- reduces the Social Services Block Grant, and
- retains child welfare and child protection programs.

The law also directs the U.S. Census Bureau to carry out a new survey to permit researchers to evaluate the impacts of the new law. Why would a new survey be needed?

Three kinds of information are critical to those investigating the effects of this welfare reform—*process information* (providing background descriptions), *cross-section microdata* (allowing comparisons of two points in time—"snapshots"), and *longitudinal* microdata (allowing pre-post analysis of the same individuals). All three kinds are needed to understand the full effects of the welfare reform legislation.

Process or descriptive information provides the context to interpret information about welfare recipients or former recipients. Examples of process information are the kinds of support services offered by welfare agencies (e.g., child care, transportation vouchers, job search assistance), characteristics of the welfare agency itself (e.g., cases per case worker), benefit levels, restrictions on client behavior (e.g., whether a teenager must live with her parents), and so forth.

There will be several sources of such information. First is the information that states must report about their programs to the U.S. Department of Health and Human Services (DHHS). These reports are likely to have only the minimum necessary to satisfy the requirements of the legislation and therefore will probably be insufficient on their own for research purposes. Nevertheless, one can use this basic "tracking" information to tell some basic stories. Two other sources of descriptive information seem more promising, however. The first is an effort, funded by the U.S. Census Bureau through DHHS, taking place at the University of Wisconsin. The project team will attempt to describe all state programs, both pre- and post-reform, along a set of common dimensions (descriptive factors). These would then become explanatory variables in investigations of outcomes using survey data. Also part of this project is a pilot study to see if such data can be collected at the county level. A parallel effort is underway at the Urban Institute (UI) as part of their Assessing New Federalism Project (ANFP).

Cross-section microdata can be and has been used to evaluate the effects of program changes. Most typically, researchers compare average characteristics of a population group (e.g., the percent of welfare recipients working) at two points in time. Two sources of cross-section microdata will be available—the March Current Population Surveys (CPS), and the National Survey of American Families (NSAF), being conducted by Westat as part of the ANFP project in 1997 and possibly again in 1999 or 2000.[3] Because of the many variants of welfare and new forms of household support established by the states as they revise their assistance programs, survey organizations will have to make changes to existing survey questions to collect the relevant data.

The analysis of *longitudinal microdata* is the preferred approach when social experiments cannot be used to evaluate program changes, as with a nationwide change like the 1996 welfare reforms. Analysts use pre-reform characteristics of a population to control for preexisting differences among households when evaluating post-reform outcomes for the same people. This may be as simple as examining changes in employment for specific demographic groups, or as sophisticated as multiple regression that takes account of self-selection and sample attrition. Only two

---

[2] Since changed by the Balanced Budget Act of 1997.

[3] The NSAF has quite respectable samples in 13 states, with a supplementary sample in the balance of the U.S. The survey has a sample size of about 35,000 households, with low-income households oversampled; the interview mode is computer-assisted telephone interviewing. A major focus of the survey is health outcomes. For more details on the NSAF, see Brick et al. (1998).

sources of longitudinal data will have large enough samples to analyze—the 1996 panel of the Survey of Income and Program Participation (SIPP), and the new Survey of Program Dynamics (SPD)—the new survey directed by the welfare reform law.

While the SIPP has a large sample size and will follow households for up to four years, it suffers from the deficiency that data collection began in April-July 1996, while the reform took effect on October 1, 1996. One could argue that four months of pre-reform information is sufficient for many analyses, and the SIPP does try to collect retrospective program participation information. Some, however, are skeptical, particularly those analysts who need a longer pre-reform period to accurately measure some initial condition, and particularly because many (if not most) states had already begun to make changes under federal program waivers well before the beginning of the SIPP panel.[4]

On the other hand, the SPD, based on a sample of households first interviewed in February-May 1992 or 1993 to be followed until 2001, will provide a convincing set of baseline data, assuming as we must that differential attrition will not vitiate the usefulness of the data collected. The rest of this paper describes the SPD in more detail.

No one source of information will be complete. A full picture of the effects of welfare reform will emerge only after many years and complementary studies using these different sources.

II. Origin and Purpose of the Survey of Program Dynamics

Why would a new longitudinal survey that focuses on welfare issues be needed? For particular agencies, a series of focused single-purpose surveys or experiments can serve many of their specific program evaluation needs. But if the research community were to rely solely on highly focused data collection, there would inevitably be major gaps. Only an omnibus data collection vehicle can provide the basis for an overall evaluation of how well welfare reforms are achieving the aims of the Administration and the Congress. This requires a survey that casts a wide net, one that simultaneously measures important features of (1) both reformed and unchanged welfare programs, and (2) other important social, economic, demographic and family changes that will either help or limit the effectiveness of the reforms. Further, ideally such a survey should be in place before reforms are effective to allow adequate assessment of baseline circumstances.

Several years before the passage of the actual legislation, DHHS and the U.S. Department of Agriculture (USDA, responsible for the food stamps program) invested substantial resources in having the Census Bureau develop such a survey. They hoped they could fund and field such a survey to meet their needs to understand the effects of anticipated public policy changes on the population. In these planning activities, several design features emerged as essential. The survey should

- Measure

—program eligibility and participation for the full range of welfare programs;

—money income, in-kind benefits, and services received from programs;

—employment, earned income, and income from other economic sources;

—family composition; and

—child outcomes including key features of the environments of children (because reforms may have positive or negative consequences for children through these intervening mechanisms);

- Be a large, longitudinal, nationally representative study that measures changes in each of these areas and allows the identification of interrelationships linking these changes;
- Include baseline data for a period before the initiation of reforms;
- Continue to collect data throughout the period of reform to monitor the process of change; and
- Collect data for the period after the states implement the reforms.

Section 414 of the welfare reform law specifically directs (and funds) the Bureau of the Census to: continue to collect data on the 1992 and 1993 panels of the Survey of Income and Program Participation [SIPP] as necessary to obtain such information as will enable interested persons to evaluate the impact of the amendments made by Title I of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 on a random national sample of recipients of assistance under State programs funded under this part and (as appropriate) other low income families, and in doing so, shall pay particular attention to the issues of out-of-wedlock birth, wel-

[4] More details about the SIPP can be found in U.S. Census Bureau (1991); a third edition is currently being prepared.

fare dependency, the beginning and end of welfare spells, and shall obtain information about the status of children participating in such panels.

To comply with this directive, the Census Bureau is carrying out the Survey of Program Dynamics (SPD) with two primary goals:

• Provide information on spells of actual and potential program participation over a ten-year period, 1992 to 2001, and

• Examine the causes of program participation and its long-term effects on the well-being of recipients, their families, and their children.

The data already collected in the 1992 and 1993 SIPP panels will provide extensive baseline (background) information from which to figure out the effects of welfare reform. SIPP is a longitudinal survey of households, interviewed at least nine times at four-month intervals, and followed if they moved. The SIPP collects more detailed data than any other national survey on program eligibility, access and participation, transfer income, and in-kind benefits. Coupled with an extensive array of economic and demographic data (e.g., employment and job transitions, income, and family composition), the SIPP will serve to characterize the pre-reform situation of households quite well.

Further, the Census Bureau worked closely with policy agencies to develop and field topical modules that enhance the value of the basic SIPP data. Modules of special interest here include those on (1) education and training, (2) marital, fertility, migration, and program participation histories, (3) family relationships within the home, (4) work schedules, child care, child support, support for non-household members, (5) medical expenses and use of health care services, and (6) child well-being.

By interviewing the same households in the SPD, analysts would then have data for the baseline pre-reform period, the reform implementation period, and the medium-term post-reform period. Researchers require these data to assess short-term and medium-term consequences and outcomes for families and individuals. The use of both panels will also double the size of certain groups of interest, subject of course to our ability to recontact households in the two panels and their willingness to participate. (Because the funding provided is not sufficient to interview all households in both panels past 1997, we will subsample after 1997; see section IV.)

The topics that the SPD will cover are an extension of those covered by the SIPP, but placed in an annual context using guidance from such annual surveys as the March supplement to the Current Population Survey, the Panel Study of Income Dynamics, and the National Longitudinal Surveys.

III. SPD Status and Plans

Current plans are for data to be collected for each of the six years from 1996 through 2001. This will provide panel data for ten years (1992–2001) when combined with the 1992 SIPP panel data (and nine when combined with the 1993 SIPP panel data). Our original plans were to have an instrument ready to field concurrently with welfare reform. Because President Clinton vetoed the legislation twice during 1995, we put our plans on hold. Consequently, we were unable to pretest the SPD questionnaire and could not field the survey we had designed in 1997.

Nevertheless, we felt it critical to fill the data gap between the end of the SIPP observations and the start of the basic SPD observations. To do so, we designed the SPD with three fundamental sections:

(1) the *"bridge" survey* which will provide the link between the 1992 and 1993 panels of the SIPP and the SPD;

(2) the *1998 SPD* which will use the core instrument already developed to collect annual retrospective data starting in 1998; and

(3) the *1999 (and later) SPD* which will include a child well-being module starting in 1999; its content may vary from year to year.

SPD "Bridge" Survey

It was critical to collect income and program participation data in spring 1997 for calendar year 1996 from as many of the 1992 and 1993 SIPP households as we could find, as too long a gap ran the risk of losing too many households and missing too much going on in their lives. Data for 1996 were collected in April-June 1997 by administering a modified version of the annual March 1997 Current Population Survey (CPS) demographic supplement, with a few new questions designed to collect summary 1995 data for the 1992 SIPP panel (who were last interviewed in January 1995).

Eligible for the SPD sample were all SIPP persons interviewed in the first wave of the 1992 and 1993 SIPP panels and still being interviewed at the end of the panel. We decided not to try to find all persons in the 1992 and 1993 panels who left the survey (attrited) before the end of the SIPP because of the difficulty and

cost involved in trying to find those people (who had already declined to participate even after repeated attempts to interview them) and because we felt that most analysts would need as much baseline data as possible. Use of population controls will reweight the remaining sample cases to represent the U.S. population.

Finding people who move is critical to the success of any longitudinal survey, particularly one as focused on the low-income population as SPD. Naturally, SIPP has developed many time-tested procedures that will help. But the automated questionnaire instrument must permit such tracking as well. Luckily, the CPS implemented a "mover module" in January 1997 to track people leaving formerly interviewed CPS households. This was crucial to the SPD especially given the time that had elapsed since the last interview, though the CPS approach did not fully meet the needs of the SPD. We tracked most, though not all, movers and we will attempt to interview in 1998 those that we know about but could not interview in 1997. We also tested the use of a $20 monetary incentive for low-income households in an attempt to reduce nonresponse to the Bridge survey; as the Census Bureau has shown that such an incentive was successful in reducing nonresponse to wave 1 of the 1996 SIPP panel.[5]

1998 SPD

During the first half of 1997, the University of California at Berkeley translated the instrument developed in 1995[6] into computer code; UC-Berkeley is the developer of the CASES authoring language used for computer-assisted Census Bureau surveys. We carried out a pretest in October 1997 using 400 retired 1996 CPS households in four of our regional office locations. From this test we will have a good idea of how well the instrument does in an operational environment. We also will test the use of a self-administered adolescent questionnaire using audio cassettes to obtain information from youths 12 to 17 years old. Preliminary indications are that we may have to shorten the questionnaire to fit within our time constraint.

Using the fully developed computer-assisted personal interview instrument, annual data collection will occur once each year in May and June, with annual recall for the preceding calendar year. The survey will include a set of retrospective questions covering 1997 for all persons aged 15 and older in the household. The topics covered are

• Basic demographic characteristics, including

—educational enrollment and work training,—functional limitations and disability, and—health care use and health insurance;

• Basic economic characteristics, including

—employment and earnings,—income sources and amounts,—assets, liabilities, and program eligibility information, and—food security;

• Information about children, including their

—school enrollment and enrichment activities,—disability and health care use,—contact with absent parent,—care arrangements, and

payment of child support of their behalf; and

• two self-administered questionnaires,

—a short question sequence for adults focusing on marital relationship and conflict and a depression scale, and

—a relatively lengthy questionnaire for adolescents aged 12 to 17 focusing on such issues as family conflict, vocational goals, educational aspirations, crime-related violence, substance use, and sexual activity, (developed in collaboration with the Child and Family Research Network).[7]

1999 SPD and later

Work has begun on identifying the topics for a child well-being module to be asked in 1999 or later. We plan to focus on elements that allow analysts to measure changes from pre-reform periods or that illuminate other mechanisms affecting outcomes. One possibility is to collect data on where the children have lived and the reasons for any absence from the parents. Also under investigation are question variants to address the changing nature of welfare programs in the 50 states and the District of Columbia.

IV. Technical Issues

This section deals with four technical issues that affect the administration and usefulness of the survey—the need for subsampling due to budget constraints,

[5] See James (1998). Evaluation of the effectiveness of the SPD incentive is underway.
[6] For more information on the design process for the SPD, see Hess and Rothgeb (1998).
[7] We have not yet finalized this questionnaire.

weighting and database development, the collection of supplementary data, and the use of administrative records.

Subsampling. It is clear we cannot interview all households in the 1992 and 1993 SIPP panels in 1998. The response rate to the 1997 Bridge survey was good, given the time that had elapsed since the prior interview—81.7 percent—yielding a sample of 30,125 interviewed households. The budget for the survey, $10 million per year, will allow us to complete interviews with about 17,500 households in 1998, given the projected length of the interview. Our current plans are to

• Sample with certainty

—all households with income less than 150 percent of poverty, and

—all households with incomes between 150 percent and 200 percent of poverty with children;

• Subsample at 80 percent

—all households with incomes above 200 percent of poverty with children;

• Subsample at 50 percent

—all households with incomes between 150 percent and 200 percent of poverty without children; and

• Subsample at 26 percent

—all households with incomes above 200 percent of poverty without children.

Subsampling will be based upon household characteristics as of the Bridge survey.

Weighting and database development. Three objectives will influence our thinking on SPD data products and weighting. We want to

• Provide longitudinal data to evaluate the effects of welfare reform;

• Release a data product as soon as possible after collecting the 1997 Bridge data; and.

• Focus our scarce resources on just the products that our users need most.

The first product the Census Bureau will release is a public use microdata file. This will include data from the 1997 Bridge data, longitudinal weights to post-stratify up to a January 1993 cohort, and codes to link the SIPP and SPD Bridge data. We will release it as a research file with appropriate caveats. The weights will be crude, but should suffice for preliminary research purposes. Researchers always have the option of making additional weighting or imputation adjustments as they deem necessary for their specific analyses.

We realize that users of the longitudinal data might have a hard time figuring out how to use data from three separate surveys (SIPP, CPS, and SPD) simultaneously in a longitudinal analysis. Our challenge is therefore to create a longitudinal data set with annual data from all three survey instruments (SIPP, CPS, and SPD) in a consistent format.[8] Our current plans are as follows. The Census Bureau will release two files each year after 1998 and later SPD data have been collected, processed, and weighted. The files will include and provide appropriate weights for households responding to the latest interview. The first file will include (1) the SIPP 1992 and 1993 panel data covering 1992–1994 and 1993–1995 respectively, (2) the 1997 bridge data covering 1995–1996 (1992 panel) or 1996 only (1993 panel), and (3) the 1998 and later SPD data as originally collected and edited (covering 1997 and later). The second file will attempt to create a *consistent* set of annual measures for each year of data (a "common format" file), to simplify the analyst's chores; this file will probably use the "least common denominator";—the CPS—as the common data format.[9]

These longitudinal products are conceptually the same type of products that we have issued for the SIPP since its inception. Usually, one defines a longitudinal cohort as all the people interviewed (or for whom data was imputed) in every interview within the period of interest. For example, the 1993–1997 SPD longitudinal cohort will be all those people interviewed from February 1993 through the 1998 SPD interview (May-June 1998). The control date will be as of the beginning of the cohort period (February 1993 for this example). This creates a nationally representative longitudinal cohort for the population as of the beginning of the cohort period. We expect the weighting adjustments will compensate for differential nonresponse.

Supplementary data. As noted earlier, the University of Wisconsin will create a complementary data base of state and county welfare program characteristics to match to the SPD data. County-level matches must remain confidential, and re-

[8] The microdata from the SIPP surveys are already available on-line at the Census Bureau's web site (www.census.gov) through the "Surveys On-Call" program; plans are underway to provide the data as well through FERRET (the Census Bureau's Federal Electronic Research and Review Extraction Tool, which already provides the CPS microdata to users).

[9] Researchers will be able to analyze drop outs by comparing the prior year's data file with the current one.

searchers would have to work on that matched data set at the Census Bureau under Special Sworn Employee status to maintain respondents' confidentiality.

Administrative Records. One final hope is that administrative records can enhance the SIPP and SPD survey data to provide an even broader and long-run picture of the pre- and post-reform economic situation of the survey households. For example, Summary Earnings Records from the Social Security Administration for all respondents providing Social Security Numbers (SSN's) could provide a good way of validating and extending the survey earnings reports (as would matches to income reports provided to the Census Bureau from Internal Revenue Service tax records).

One potentially useful development would be to establish a nationwide tracking system for welfare recipients based on SSN; such a system could be used to facilitate enforcement of the five-year lifetime assistance limit in the new legislation. We could then append location information and possibly benefits received to the survey data for welfare participants, even for those attriting from the sample.

A few other alternatives present themselves. If the SPD can collect employer name and address successfully, a match to the Standard Statistical Establishment List can provide the key to links with business data for those in the sample who are working. If states collect and keep consistent caseload data using SSN's, and their laws permit sharing such information with the Census Bureau, that's another possibility for enhancing the data files. Finally, we could match summary financial data about welfare and related expenditures of local and state governments using the household's residential location. (Of course, researchers must use confidential information at Census Bureau headquarters or one of its Research Data Centers.)

V. Concluding Remarks

The opportunity to do the Survey of Program Dynamics is an exciting one for the Census Bureau. It is also a sensible investment for the government as it builds on the investment it already has in the Survey of Income and Program Participation. Yet the challenges are daunting, especially given the length of time we will need to follow households, and as household cooperation with government surveys continues to decline.

References

Brick, Michael et al. "Analysis of Nonresponse and Coverage Adjustment Procedures for a Dual Frame Survey," *Proceedings of Statistics Canada Symposium XIV*, Ottawa, 1998.

Hess, Jennifer and Jennifer Rothgeb. "Measuring the Impact of Welfare Reform: Issues in Designing the Survey of Program Dynamics Questionnaire," *Proceedings of Statistics Canada Symposium XIV*, Ottawa, 1998.

James, Tracy M. "Results of the Wave 1 Incentive Experiment in the 1996 Survey of Income and Program Participation," *1997 Proceedings of the Survey Research Methods Section of the American Statistical Association,* 1998.

U.S. Census Bureau, *Survey of Income and Program Participation Users' Guide, Second Edition*, Washington DC, 1991.

Mr. Collins. Thank you, Mr. Weinberg.

Mr. Rolston.

STATEMENT OF HOWARD ROLSTON, PH.D., DIRECTOR, OFFICE OF PLANNING, RESEARCH AND EVALUATION, ADMINISTRATION FOR CHILDREN AND FAMILIES, U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Mr. Rolston. Mr. Chairman, Members of the Subcommittee, it is a pleasure to be here today to discuss the role of research as one critical element in the success of welfare reform.

This Subcommittee played a key role in making evaluation activities integral to TANF. To illustrate how ACF is using the authority and funding provided by Congress, I'll describe our State evaluation activities, including both what we've already begun to learn, and what we can expect to learn in the future.

A central focus of ACF's evaluation approach is to develop reliable, credible information about how different strategies are work-

ing, in order to inform the State policy choices that TANF flexibility provides, and to inform the public and the Congress as to how welfare reform is progressing.

I want to mention that the State evaluations I'll discuss today are only one part of a broader strategy to develop research and to disseminate it. Over the past 20 years, the application of experimental approaches to studying the effects of welfare reform has proven to be enormously important in determining what is effective and what is not.

In authorizing the Department to fund the continuation of a number of pre-TANF waiver evaluations, Congress provided the vehicle for obtaining the earliest reliable information on the effectiveness of different State welfare reform strategies on such key goals as decreasing welfare dependency, increasing employment and earnings and total family income, and strengthening family structure.

ACF has funded nine States to continue their evaluations with only minimal change, and an additional eight States to modify their evaluations. The main questions that the waiver evaluations answer is, "What has the totality of the change in State policy brought about?" But there's another equally important area of study which examines decisions States need to make about the parts of their programs.

For example, over the last several years, it has become clear that many recipients do work, but that their work is sporadic. In addition, many of these families continue to have incomes that are quite low.

As a part of the creativity that is coming about from a flexible work-focused system, many States are now experimenting with what are frequently called "postemployment services" in order to increase employment persistence in family income. I think you've heard about some of these from earlier witnesses. Rigorous evaluation can tell us which of these approaches are effective in achieving these goals.

In turning to what we've learned so far, I want to stress that it's too early to draw inferences with a high degree of confidence. However, the following lessons are suggested. First, most State evaluations indicate significant impacts on the proportion of recipients and former recipients who are employed. These impacts range from modest to quite large, as high as 15 percentage points, depending on the reform intervention and the population subject to it.

Second, States are dramatically increasing the mandatory aspect of work programs. Sanctions are much more common than anyone would have predicted. For example, in Delaware, nearly half of participants were sanctioned for failure to cooperate, and in Florida, 31 percent.

Third, although States are getting out the message that welfare reform is occurring, and despite State efforts to simplify and explain their programs, many recipients don't have a clear understanding of the new rules. For example, in one State, almost 90 percent of participants knew they were under a time limit, but only about half knew how to calculate when 1 month counted toward it.

This isn't a new phenomenon. It was true under AFDC also.

Fourth, to date, studies confirm earlier research on the effect of more generous earnings disregards. They appear more effective than other policies being evaluated in raising family income for single-parent families. This was most dramatically illustrated in Minnesota, where work incentives were a very central feature of the State's reforms.

More generous disregards also appear to be increasing the employment of single parents, but they probably also increase the length of time and the total amount of welfare received over time, although the welfare received is essentially now a smaller earning supplement. So far, there is confirmation of previous research that the effects of more generous disregards on earnings are mixed, stimulating participants who would not have worked or worked only a little to earn more, but also stimulating those who have worked more substantially to earn less than they would have.

Finally, the effects of family income of the common package of welfare reform, which combines more stringent work requirements, more generous disregards and time limits are not clear. At this point, most programs appear not to have increased or decreased average family income by much. More generous programs combining high benefits with generous disregards and no time limits appear to do much more to increase family income, but probably also increase governmental costs over the short run.

These early lessons illustrate how the results of our evaluations hold promise to be highly informative to policymakers at all levels of government. Our perseverance in carefully evaluating State programs can make a major difference in the extent to which the goals of welfare reform are realized.

I would be happy to answer your questions.

[The prepared statement follows:]

Statement of Howard Rolston, Ph.D., Director, Office of Planning, Research and Evaluation Administration for Children and Families, U.S. Department of Health and Human Services

Mr. Chairman, members of the Subcommittee, it is a pleasure to be here today to discuss the role of research as one critical element in the success of welfare reform. This Subcommittee played a key role in making research and evaluation activities integral to TANF. To illustrate how ACF is using the authority and funding provided by the Congress, I will describe our state evaluation activities, in terms of both what we have already begun to learn and what we can expect to learn in the future.

A central focus of ACF's welfare reform research and evaluation strategy is to develop reliable, credible information about how different strategies are working in order to inform the state policy choices that TANF flexibility provides. This information can also inform the public and the Congress about how welfare reform is progressing.

A key to developing this wealth of information is through the use of experimental evaluations of outcomes. These evaluations can shed light on whether state reforms are meeting the goals of TANF as set forth in the statute—providing assistance to needy families with children, ending dependence through increasing employment and marriage, reducing out-of-wedlock pregnancies and encouraging two-parent families.

My testimony today will focus on current evaluations of state programs, primarily of existing state waiver demonstrations, and future areas to consider for evaluations. I also will share some of our early lessons from these current evaluations. But before beginning this discussion I first would like to take a quick, broader look at other research activities funded by ACF.

The waiver evaluations are only one part of a broader welfare reform research and dissemination effort taking place in ACF. Last year, for example, we were able to fund nine projects (from over 100 applicants) that are examining a variety of key

issues in welfare reform, including implementation of tribal TANF programs, identification of problems and solutions in implementing TANF in rural areas, and a study of different diversion programs that states are operating.

In addition, we are making careful investments to ensure that knowledge gained through evaluation is widely disseminated in formats that program operators find accessible, including the very important Manpower Demonstration Research Corporation (MDRC) "How-to Guide" entitled *Work First, How to Implement an Employment-Focused Approach to Welfare Reform*.

EFFECTIVENESS EVALUATIONS OF STATE PROGRAM INNOVATIONS

Over the past twenty years, the application of experimental approaches to studying the effects of welfare reform has proven to be enormously important to finding out what is effective and what is not. Because of its proven track record, in almost all cases ACF and the state agreed on an experiment as part of the approval of its waiver demonstrations begun prior to enactment of the Personal Responsibility and Work Opportunity Reconciliation Act. States randomly assigned families either to continue receiving welfare under the old AFDC rules, the "control group," or to another group that received welfare under the reform regime, the "experimental group."

In authorizing the Department to fund the continuation of these evaluations under TANF, Congress provided the vehicle for obtaining the earliest reliable information on the effects of different state welfare reform strategies in meeting the objectives of TANF. ACF has funded nine states to continue their evaluations with only minimal changes and an additional eight to modify their evaluations.

Since most of the nine states are continuing waiver policies into TANF with minimal change, by comparing the experimental and control groups over time in a state, we can reliably determine the causal effect of a state's reform effort on such key outcomes as welfare dependency, employment and earnings, total family income, and family structure. And by looking across states, we can begin to compare the relative effectiveness of different strategies in achieving the various goals of reform.

The ability to look across states is enhanced by the fact that the nine states embody significantly different approaches to key policy decisions. For example, they include states with a variety of time limits: states with strict and standardized time limits, states with individualized time limits, states that prescribe work after a time limit, states that eliminate the benefit of the entire family, states that only remove the benefit of the adults and states with no time limits.

The outcomes in the studies described above primarily concern adults. To better measure the effects of welfare reform on children, we created a team of twelve states to think collectively about what outcomes, both positive and negative, they thought their reforms might produce. We also included researchers to inform the team on how best to measure these outcomes.

We now have been able to fund five of these states to add a common core of child outcome measures to their evaluations—Connecticut, Florida, Indiana, Iowa and Minnesota. Because these states represent varying approaches to welfare reform, the results will produce rigorous information on how different reform policies affect children.

A LOOK AT FUTURE EVALUATIONS

The main question that the waiver evaluations answer is, "What has the *totality* of the change in state policy brought about?" But there is another equally important area of study to examine decisions that states need to make about the *parts* of their programs, if they are to invest their TANF and state funds most effectively.

A particularly important example that illustrates this kind of evaluation is the increasing efforts by states to improve job retention and advancement. Over the last several years, it has become clear that many welfare recipients do work, but their work is sporadic with substantial periods of unemployment and dependency interspersed with work. In addition, many of these families continue to have low incomes. We have learned a lot over the last twenty years about ways that are most effective to move recipients into work, and most states have moved to "work first" approaches, in part based on that knowledge. Now we need to turn our attention to learning about how to keep individuals employed more persistently, and how to raise working families' income.

As part of the creativity that is coming from a flexible, work-focused system, many states are now experimenting with what are frequently called "post-employment services" in order to increase employment persistence. For example, some states are working with employers to provide mentors to individuals with little work experience; others are providing opportunities for skills enhancement for

former recipients who show their commitment to work; and others are addressing access to health insurance. Rigorous evaluation can tell us which of the approaches, or the details of them, are actually effective in increasing employment and earnings.

This example suggests how, if we continue to work with states to ensure that the evaluations we fund answer their most pressing program design questions, we have a tremendous opportunity to learn which strategies really achieve the goals of welfare reform. And this kind of learning can play a critical role in the success of state welfare reform efforts.

WHAT WE HAVE BEGUN TO LEARN

In turning to what we have learned so far from these waiver demonstrations, I want to stress that it is too early to draw inferences with a high degree of confidence. Our ability to learn from the evaluations will certainly grow over time.

Nonetheless, based on the information we have now, the following lessons are suggested.

1. *Most state evaluations indicate significant impacts on the proportion of recipients and former recipients who are employed.* These impacts range from modest to quite large, depending on the reform intervention and the population subject to it. Among the states at the higher end of the range, the proportion of participants working in the last quarter of follow-up was 8 to 15 percentage points higher for the welfare reform group than the AFDC control group.

2. *States are dramatically increasing the mandatory aspect of work programs.* As with time limits, states have implemented a variety of policies for sanctioning individuals who fail to comply with program requirements, including eliminating a portion of the grant, eliminating the entire grant, and progressive reductions for repeated instances of failure to comply. These sanctions, including whole family sanctions, are much more commonly applied than anyone would have predicted. For example, in Delaware nearly half of the participants were sanctioned for failure to cooperate, and in Florida the sanction rate was 31 percent for the welfare reform group compared to 7 percent for the control group.

3. *Although states are getting out the message that welfare reform is occurring, and despite state efforts to simplify and explain their programs, many recipients do not have a clear understanding of the new rules.* For example, they may know that there's a time limit, but do not have a good idea of how months are counted toward it. Thus, in one state almost 90 percent of participants knew they were under a time limit, but only about half understood the circumstances under which a month counted. This is not a new phenomenon since recipients seldom understood AFDC rules either.

4. *To date, the studies confirm earlier research on the effectiveness of more generous earnings disregards.* Earnings disregards appear to be more effective than other policies being evaluated in raising *family income* for single parent families. This was most dramatically illustrated in Minnesota where work incentives were a very central feature of the state's reforms.

In theory, more generous disregards should increase the *employment* of single parents, and it appears likely that this is happening in current state reform efforts. At the same time, they probably also increase the length of time, and amount of *welfare* received over time, although the welfare received is now essentially a smaller earnings supplement. For example, again in Minnesota, under its demonstration, which had no time limit, both duration and amount of welfare were significantly increased. But even in states with time limits and tough work requirements, welfare duration prior to the exhaustion of the time limit was not reduced.

Previous research suggested that the effects of more generous disregards on *earnings* are mixed, stimulating participants who would not have worked, or worked only a little, to earn more, but also stimulating those who would have worked more substantially to earn less than they would have. The results in Minnesota seem to confirm this with average earnings increasing substantially for long-term urban recipients, but declining substantially for two-parent families (especially women).

5. *The effects on family income of the common package of welfare reform, which combines more stringent work requirements, more generous disregards and time limits, are not clear.* At this point, most programs appear not to have increased or decreased average family income by much, although undoubtedly, these averages mask the fact that some families have experienced positive effects and some have experienced negative effects. More generous programs combining high benefits with generous disregards and no time limits appear to do much more to increase family income, but probably also increase governmental costs at least in the short run. Thus, over an 18-month follow-up period Minnesota reduced poverty by nearly 15

percentage points for long-term urban recipients, but increased welfare costs by about 8 percent.

CONCLUSION

These early lessons, I believe, illustrate how the results of our evaluations hold the promise to be highly informative to policy makers at all levels of government. Our perseverance in carefully evaluating the results of these shifts in states' programs can make a major difference in the extent to which the goals of welfare reform are realized.

I would be happy to answer your questions.

Mr. COLLINS. Thank you, Mr. Rolston.

Ms. Blum.

STATEMENT OF BARBARA BLUM, DIRECTOR, RESEARCH FORUM ON CHILDREN, FAMILIES AND THE NEW FEDERALISM, NATIONAL CENTER FOR CHILDREN IN POVERTY

Ms. BLUM. Thank you, Mr. Chairman, and Members of the Subcommittee. It's a very great pleasure to appear before you today to discuss ways in which Congress can be well and timely informed of effects attributable to the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

As my written testimony indicates, obtaining information is complicated now by the dynamics of devolution, which encourage variation in policy and practice among States and localities. Understanding what information will be available, when it can be obtained and how it can be accessed is critically important.

Congress has a responsibility to govern well for all its citizens. Since welfare participants are among this country's most vulnerable citizens, and since two-thirds of these participants are children, this Subcommittee's concerns about the effects of the Personal Responsibility and Work Opportunity Reconciliation Act and the Temporary Assistance for Needy Families Program are commendable.

My observations for this hearing are, in summary: First, findings exist from earlier research that create parameters for understanding the degree to which the welfare reforms of 1996 have changed the welfare equation. Are the demographics of the TANF population different from those of the AFDC population, as analyzed by Bane and Ellwood? Do modest investments still produce modest returns, as MDRC's experiments have almost uniformly shown? Are interventions for teen parents having greater success in achieving employment and earnings than in the past? How are the long-term participants faring as compared to the supported work participants in the early eighties? Are financial incentive components continuing to produce significant positive effects?

Answers to these questions are important and can help us understand the workings of TANF and other welfare-related changes across States and localities.

Second, there is highly relevant information emerging, as you've heard, from the waiver experiments. Implementation and impact findings from these projects should be carefully analyzed to discover the effects of States' efforts in the early nineties, to test time limits, family caps, financial incentives, school mandates, and other

program requirements. These findings will help us understand results that will be emerging in other States implementing now similar changes.

Third, there are areas in which research efforts should be expanded. They include learning about child outcomes, which has been discussed a lot today, studying the experience of substance abusers in the TANF Program, tracking the impact of the Reconciliation Act on the immigrant populations, studying implementation issues, and assessing the status over time of those denied access to or leaving the TANF Program.

Fourth, early information about the systemic effects of the Personal Responsibility and Work Opportunity Reconciliation Act on State and local policies and programs will be available through research from the Rockefeller Institute and the Urban Institute. But more attention should be paid to fostering such well-designed implementation studies at the State and local levels. These can highlight how changes are actually being implemented.

Fifth, State capacity to use administrative data is important, because these data provide snapshots of client well-being, and allow us to see trends over time. State management information system capabilities need to be strengthened, and confidentiality issues resolved to enable research that will provide timely and accurate information.

Sixth, large data sets need to be enhanced so that they are representative of State or local populations and can be usefully mined. The Census Bureau's initiative, the survey of program dynamics, is of particular importance.

Seventh, impact studies should be encouraged to study promising programs as they emerge, and funds should be provided for their development and execution.

Finally, systematic ways to archive and share information about research initiatives should be fostered. The Welfare Reform Academy at the University of Maryland hosts monthly satellite broadcast conferences on various topics of welfare reform, and has convened an expert panel to evaluate current research efforts. The inventory of projects created by the Congressional Research Service on behalf of this Subcommittee is very useful. The data base developed by the Research Forum on Children, Families and the New Federalism is another resource providing access to extensive information about recent and current research projects.

But while facilitating the collection and exchange of research information is critical, the experience of the Research Forum during the past 14 months indicates that much more is needed. Many opportunities exist to improve research design, to facilitate coordination among researchers, and to develop a consensus about appropriate use of research methods.

Most of all, researchers need to be encouraged to address questions of relevance to policymakers and practitioners. Our ultimate goal should be the ability to provide extensive and understandable information to policymakers like yourselves, to researchers, to practitioners, to funders and to the media.

Knowledge is power, and in this instance, power to make informed decisions.

Thank you very much.

[The prepared statement follows:]

Statement of Barbara Blum, Director, Research Forum on Children, Families and the New Federalism, National Center for Children in Poverty

WHAT WILL WE KNOW AND WHEN WILL WE KNOW IT?

Subcommittee members have expressed an interest in learning from the Administration and from state and local administrators about how the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 is being implemented, and from representatives of the U.S. Census Bureau, the Congressional Research Service, HHS/ACF, and the Research Forum, of ways in which Congress can be informed about the effects of recent changes in welfare and related policies.

Certainly, the 1996 statute that created Temporary Assistance for Needy Families (TANF) and modified many aspects of welfare policy has profound implications for millions of our citizens and immigrant residents.

The statute's thrust to devolve decision-making to state and local levels is stimulating great variation in program design at the state and local levels. The increased requirements for work participation and the imposition of time limits create challenges for state and local staff as well as for the TANF participants. Changes in food stamp and other benefits for immigrant populations are likely to have a huge impact on hundreds of thousands of individuals.

Thus, understanding what information will be available, when it can be obtained, and how it can be accessed is critically important. Congress has a responsibility to govern well for all its citizens. Since welfare participants are among this country's most vulnerable citizens and 8.8 million—or two-thirds—of these participants are children, this subcommittee's concerns about the effects of PRWORA and TANF are commendable.

Earlier Relevant Research

In examining what information will be available, the backdrop of earlier research findings should be kept very much in evidence. This is true for several reasons. First, during the 1980s a significant number of analyses and experiments began to produce information that improved our understanding of the welfare population and the effects of various interventions. Second, findings from this early research constitute a template against which changes produced by PRWORA can be compared. Third, the earlier research findings have frequently raised additional questions that need to be answered in order to make further progress in designing new interventions.

Research accomplishments in the 1980s included analyses of the dynamics of the Aid to Families with Dependent Children (AFDC) population by Bane and Ellwood, which provided new information about the heterogeneity of the welfare population and about client characteristics which were correlated with duration in the caseload.

Experiments fielded by the Manpower Demonstration Research Corporation (MDRC) in eight states studied a range of interventions (i.e. job search, community work experience programs (CWEP), grant diversion, education, training). These projects were rigorously designed using randomized samples to measure the impact of a specific intervention or sequenced combinations of interventions.

The results of the experiments consistently showed modest benefits from modest investments in the tested interventions. Employment and income gains were reported for the experimental groups, along with modest reductions in welfare costs and dependency.

It was also the case that impacts were largest for those least well off. That is, employment and income benefits and welfare savings were greater for members of experimental groups who had had the least prior work experience, and lowest grade completion.

The experiments also showed that job search, when well administered (as in Riverside's Greater Avenues for Independence—GAIN—program) could be a very effective intervention for moving participants into the workforce. Education and training require a significant investment over time; thus, impacts were not identified in the near term. Nevertheless, given the very low levels of educational attainment by many welfare participants (a recent national survey shows 64% of welfare recipients not completing high school) and the skill demands of today's workplace, the outcomes achieved in well designed education and training programs like Comprehensive Employment Training (CET) should not be dismissed.

Three earlier experiments have addressed teen parents and dependency. New Chance was designed by MDRC to study the impacts of a comprehensive services intervention on mothers and children. The Learning, Earning and Parenting Pro-

gram (LEAP), an Ohio experiment evaluated by MDRC, provided financial incentives and disincentives based on the teen parent's school attendance. The Teen Parent Demonstration (TPD), evaluated by Mathematica, imposed mandates on teen participants that triggered financial sanctions for non-compliance.

A comprehensive review of findings from these three projects, sponsored by the Joint Center on Poverty Research (JCPR), MDRC, Mathematica, and the Research Forum demonstrated the difficulty of making a difference among the teen parent population. While LEAP and TPD produced better school attendance, findings from all three projects were disappointing. Particularly important is evidence in New Chance that obtaining a GED had no effect on subsequent employment and earnings.

Two other experiments are cited because each showed positive impacts for a distinct welfare group. The first, MDRC's Supported Work, was an experiment with structured work experience designed to increase demands on the worker over time. In this experiment, very disadvantaged women who were long term welfare recipients benefited significantly.

The second, the New York Child Assistance Program (NYCAP), evaluated by Abt Associates, Inc. is a program designed to increase income from employment with child support incentives. The women were required to establish paternity as a condition for participation. Employment and income gains as well as savings to the state were significant.

Research in the 1990s

During the 1990s, a new wave of research developed reflecting the interest of many states to institute changes through waiver authority. Authorization of these waivers was granted subject to HHS approval of a rigorous evaluation. Thus, today we are the beneficiaries of a significant number of research projects studying program components—such as time limits, family caps, and financial incentives—now being implemented in new TANF programs.

Most of these more recent research projects are included in a database that has been developed by the Research Forum with support from the Annie E. Casey, Russell Sage, Edna McConnell Clark, and Chase Manhattan Foundations. The Research Forum, hosted at the National Center for Children in Poverty, Columbia University School of Public Health has three purposes, all relevant to the changes in social policy that we are discussing at this hearing. They are:

- To encourage rigorous, comparable, and policy-relevant research as a means of monitoring and evaluation;
- To promote collaboration among researchers, funders, policymakers, state and local program administrators, and practitioners;
- To facilitate the exchange of research-based information among key stakeholders.

To support the third purpose, a database accessible through an interactive web site—http://www.researchforum.org—has been designed to include extensive information about research projects that meet three criteria. They are large scale and frequently multi-site; they have been designed by social scientists who are recognized as having contributed to the field; and they are relevant to TANF. (Other projects not meeting all of these criteria will be included later this year in an abbreviated form.)

Currently, 35 research projects are included in the database (see listing, p.13–14). Of these, 22 include impact research (see listing, p.15). Twenty-five are implementation studies, 20 of which are linked to impact studies (see listing, p. 16). In addition, the database includes 20 descriptive or analytical studies (see listing, p. 17).

Most important, the research projects in the database can be sorted by components being evaluated. The major components include:

- Changes in Child Support
- Changes in Eligibility
- Educational Activities
- Employment Activities
- Family Caps
- Financial Disincentives/Sanctions
- Food Stamps
- Program operations/implementation
- Program Requirements
- Support Services
- Time Limits

Important information about these components is emerging and will continue to emerge during the next several years. For example, a number of states are testing time limits.

Early findings from implementation and descriptive/analytical studies in some of these states are already available. Early impact findings are available for sites in Florida, Connecticut, and Delaware; descriptive/analytical studies have been completed in Iowa, Massachusetts, and Wisconsin.

Schedule of Project Reports on Impacts on Time Limits

	1997	1998	1999	2000	2001	2002
Florida	Interim	Interim	Interim	Final	.....	
Connecticut	Interim	Interim	Interim	.....	.....	Final
Vermont ...	.....	Interim	.....	.....	.....	Final
Delaware ...	Interim	.....	.....	.....	.....	

In addition to NYCAP, a number of projects are testing financial incentives (see listing, p 18). Of particular interest are Canada's Self-Sufficiency experiment and Minnesota's Family Investment Program (MFIP). In both instances, there is an impressive take-up by participants, suggesting that more sophisticated approaches to supplementing wages should be explored. (I stress this because I believe we are all seeking for ways to ensure that working families have sufficient subsistence to provide food, shelter, and clothing for their children.)

Projects in the database may be searched and analyzed according to the program components previously cited, as well as other the other project characteristics, such as the sites studied, outcomes assessed and organizations involved.

Publications

It is also possible to estimate when specific reports will be published. Here, for example, are projections for reports that researchers have shared with the Research Forum. These projections are entered into the database and currently available through the web site:

April 1998

- *Canada's Self Sufficiency Project: 18-month Impacts*

June 1998

- *Evaluation of "To Strengthen Michigan's Families": Sixth Annual Report*
- *Postemployment Services Demonstration: Final Report on Implementation*

July 1998

- *Canada's Self Sufficiency Project: Report on SSP Plus*

November 1998

- *Postemployment Services Demonstration: Preliminary Impact Findings*

December 1998

- *Project on Devolution and Urban Change: Implementation Report on Policies and Practices of Individual Sites*
- *Arizona EMPOWER Process Study: Interim Report*

January 1999

- *Vermont Welfare Reform Evaluation Project: Final Report*

June 1999

- *Arizona EMPOWER: Cost-Benefit Analysis Final Report*
- *Evaluation of "To Strengthen Michigan's Families": Seventh Annual Report*

July 1999

- *Canada's Self Sufficiency Project: 36-month Impacts*

December 1999

- *Project on Devolution and Urban Change: Early Impact Results, by Site*
- *Project on Devolution and Urban Change: Implementation Follow-up Report, by Site*
- *Project on Devolution and Urban Change: Reports on Ethnographic Reports and Community Institutions, by Site*

January 2000

- *Evaluation of "To Strengthen Michigan's Families": Final Report on Eight Years of Demonstration Operations and Cost-Benefit Study*

June 2000

- *Evaluation of "To Strengthen Michigan's Families": Eighth Annual Report*

December 2001

- *Project on Devolution and Urban Change: Final Impact Results (Individual and Aggregate)*
- *Arizona EMPOWER Impact Study Draft Report*

April 2002

- *Arizona EMPOWER Demonstration Final Evaluation Report*
- *Arizona EMPOWER Impact Study Final Report*
- *Arizona EMPOWER Process Study Final Report*

Gaps in Current Research

One aspect of the database that is seldom discussed relates to how it helps to identify gaps in what is being studied on scale. Several areas are quite evident:

Child Outcomes: Children comprise about two-thirds of welfare caseloads, yet welfare research projects have seldom incorporated direct assessments of their well-being. Embedded in MDRC's National Evaluation of Welfare-to-Work Strategies (formerly JOBS) is an important set of studies on child impacts; one of which is an observational study of parent/child interactions. Results of these studies will be available in about six months.

The Department of Health and Human Services has worked extensively with twelve states to stimulate interest in evaluating child outcomes. Funds have been provided to five of these states to support this work on child outcomes. Much more needs to be done.

Substance Abuse: Currently, the National Center on Addiction and Substance Abuse at Columbia University (CASA), with support from the Robert Wood Johnson Foundation, is planning an experiment. This is the single large scale effort planned to examine an intervention for TANF participants who are substance users. Despite generous foundation funding, the sample size of this project will be relatively small, and child outcomes may not be addressed. Yet, we know that individuals abusing drugs comprise one of the most problematic groups in our TANF population and that effects of this parental condition on children should be better understood.

Immigrants: This population is subject to the earliest and most extensive changes, yet only the Urban Institute's New Federalism project and a few other more modest projects are currently studying impacts related to PRWORA changes.

Rural Issues: While urban areas deserve attention, we also should be studying rural areas, particularly those with high concentrations of population on welfare (i.e. Fresno County, California with 220,000 TANF participants out of 660,000 total population).

Systematic Follow-Up of Those Who Leave the Rolls: Except for the Urban Institute's New Federalism project very little work is being done across states or on a large scale to follow individuals longitudinally. Efforts by individual states and the Hudson Institute in Milwaukee provide only limited information about the effects of exits on children.

Areas of Research Development/Research Tools

Having described in broad strokes what we will know and what we will not know, it is important to examine not only when but how we can learn more.

Implementation Studies

One avenue to understanding what is or is not happening will be to pay attention to implementation studies as they emerge. Frequently we have created strong Federal and state statutes, setting appropriate policy direction, but have failed to see those policies translated into practice. That can be understood, since change is hard to achieve and involves many levels of political structure and of management. Nevertheless, since PRWORA institutes change of a magnitude seldom proposed and since it will influence the lives of so many families, knowing what is and is not being achieved is essential to understanding the end effects.

As identified earlier, some of the implementation studies are part of research projects that also evaluate the impact of specific program components such as time

limits and family cap. Such studies can be extraordinarily informative in suggesting ways in which these interventions can be more effectively implemented.

In a few instances, implementation or process research will be differently cast. For instance, the Rockefeller Institute project directed by Richard Nathan is studying the states to identify the degree and nature of change attributable to PRWORA. This work and the work undertaken by the Urban Institute in its New Federalism Project will provide invaluable "advance notice" of what is going on generally, while reflecting the variations that PRWORA encourages.

Implementation studies have in the past been delegated to a lesser status than other types of research. During this period of dynamic change, new value needs to be attached to this genre of research. Important work has been initiated by the Institute for Research on Poverty (IRP) at the University of Wisconsin to mobilize a diverse and distinguished group of researchers in order to foster attention on the contributions of well-designed implementation studies during a period when, for instance, creating a controlled experiment is not feasible or when information is needed in the short term.

Administrative Data

In this era of computerized management, it seems clear that some of the most timely and accurate information about PRWORA should come from links between administrative data sets. In some states, this potential is developing very well; in many other states, capacity remains quite weak. (This is one instance in which variation may not be desirable.) It is clear that, in order to even partially answer certain basic questions, more extensive data links are needed. A few examples:

- TANF match with Unemployment Insurance (UI) and/or wage reporting systems will identify that portion of the TANF caseload moving into jobs with benefits.
- TANF match with the Internal Revenue Service records would give information on tax paying and income status.
- TANF match with the Earned Income Tax Credit (EITC) would give information on wage level achieved as well as the EITC supplement.
- TANF match with Child Support Enforcement (CSE) would show whether some custodial parent income is provided to supplement other sources of income.
- TANF match with Medicaid and Food Stamps would show what benefits are continued after termination of cash benefits.
- TANF match with the protective and foster care system would identify problems affecting children (obviously constructed with confidentiality safeguards).

Confidentiality and capacity issues need to be addressed in order to fast-forward the use of administrative data.

Large Data Sets

There are some opportunities to mine the major data sets—for example, the Survey of Income and Program Participation (SIPP), Panel Study of Income Dynamics (PSID), National Longitudinal Survey of Youth (NLSY), Current Population Survey (CPS)—but there may be greater opportunities to examine how these data sets have been constructed and to address issues of sample size within states, coverage of program participation, and assessment of child and family outcomes.

For example, the Census Bureau is extending two existing panels of SIPP in order to monitor the effects on families of the devolution of welfare policy. The result, entitled the Survey of Program Dynamics (SPD), is a large, longitudinal, nationally representative survey of program participation over a ten-year period, starting prior to and ending after the enactment of TANF. Attention will be given to measuring the effects of these new policies on the well-being of individual recipients, their families, and their children.

Impact Studies

As a former state administrator and then, subsequently, president at MDRC, I want to make a personal pitch to support impact research, particularly randomized studies. The current ferment will settle down; some exemplary initiatives will be recognized. These should be tested at the earliest time possible.

My own experience has been that controlled experiments yield far superior information. Future work should foster such rigorous research initiatives.

In Conclusion and to Recapitulate

- First, findings exist from earlier research that create parameters for understanding the degree to which PRWORA has changed the welfare equation. Are the demographics of the TANF population different from those of the AFDC population as analyzed by Bane and Ellwood? Do modest investments still produce modest returns? Are TANF strategies able to move individuals with low educational and em-

ployment experience into the workforce? Are interventions for teen parents having greater success in achieving employment and earnings than past interventions? How are the long-term participants faring as compared to Supported Work participants? Are financial incentive components continuing to produce positive effects?

Answers to these questions are important and can help us understand the workings of TANF and other PRWORA changes across states and localities.

• Second, there is relevant information emerging from the "waiver experiments." Implementation and impact findings from these projects should be carefully analyzed to discover the effects of states' efforts in the early 1990s to test time limits, family caps, financial incentives, school mandates, and other program requirements. These findings will help us understand results that may emerge in other states implementing similar changes.

• Third, there are areas in which research efforts should be expanded. They include: learning more about child outcomes, studying the experience of substance abusers in the TANF program, tracking the impact of PRWORA on the immigrant population, studying implementation issues in rural areas, and assessing the status of those leaving the TANF program.

• Fourth, early information about the systemic effects of PRWORA on state and local policies and program will be available through work at the Rockefeller Institute and the Urban Institute. More attention should be given to fostering such well-designed implementation studies at the state and local levels; these can highlight how well changes are actually implemented.

• Fifth, state capacity to use administrative data is important because these data provide "snapshots" of client well being and allow us to see trends over time. State management information system (MIS) capabilities need to be strengthened and confidentiality issues resolved to enable research that will provide timely and accurate information.

• Sixth, large data sets need to be enhanced so that they are representative of state or local populations and can be usefully mined. The Census Bureau's initiative, the Survey of Program Dynamics, is of particular importance.

• Seventh, impact studies should be encouraged as promising programs emerge, and funds should be provided for their development and execution.

Finally, systematic ways to archive and share information about research initiatives should be fostered. The Welfare Reform Academy at the University of Maryland hosts monthly satellite broadcast conferences on various topics of welfare reform and has convened an expert panel to evaluate current research efforts. The inventory of projects created by the Congressional Research Service (CRS) on behalf of this committee is very useful. The database developed by the Research Forum on Children, Families, and the New Federalism is another resource.

But, while facilitating the collection and exchange of research information is critical to providing information, the experience of the Research Forum on Children, Families, and the New Federalism during the past fourteen months indicates that much more is needed. There exists many opportunities to improve research design; to facilitate coordination among researchers; and to develop a consensus about research method, terms, and definitions, comparability in research questions, and common outcomes. Most of all, researchers need to be encouraged to address questions of relevance to policy makers and practitioners.

Our ultimate goal should be the ability to provide extensive and understandable information to policymakers like yourselves, to other researchers, to practitioners, to funders, and to the media. Knowledge is power—in this instance, the power to make informed decisions.

Project List

Title	Evaluator
A Better Chance Evaluation	Abt
Alabama ASSETS Evaluation	Abt
Arizona EMPOWER Welfare Reform Demonstration	Abt
Assessing the New Federalism	Urban Institute
Big Cities Confront the New Politics of Child and Family Policy	Columbia SSW
Canada's Self-Sufficiency Project	SDRC
Confronting the New Politics of Child and Family Policy in the U.S..	Columbia SSW
Connecticut's Job's First: Welfare Reform Evaluation Project	MDRC
Devolution of Welfare: Assessing Children's Changing Environments and Effects on School Readiness.	Yale
Devolution, Welfare Reform, and Wellbeing Study	Columbia SSW

Project List—Continued

Title	Evaluator
Florida Family Transition Program (FTP) Evaluation	MDRC
Fragile Families Project	Columbia/Princeton
GAIN Evaluation	MDRC
Iowa's Limited Benefit Plan (LBP) Evaluation	Mathematica
JOBS–PLUS Community Revitalization Initiative for Public Housing Families.	MDRC
LEAP Evaluation	MDRC
Minnesota's Family Investment Program (MFIP) Evaluation	MDRC
Monitoring States' Welfare Reforms	GAO
National Evaluation of Welfare-to-Work Strategies (formerly JOBS).	MDRC
New Chance Demonstration	MDRC
New Hope Project	MDRC
New York Child Assistance Program (NYCAP) Evaluation	Abt
Newark Young Family Study (sub-study of Teenage Parent Demonstration Program).	Columbia/NCCP
Parents' Fair Share Demonstration	MDRC
Postemployment Services Demonstration	Mathematica
Project on Devolution and Urban Change	MDRC
State Capacity Study	Rockefeller Inst.
State Policies and Practices Regarding Substance Abuse, Medicaid, and the Employment Needs of Welfare Recipients.	CASA
State Policy Documentation Project	CBPP
Substance Abuse, Economic Self-Sufficiency, and Welfare Reform	CASA
Teenage Parent Demonstration Program	Mathematica
To Strengthen Michigan's Families (TSMF) Evaluation	Abt
Vermont Welfare Restructuring Project Evaluation	MDRC
Welfare Reform and the Well-Being of Children and Families: A Multi-City Study.	U Chicago
Welfare Reform: States' Early Experiences with Benefit Termination	GAO

Project List

[Impact Studies]

Title	Evaluator
A Better Chance Evaluation	Abt
Alabama ASSETS Evaluation	Abt
Arizona EMPOWER Welfare Reform Demonstration	Abt
Assessing the New Federalism	Urban Institute
Canada's Self-Sufficiency Project	SDRC
Connecticut's Job's First: Welfare Reform Evaluation Project	MDRC
Florida Family Transition Program	MDRC
GAIN Evaluation	MDRC
JOBS-PLUS Community Revitalization Initiative for Public Housing.	MDRC
LEAP Evaluation	MDRC
Minnesota's Family Investment Program (MFIP) Evaluation	MDRC
National Evaluation of Welfare-to-Work Strategies (formerly JOBS).	MDRC
New Chance Demonstration	MDRC
New Hope Project	MDRC
New York Child Assistance Program (NYCAP) Evaluation	Abt
Parents' Fair Share Demonstration	MDRC
Postemployment Services Demonstration	Mathematica
Project on Devolution and Urban Change	MDRC
Substance Abuse, Economic Self-Sufficiency, and Welfare Reform.	CASA
Teenage Parent Demonstration Program	Mathematica
To Strengthen Michigan's Families (TSMF) Evaluation	Abt
Vermont Welfare Restructuring Project Evaluation	MDRC

Project List

[Implementation Studies]

Title	Evaluator
A Better Chance Evaluation*	Abt
Alabama ASSETS Evaluation*	Abt
Arizona EMPOWER Welfare Reform Demonstration*	Abt
Assessing the New Federalism	Urban Institute
Canada's Self-Sufficiency Project*	SDRC
Connecticut's Job's First: Welfare Reform Evaluation Project*	MDRC
GAIN Evaluation*	MDRC
Iowa's Limited Benefit Plan (LBP) Evaluation	Mathematica
JOBS–PLUS Community Revitalization Initiative for Public Housing.	MDRC
LEAP Evaluation*	MDRC
Minnesota's Family Investment Program (MFIP) Evaluation*	MDRC
Monitoring States' Welfare Reforms	GAO
National Evaluation of Welfare-to-Work Strategies (formerly JOBS)*.	MDRC
New Chance Demonstration*	MDRC
New Hope Project*	MDRC
New York Child Assistance Program (NYCAP) Evaluation*	Abt
Parents' Fair Share Demonstration*	MDRC
Postemployment Services Demonstration*	Mathematica
Project on Devolution and Urban Change*	MDRC
State Capacity Study	Rockefeller Inst.
Substance Abuse, Economic Self-Sufficiency, and Welfare Reform*.	CASA
Teenage Parent Demonstration Program *	Mathematica
To Strengthen Michigan's Families (TSMF) Evaluation*	Abt
Vermont Welfare Restructuring Project Evaluation*	MDRC
Welfare Reform and the Well-Being of Children and Families: A Multi-City Study.	U Chicago

Projects marked with "*" are linked to impact studies.

Project List

[Descriptive Studies]

Title	Evaluator
A Better Chance Evaluation	Abt
Assessing the New Federalism	Urban Institute
Big Cities Confront the New Politics of Child and Family Policy.	Columbia SSW
Canada's Self-Sufficiency Project	SDRC
Confronting the New Politics of Child and Family Policy in the U.S..	Columbia SSW
Devolution of Welfare: Assessing Children's Changing Environments.	Yale
Devolution, Welfare Reform, and Wellbeing Study	Columbia SSW
Fragile Families Project	Columbia/Princeton
Iowa's Limited Benefit Plan (LBP) Evaluation	Mathematica
Monitoring States' Welfare Reforms	GAO
Newark Young Family Study (sub-study of Teenage Parent	Columbia/NCCP
Parents' Fair Share Demonstration	MDRC
Postemployment Services Demonstration	Mathematica
Project on Devolution and Urban Change	MDRC
State Capacity Study	Rockefeller Inst.
State Policies and Practices Regarding Substance Abuse, Medicaid,.	CASA
State Policy Documentation Project	CBPP
Teenage Parent Demonstration Program	Mathematica
Welfare Reform and the Well-Being of Children and Families: A Multi-City Study.	U Chicago

Project List—Continued

[Descriptive Studies]

Title	Evaluator
Welfare Reform: States' Early Experiences with Benefit Termination.	GAO

Project List

[Projects Studying Financial Incentives]

Title	Evaluator
A Better Chance Evaluation	Abt
Alabama ASSETS Evaluation	Abt
Arizona EMPOWER Welfare Reform Demonstration	Abt
Assessing the New Federalism	Urban Institute
Canada's Self-Sufficiency Project	SDRC
Confronting the New Politics of Child and Family Policy in the United.	Columbia SSW
Connecticut's Job's First: Welfare Reform Evaluation Project	MDRC
Florida Family Transition Program (FTP) Evaluation	MDRC
GAIN Evaluation	MDRC
JOBS–PLUS Community Revitalization Initiative for Public Housing.	MDRC
LEAP Evaluation	MDRC
Minnesota's Family Investment Program (MFIP) Evaluation	MDRC
Monitoring States' Welfare Reforms	GAO
National Evaluation of Welfare-to-Work Strategies (formerly JOBS).	MDRC
New Hope Project	MDRC
New York Child Assistance Program (NYCAP) Evaluation	Abt
Parents' Fair Share Demonstration	MDRC
Postemployment Services Demonstration	Mathematica
Project on Devolution and Urban Change	MDRC
State Policy Documentation Project	CBPP
Substance Abuse, Economic Self-Sufficiency, and Welfare Reform.	CASA
To Strengthen Michigan's Families (TSMF) Evaluation	Abt
Vermont Welfare Restructuring Project Evaluation	MDRC

Government Grants to NCCP in Past 2 Years

Amount	Title	Project Period
$100,000	Child Care Research Partnership	9/30/95 – 9/29/96
$100,000	Child Care Research Partnership	9/30/96 – 9/29/97
$136,000	Child Care Research Partnership	9/30/97 – 9/29/98
$200,000	Child Care Research Partnership Affecting Welfare Recipients & Low Income Working Families.	9/30/97 – 9/29/98
$35,000	Process Evaluation Pronect (thru University of Wisconsin).	10/1/97 – 9/30/98
$103,000	State Welfare Reform Demonstrations and Infant & Toddler Care (thru Teacher's College).	8/1/96 – 7/31/97
$13,000	Child Health and Development Programs in the Context of Welfare Reform.	9/30/97 – 9/29/98

Mr. McCrery [presiding]. Thank you, Ms. Blum.

Mr. Levin.

Mr. Levin. Well, simply to say thank you very much. This is a wonderful note upon which to end this hearing. The belief that

knowledge counts is critical. I think all of you have suggested to us and everybody that before we reach final conclusions, we should have as many facts as we can.

I'm glad we provided the money for these programs. I'm glad there's a lot of private research going on. And, the more the better, because this effort is worthy of it.

I have been somewhat discouraged to ask some questions, since your testimony has suggested that we had better ask a lot of questions as these programs continue to unfold.

Thanks.

Mr. MCCRERY. Mr. Matsui.

Mr. MATSUI. Thank you, Mr. McCrery.

Ms. Blum, 50 different States now have programs. And in California, some counties have a lot of flexibility. What are we really looking at? When we had, obviously, the Family Support Act of 1988, which is actually a work first program as well, but some people may not have read it, we had one program. And we were able to collect data, we were able to analyze it.

Obviously, there were some flaws in it. I thought in terms of the fund for the work program, we shouldn't have had such a tough match for States, particularly when they were in a recession.

Ms. BLUM. Right.

Mr. MATSUI. They never really got to it until about 1994. I think once they started getting to it, that's when we started seeing progress, and that's why in 1996, we started to see some progress on it.

Nevertheless, it's over. It's gone. How are we going to collect the data and how are we going to analyze these different programs? And I'll ask you this, also, Dr. Rolston. Because you've got so many programs now, how do you say, this is working. Because there is so much flexibility with various States and various counties, like in California. Perhaps you can help us with this.

Ultimately, we're going to need, 1 year from now or 2 years from now, an evaluation. And my State may work well, some other State may not work well. Maybe my State won't work well, but maybe New York will.

How do we evaluate it?

Ms. BLUM. You and I certainly agree on the Family Support Act, entirely.

Mr. MATSUI. Exactly.

Ms. BLUM. However, in answer to your question, I think my written testimony highlights the difficulty that you are suggesting. We are going to have to take our evaluations down to the local level. I think that can be good, because we'll really understand community effects.

I was in your State about 3 weeks ago, and heard about Fresno County, where there are 660,000 people in the county, 220,000 on the rolls, with an agricultural economy. Now, we have to understand that that county is going to operate very differently from an urban area. And I think the research community is hard at work now, trying to understand how to move their work down to the community level. I also think administrative data become extraordinarily important.

But we also can look at measures, child poverty measures will tell us a story, wage levels at the local level will tell us a story. We have to start thinking, it seems to me, very differently. And of course, Dick Nathan has been thinking about this for a long, long time.

Mr. MATSUI. Maybe I can ask you, Dr. Rolston. How are you, I'm assuming you're in charge of collecting the data and coming up with some conclusions on this, is that my understanding? Yes. Well, that's good. I'm glad we have somebody in charge at HHS who's going to be held responsible and accountable. Maybe you don't want to have that word, but at least accountable for the collection of data, so 2 years from now, when we sit down with you or you appear before us, we're going to be able to say, is it working, and you're going to be able to give us hard evidence that it is or isn't working, or these are changes that could be made.

Now, tell me how, what's your methodology? It certainly is not going to go to some welfare office and say, geez, everybody's really excited, they wake up in the morning, look in the mirror and say, I want to go to work. That's not what we're talking about. We're talking about data.

How are you going to do this?

Mr. ROLSTON. I guess the reason I don't actually say I'm in charge of it is because, I think it's like many other areas. There's no single person in charge of it. As Barbara described, there are a lot of people who have to do this. There isn't going to be a single study that's going to answer the question.

There's going to have to be a multiplicity of studies that answer a variety of questions. I think some of it's going to be triangulation of a lot of different approaches.

I mean——

Mr. MATSUI. Triangulation? I don't understand that. I don't even understand that from Dick Morris.

Mr. ROLSTON. This is a very significant piece of social legislation, and I don't think there is a way to do a single study that will in any definitive way answer what is the effect of welfare reform in Omaha versus Los Angeles versus some place else.

At the same time, I do think there are tremendous opportunities. One of our best methods of learning, we've learned over the last 20 years, is through experiments. A number of people have alluded to them.

Mr. MATSUI. But I think what Ms. Blum is saying, though, is that, you see, this is just the problem. In a way it's kind of clever, and I know you're not suggesting it's clever, but it's very clever. Because you can't hold anybody accountable any more.

Mr. ROLSTON. Well, no, I——

Mr. MATSUI. Well, no, no, because now it's at the local level. So it's a supervisor or it's a city council member or it's the mayor.

How do we do this? Ms. Blum is talking about poverty rates. Is that a major factor?

Mr. ROLSTON. Yes, I think——

Mr. MATSUI. Because poverty hasn't gone down. So we're saying all wonderful things about this bill, but childhood poverty hasn't gone down. So how could we say it's wonderful if that's not the case?

Mr. ROLSTON. Well, first of all, child poverty hasn't been measured after TANF. The latest data are from a prior period.

Mr. MATSUI. We only have some anecdotal information. But the Center for Budget and Policy Priorities, which I think most people feel is pretty objective, has said childhood poverty may have gone up a little bit.

Mr. ROLSTON. But that's through 1996, it's not——

Mr. MATSUI. I understand that. I understand that. You're right.

Mr. ROLSTON. But I'm certainly not at all trying to absolve myself or others from responsibility. I think we all have important——

Mr. MATSUI. I'm not suggesting you are.

Mr. ROLSTON [continuing]. Responsibilities to learn this. I'm saying——

Mr. MATSUI. I'm not suggesting you are. I'm just saying the bill maybe lent itself to that.

Mr. ROLSTON. I think we're doing a number of studies that will tell us a lot about which different kinds of policies are effective, what the effects are on employment, on earnings——

Mr. MATSUI. OK.

Mr. ROLSTON [continuing]. On child poverty and other things.

Mr. MATSUI. How does that help us, how does that help us as policymakers, though? If the program is working in Fresno but not in San Francisco, what will that tell us? I mean, how do we deal with that nationally?

Mr. ROLSTON. Well, I think it will be partly from the perspective of understanding the effects in various places of different kinds of policies, understanding how widespread those policies are. Certainly, studies like the data collection the Census is doing also can be very helpful in understanding these things.

It will produce a data base that researchers will be able to use, but it won't produce a definitive answer.

I think to come up with an analogy, if we dramatically change the way that we financed highways, for example, you wouldn't learn about the effects of that from one study. You'd learn about it by studying a lot of different things in a lot of different places and then trying to pull it together.

Mr. MATSUI. And that's why we have a national highway program, because it's so difficult to analyze unless you have a national program. But we don't now. I mean, we have a different program for the highway system, which is a national program, than we do for children. I guess what I'm saying, and I know my time is running out, what we really need from you is a road map.

I'd like to sit down with you maybe and find out, what are the criteria you're going to use to talk about the success or failure of this program once you collect your data 3 years from now, so that we can sit down and compare that with, whenever we meet or whenever you provide that information to us or me, and we can say, you're right, this program really is working well.

And then I can say, I made a mistake. But if it's not—see, we need criteria. And we can't do the criteria after we collect all the data and say, well, this is the way we want to analyze this to make it fit our preconceived belief. Are you doing that now? Is that the kind of work you're doing to try to give us some idea of whether this thing will be successful or not?

Mr. ROLSTON. We're trying to do a number of different things. What concerns me about what you're asking is that you expect that a single study from a design——

Mr. MATSUI. No.

Mr. ROLSTON [continuing]. That we could say, these are the values and if these are the successes——

Mr. MATSUI. You know, you were here—

Mr. ROLSTON [continuing]. And I don't think it will—

Mr. MATSUI [continuing]. You were here when we questioned Dr. Golden. The only thing I'm asking right now at this moment is that, if you have some data to say this is a wonderful program, produce it. If you don't, then you shouldn't be talking about what a wonderful program this is. And I don't think we can say that right now. I can't say it's a bad program, because I don't have data to back that up. And you don't have enough data to say it's a good program.

What we need to do is take a deep breath and step back and let time work its will. And you need to collect data and try to come up with the criteria. Because I'm telling you that nothing has changed over the last 3 years from my perspective in terms of what I consider the potential problems of this bill to be.

If we hit a recession, it's going to be pretty cataclysmic for a lot of communities and a lot of—this is my opinion. Now, maybe I'm wrong. And if I'm wrong, I need the data when you collect it to tell me I'm wrong, that these time limits really won't have the adverse effect that I felt it should or would when I went before the House and gave my statement. That's all I'm saying.

Mr. ROLSTON. We would certainly be glad to sit down with you and talk to you about the kinds of measures that we think are important in terms of assessing and the kinds of things——

Mr. MATSUI. But what, let me ask you this, because you've been doing a lot of work on it. Is childhood poverty, is the poverty rate for children a significant factor in this, the national rate? Is it significant?

Mr. ROLSTON. I think it's a significant factor.

Mr. MATSUI. OK, and so that would be one of your criteria.

Mr. ROLSTON. I think the child poverty rate is one of the things that a lot of people will measure by. I think there will be differing views, and it will be complicated to figure out what the bill contributed to, for a lot of the reasons that people have, you yourself have——

Mr. MATSUI. Like the economy right now, right? You can't compare 1982 with 1998.

Mr. ROLSTON. Right, but scientists can work with data to try to parse out those factors.

Mr. MATSUI. I really appreciate this, and thank you.

Mr. MCCRERY. Mr. Coyne.

Mr. COYNE. Thank you, Mr. Chairman.

Mr. Nathan, based on your research to date, what impact is the "work first" strategy being pursued by most States having on the kinds of jobs former welfare recipients get? In other words, what kind of impact has that switch made, that is, the work first concept?

Mr. NATHAN. Mr. Coyne, I appreciate the question. And I think the job this panel has, which is a complicated one, is to try to give a good sense of what we can know and when we can know it and how we can link up different studies. And our study is on institutions, using people in 21 States, college professors primarily, to look at how administrative systems are changing.

We are analyzing that data now. As I highlighted in my chart, these are early findings from 21 States, which includes most of the big States in this data set.

I would say, in interpreting the data at this stage, that the time limit and the signaling is being changed as welfare caseworkers have said. I find I learn a lot by talking to the caseworkers, now called case managers, asking questions such as, What are you doing?

The signaling is different. The work-first emphasis of this law, which is stronger than it's been before, is saying work, immediate attachment to the labor force is the emphasis. You'd better get to it, because you have only so much time, unless you're in the 20-percent exemption group. Lots of States are using maintenance-of-effort money and the 20-percent exemption in ways that are important in our institutional research.

But I do think that even economists—I'm a political scientist, but even to economists, Lord Keynes said this—signals matter. The way an economy signals to people, the way businesses, the way government signals to people influences behavior. I believe that this law is having surprisingly big signaling effects which we're already beginning to pick up in our research, bigger than a lot of people expected.

Mr. COYNE. OK, well, that's fine. The concept will be work first, but can we expect from that that if they go to work and don't get additional training and education, that they'll really get the good jobs, the jobs that would pay a living wage, and in addition to that, enough money to pay for health care benefits?

Mr. NATHAN. Well, I hope our research will, as Howard Rolston said, give you information to pass judgment on. There is a lot more to be said on your question, which is a very good one, where the previous panel, which I thought was an excellent panel, talked about how programs are now looking at upgrading and job retention and using the TANF money in ways that provide quite concentrated service packages designed to help people make it and stay in and move up in the labor market.

Now, we hope in our research over the next 3 years to be able to tell you more about that. Because that's a big issue, as to whether the strategy of just putting people to work is enough. I hope our research and the research on institutional change and administrative behavior will give you the kind of information you should have to decide whether this work-first signal is too harsh. Many people say it isn't. Indeed, that may be what people conclude.

But our job, as this panel has said, and we're institutional, administrative researchers, is to give you good, clear, honest, and impartial information to decide whether the signaling is too strong or whether it's helpful. And I can tell you what my opinion is, but I'd much rather work through our research and have the research enable people to reach their own conclusions.

Mr. COYNE. Thank you.

Mr. MCCRERY. Mr. Matsui.

Mr. MATSUI. Thank you very much, Mr. Chairman.

Dr. Rolston, I just want to make sure, so I have a clear understanding of this, HHS is the lead agency in the collection of data and trying to put together the analysis of the success of this program. I remember when Secretary Shalala appeared before the full Ways and Means Committee, I believe it was last year sometime.

And I asked her, I said, do you have the capability, the wherewithal, the staffing, to collect the data, so we can find out if this program worked or didn't work, or was kind of in a gray area when it's fully implemented and after we've had a lot of information. And she said certainly, or something to that effect.

Now, are you the individual that we're to look to for this information, or is it HHS or tell me who it is. Because I want to be able to really hold that person accountable 3 years from now or 2 years or 6 months from now as this thing develops. Is that you?

Mr. ROLSTON. Well, I work for Olivia Golden, there are also other parts of the Department involved in this, like the Assistant Secretary for Planning and Evaluation. So I'm certainly not responsible for all of it. I'm not trying to duck this——

Mr. MATSUI. Who is? Who is? Give me——

Mr. ROLSTON. The Secretary, I guess, is.

Mr. MATSUI. The Secretary is? Wait 1 minute. Come on. Who at the staffing level, who's going to collect the data?

Mr. ROLSTON. Me and others. I'm just telling you, I'm not——

Mr. MATSUI. You and others. Who else? Can you give me three or four other people that have your stature in the Department—I want all three of you, I want all four of you.

Mr. ROLSTON. Pat Ruggles, Deputy——

Mr. MATSUI. Are you the lead on this? You're the one who is going to be coordinating this?

Mr. ROLSTON. I would say we work together, her office and my office and other offices——

Mr. MATSUI. No, look, you'll have to excuse me for interrupting you, but I just want to know who is going to be in charge of this when it's all said and done. Because this, to me, this is the ball game. This is very, very important. I need to know, to my satisfaction, on behalf of my constituents, and probably the 32 million people of the State of California, with Pete Stark, and others, who are concerned about this, how we're going to make sure this program works, and if it doesn't, what adjustments we're going to make.

And how we're going to be able to really deal with the whole issue of getting people from welfare to work. Now, I want to know who's going to be responsible for making sure that that data are available to us. Now, it was August 1996 when that bill passed. We're 2 years, almost 2 years beyond that now.

Who in the Department is in charge of what I just suggested, or what I just requested?

Mr. ROLSTON. Mr. Matsui, I'm doing the best I can to answer. I certainly feel a great responsibility. But for example, in the last appropriation bill, the Congress appropriated $5 million to look at people who are leaving welfare. That's certainly a very important investment in a very important question.

Mr. MATSUI. Is that you?

Mr. ROLSTON. No.

Mr. MATSUI. Well, who is it? Come on, give me a break.

Mr. ROLSTON. Patricia Ruggles—I'm sorry, I can't give you——

Mr. MATSUI. Well, can I make a suggestion? I'm going circular right now, so will you do me a favor? Maybe you ought to discuss this in your interdepartmental discussions, interagency, if it even gets to the White House, and find out who's going to be in charge. When we have a trade bill, somebody is in charge, right? When we have a health care bill, somebody is in charge.

Why can't we do it for children? Why can't we do it for this issue? Can we do it for this issue?

Mr. ROLSTON. I can only tell you that I am not responsible for the entire activity. I'm responsible for part of it that——

Mr. MATSUI. OK, I won't go any further, but will you do me a favor? Will you bring that up with whomever your boss is and then see if we can get this kind of data? Because I'm afraid 1 year from now we're going to have this same discussion and nobody's going to be held accountable for it. And then we're going to say, oh, well.

Mr. ROLSTON. I can just say, we feel a deep sense of accountability for——

Mr. MATSUI. Then find somebody.

Mr. ROLSTON. Nobody is passing the buck here. I feel accountable——

Mr. MATSUI. The only way government works, the only way government works is if somebody is in charge, OK? Thank you.

Mr. MCCRERY. Dr. Rolston, is your department working with a specific authorization of money from the Congress under the welfare bill that was passed?

Mr. ROLSTON. Yes.

Mr. MCCRERY. You're getting money specifically for that?

Mr. ROLSTON. There was money that was in the bill. The Congress has elected to appropriate it through another mechanism, but it comes essentially from what was included in TANF.

Mr. MCCRERY. And it's specifically for research?

Mr. ROLSTON. Research and evaluation on a broad variety of topics, most of which have been mentioned today.

Mr. MCCRERY. And Dr. Weinberg, is that true, too, for the Census Bureau?

Mr. WEINBERG. The money for the Survey of Program Dynamics was appropriated in the welfare reform legislation directly, yes.

Mr. MCCRERY. And in your opinion, is it a good idea for us to specifically appropriate money for research and evaluation by the Census Bureau?

Mr. WEINBERG. That's really beyond my pay grade. I really——

[Laughter.]

Mr. MCCRERY. Well, it's not beyond your pay grade. I mean, you're——

Mr. WEINBERG. The proper way for Congress to appropriate money is really up to Congress. That's all.

I appreciate getting an extra $10 million, but whether that's the right way to do it is really up to you to decide.

Mr. MCCRERY. Well, I appreciate your deference to our authority. However, we cannot make informed decisions unless we have the

opinion of folks like you, and that's what I'm asking for, is your opinion as to whether this is money well spent. If it's not, we can take it back.

Mr. WEINBERG. No, I think it definitely is money well spent.

Mr. MCCRERY. That's all I wanted to know.

Mr. WEINBERG. It leverages money that was already spent in ways that make this a very productive investment.

Mr. MCCRERY. Thank you.

Now, Mr. Nathan, I'm told, I wasn't here for your testimony, but I'm told that you wanted to discuss postprogram data a little more indepth, and I'm willing to give you a couple of minutes to do that if you'd like.

Mr. NATHAN. I very much appreciate that. What I want to say about that, and as I listened this morning to Assistant Secretary Golden and to the two previous panels, I'm struck by the fact that many States are doing studies like the Maryland study, which the Chairman mentioned this morning, where State governments are providing data and money to researchers to see what happens to people who exit from welfare or from TANF systems.

I was in Mississippi doing our research the week before last. Millsaps College in Mississippi has money from the State and data from the State to study what happens to people who exit from their TANF work program. In fact, it's very interesting, because the agency people, and often we don't think in this way, although Barbara Blum does, that people in human service agencies care a lot about keeping their business going. They're a little worried that as the rolls go down, they're not going to keep their work force and keep their rolls.

So in many States, what I'm——

Mr. MCCRERY. A shocking revelation.

Mr. NATHAN [continuing]. Finding is that State agencies and State workers are very concerned to find out what's happening to people, why they're leaving. Do they already have income, do they get jobs, what is happening to them? I have a temporary assignment now at the General Accounting Office. What GAO is going to do, and we were talking about this earlier with Howard Rolston and others, is gather data from all the States that are doing these kinds of studies. Many of them are well-designed studies of postprogram conditions, of people who exit from the TANF assistance systems.

I am going to use our network in 21 States to the fullest extent we can to find out what kind of data will be available to you, to your Subcommittee, and to the people who are interested. I'm delighted that this Subcommittee is interested to have a panel on research, and what we can learn, and how we can help you think about what's happening under this law and what that means in terms of how you might want to change it or view it in the future.

Mr. MCCRERY. Thank you very much.

I appreciate all of you coming today and giving us the benefit of your experience and your opinions and your research.

The reason that we included money in the bill specifically for research is so that we policymakers might be better informed as to the results of our policies. We who fashioned the welfare reform bill did it for the purpose of trying to better our society, and to better

the lot of those who had been on our, some of our welfare programs for long periods of time. And we didn't see that they were making much progress.

We hope this is a better way. We don't know that. And I'll be the first to admit that. This is an experiment. And we have lots of experiments going on at local levels and State levels. I happen to think that's good, not bad. Because we can learn from those experiments.

I have faith in the local, and I know there are two examples of Sacramento and somewhere else in California.

I have faith in that local organization. So if they're failing, they'll look toward San Francisco that's succeeding, and maybe adopt some of the things they're doing. I don't know. But that was part of the whole thinking that we were going to expand the number of experiments around the country, so that we might learn from those.

But certainly, in my view, and I think as illustrated by the testimony today, we don't have enough data yet. We don't have enough experience with this new approach yet to draw any conclusions. So I'm pleased to hear that there is research going on by, in a number of different quarters, public and private, and we look forward to hearing from all of you and others in the future, when we perhaps can draw some more conclusions.

Thank you all very much.

[Whereupon, at 2:45 p.m., the hearing was adjourned, to reconvene at the call of the Chair.]

○