AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

WELFARE REFORM

HEARING

BEFORE THE

SUBCOMMITTEE ON HUMAN RESOURCES

OF THE

COMMITTEE ON WAYS AND MEANS
HOUSE OF REPRESENTATIVES

ONE HUNDRED SIXTH CONGRESS

FIRST SESSION

NOVEMBER 15, 1999

Erie, Pennsylvania

Serial 106–47

Printed for the use of the Committee on Ways and Means

U.S. GOVERNMENT PRINTING OFFICE

65–693 CC WASHINGTON : 2000

For sale by the U.S. Government Printing Office
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402

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
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
WES WATKINS, Oklahoma
J.D. HAYWORTH, Arizona
JERRY WELLER, Illinois
KENNY HULSHOF, Missouri
SCOTT MCINNIS, Colorado
RON LEWIS, Kentucky
MARK FOLEY, Florida

CHARLES B. RANGEL, New York
FORTNEY PETE STARK, California
ROBERT T. MATSUI, California
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
LLOYD DOGGETT, Texas

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

SUBCOMMITTEE ON HUMAN RESOURCES

NANCY L. JOHNSON, Connecticut, *Chairman*

PHILIP S. ENGLISH, Pennsylvania
WES WATKINS, Oklahoma
RON LEWIS, Kentucky
MARK FOLEY, Florida
SCOTT MCINNIS, Colorado
JIM MCCRERY, Louisiana
DAVE CAMP, Michigan

BENJAMIN L. CARDIN, Maryland
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 November 8, 1999, announcing the hearing	2

WITNESSES

Gamble, Thomas J., Mercyhurst College Civic Institute, and Mercyhurst Center for Child and Family Policy	51
Greater Erie Community Action Committee, R. Benjamin Wiley	45
Mercer County Community Action Committee, Gary A. Cervone	55
McDonald's, Karen L. Bechtold	57
Pennsylvania Department of Public Welfare, Hon. Feather O. Houstoun, Secretary	33

WELFARE REFORM

MONDAY, NOVEMBER 15, 1999

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

The Subcommittee met, pursuant to call, at 12:10 p.m., Erie City Council Chambers, 626 State Street, Erie, Pennsylvania, Hon. Nancy L. Johnson (Chairman of the Subcommittee) presiding.

[The advisory announcing the hearing follows:]

ADVISORY

FROM THE COMMITTEE ON WAYS AND MEANS

SUBCOMMITTEE ON HUMAN RESOURCES

FOR IMMEDIATE RELEASE
November 8, 1999
No. HR–12

CONTACT: (202) 225–1025

Johnson Announces Field Hearing on Welfare Reform

Congresswoman Nancy L. Johnson (R–CT), Chairman, Subcommittee on Human Resources of the Committee on Ways and Means, today announced that the Subcommittee will hold a field hearing on welfare reform. The hearing will take place on Monday, November 15, 1999, in the Erie City Council Chambers, 626 State Street, Erie, Pennsylvania, beginning at 12:00 noon.

Oral testimony at this hearing will be from invited witnesses only. Witnesses will include the Secretary of the Pennsylvania Department of Welfare as well as local program administrators, scholars, and employers. However, any individual or organization not scheduled for an oral appearance may submit a written statement for consideration by the Committee and for inclusion in the printed record of the hearing.

BACKGROUND:

This hearing is a continuation of a series of field hearings across the country on welfare reform. The Subcommittee is expected to conduct additional hearings in other locations.

The Subcommittee's goal is to learn how welfare reform is being implemented in States and local communities across the nation. During this series of hearings. State and local witnesses are describing their programs and the impacts their programs are having on welfare caseloads, employment, the economic well being of families, and the local economy. This information will build a public record on differences and similarities in how welfare reform is being conducted and the effects it is having in selected States and counties around the nation.

In announcing the hearing, Chairman Johnson stated: "The 1996 welfare reform law is one of the most imporatnt reforms of American social policy in recent decades. Our Subcommittee has been conducting hearings ever since the legislation was enacted to show the deep and continuing interest of Congress in how the legislation is being implemented, educating our Members on the effects the legislation is having, and building a strong public record on the legislation. Field hearings give the Subcommittee a chance to visit sites where the reforms are being implemented and to meet and hear from those who are actually doing the most important work in attacking welfare dependency."

FOCUS OF THE HEARING:

The Subcommittee expects to learn details about the welfare reform programs being conducted in both the State of Pennsylvania and in Erie County. Witnesses are also expected to describe specific impacts of the Pennsylvania programs on families, welfare dependency, employment, and communities.

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 six (6) single-spaced copies of their statement, along with an IBM compatible 3.5-inch diskette in WordPerfect 5.1 format, with their name, address, and hearing date noted on a label, by the *close of business*, Monday, November 29, 1999, 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.

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 submitted on an IBM compatible 3.5-inch diskette WordPerfect 5.1 format, typed in single space and may not exceed a total of 10 pages including attachments. **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, company, address, telephone and fax numbers where the witness or the designated representative may be reached. 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.WAYSANDMEANS.HOUSE.GOV'.

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 JOHNSON. We are here this afternoon to bring this hearing of the Human Resources Subcommittee of the Ways and Means Committee of the United States Congress to order in the City of Erie, Pennsylvania.

It's a pleasure to be here. We had a very productive visit so far and very much appreciate the input we received this morning from Mrs. Josephine Johnson and her able staff and the variety of departmental people that are responsible for implementing the Welfare Reform bill, and also from two of the recipients who have done a remarkable job of getting themselves into the work force and managing their family affairs in a way that's going to be promising for the future.

I'm Nancy Johnson. I represent the sixth district of Connecticut. I chair the Human Resources Subcommittee and I'm very pleased to be here today, and very pleased that my colleague and friend, Bill Coyne could join us. We served together for many years on different committees and it's a pleasure to have him here today. And, of course, I'm very pleased to be here in the center, I guess, of my colleague Congressman Phil English's district. Phil is the ranking Republican on the Ways and Means Human Resources Subcommittee and helps me with a great number of issues and with running the business of the Committee.

We are, as you may know, the Subcommittee responsible for having written the Welfare Reform bill and for the oversight of its implementation, which means that we've been holding hearings on each section of that bill, that may have many different aspects to it, to see how, in fact, it is working out there in service to people. That's what self-government is all about. We make the laws and it's our obligation to see how are they working and what is it that we need to learn from the people affected about how to improve the law or what the next step is. So I'm very pleased to report that I believe that the national information is very positive about how well the reform is working, but it is very clear that we have a next step.

We have new challenges to meet. And it is through hearings like this across the country and in Washington that we are refining our understanding of the new challenges ahead so that we can shape the law and assure that they use only the resources that are necessary. To not only assure that when you need a hand, you get a hand but that that hand is a hand up to a brighter and more fulfilling future for parents and for their children. So this is a very important hearing in the work of the Committee.

It's very important that we were able to pass on the floor of the House last week a fatherhood bill that will reach out to some of the fathers of the children on welfare to offer the same kinds of resources that we have been extending to women on welfare.

So I think as we move through building an empowering network of services and a national policy subsidizing work as opposed to non-work, that we will be able to fulfill the fundamental promise of freedom, which is opportunity. And that's what we're here about today.

We want to see how much opportunity has been created for welfare recipients and their children and how we can do a better job to assure that they not only can move out but move up.

And so I'd like to yield the leadership of this hearing to my valued colleague, Congressman English, and thank him for his work on the Subcommittee and for the opportunity that we're having today to hear first hand from people in Erie and the surrounding areas as to what's working and what needs work. Thank you, Phil.

Mr. ENGLISH. Thank you, Madam Chair. I want to thank you for bringing the Subcommittee to Erie for what we think will be a very productive and insightful hearing. When I looked at our role as the Subcommittee in oversight responsibility for welfare reform it struck me that an excellent place to begin would be Erie, Pennsylvania, my hometown, a community with real needs but also one with a tradition of superb social services at the local level. If wel-

fare reform is going to work, it needs to work here. And this is a good starting place for us to assess what has happened at the Federal level.

I want to also thank Mrs. Johnson for personally coming from Connecticut to participate in this hearing and my colleague, Mr. Coyne, for coming up from Pittsburgh. Bill Coyne has served with me on Ways and Means in the 6 years since I came to Congress. He has been a superb advocate of western Pennsylvania and I think will offer important and balanced views here as part of this hearing. We are all here primarily though to listen.

The Committee on Ways and Means played the central role in writing and passing the seminal 1996 Welfare Reform Law. Although we are exceptionally proud of that law, we are well aware that laws are only as good as their implementation. For that reason we've been holding an extensive set of oversight hearings in Washington and we're in the midst of a series of field hearings to learn about how the law is being implemented around the country. Previously we've conducted field hearings in Arizona and in New Mexico. In the next several months, we plan to conduct hearings in Florida and in Maryland.

Both our hearings in Washington and our field hearings have documented the remarkable successes of welfare reform. The hearings, as well as scientific evaluation studies, have shown a few rough spots, and we need to be honest about those. But on the whole I think almost everyone who follows social policy has been amazed by the scope of the success of the welfare reform movement that has swept the country since about 1994. By 1994, about half the States had been granted waivers to conduct their own welfare reform programs. Then national legislation based on flexibility was passed in 1996.

In my opening remarks I want to provide our audience with some idea of what welfare reform is all about and what our Committee has learned about its effects on children and on families. This information, which has been prepared by our staff, will provide a good backdrop for our attempt to learn more about welfare reform in Pennsylvania and in Erie County.

If I could I'd like to put up the charts at this point. As you'll notice from chart 1 we outlined five steps to welfare transformation. This chart shows the major features of the 1996 Welfare Reform Law. First, *end cash entitlement*. Under the old Aid to Families with Dependent Children program, millions of mothers became dependent on welfare because they were entitled to the benefits, which means they got the benefits regardless of whether they tried to work or took constructive action to help themselves. The entitlement system encouraged dependency because State and local programs were legally prohibited from requiring recipients to work or prepare for work.

Block grant funding. The second major feature of welfare reform was that we began giving States a fixed sum of money each year rather than more money for each person they put on welfare and less money for every person that left welfare. The old system punished States that helped adults leave welfare and rewarded States that allowed them to stay on welfare. This fixed funding feature of block grants gives States a greater incentive to help people leave

welfare. After all, if States receive fixed funding and can help people leave welfare, they get to keep the money that was previously spent for benefits. States can then turn around and use this money to help more people leave welfare.

Work requirements. Of all the attributes of the old welfare system, the fact that able-bodied adults could receive benefits year after year and not be required to do anything to prepare for independence was its single most fatal flaw. Now, however, States must put a specific percentage of their welfare caseload into work programs or be fined by the Federal Government. So far every State has met its work requirements and now around half the people receiving welfare are working.

Sanctions. Inevitably, a few people will try to take advantage of the system and avoid meeting their obligation. Under the previous welfare system, the few people who were required to prepare for work often ignored the requirement. Any system, whether the workplace, schools or sports teams, that allows its members to ignore the rules soon has no rules, or at least no effective rules. But now States can and actually do back up their requirements with sanctions. If an adult on welfare is required to work or prepare for work but does not meet the requirement, then their benefit is reduced and in many States even terminated. Sanctions have given an entirely new tone of seriousness to the Nation's welfare programs.

Five-year time limit. The day people sign up for welfare, they are told that they have a lifetime total of 5 years of cash benefits. There is no better or clearer way to emphasize the temporary nature of welfare than by imposing a time limit on the amount of time able bodied adults can receive benefits. This new requirement has brought a great sense of purpose to both welfare caseworkers and welfare recipients. Simply put, they must succeed in achieving independence.

These five characteristics of the new welfare system have been in place in every State since 1996 or 1997, and many of the features were in place in most States by around 1994. Taken together, these reforms constitute the most thorough reform of any major social program in American history. Now let us turn to an examination of the effects produced by these reforms.

If I can put up chart 2. This gives you a sense of caseload decline. This chart shows the history of enrollment in the new Temporary Assistance for Needy Families program, TANF, and in its predecessor program, AFDC. I want to call your attention to three features of this graph. First, between the late 1950s and 1994, there is a nearly uninterrupted increase in the rolls. Notice that there are only a few years in which the caseload actually declines. Even when the economy is hot and jobs are plentiful, as was the case in the 1960s and in the 1980s, the rolls don't go down.

Second, notice the big increase in the late 1980s and early 1990s. No one has a complete explanation for this increase, but during a period of major economic growth of the early 1990s, the rolls kept going up until 1994.

Third, and most important, look at the decline after 1994. Modest at first, but then almost a free fall after we passed the Federal Reform Law of 1996. We have now reached the point at which the

average State has seen a 50 percent decline in its rolls. And many States have seen a decline of over 70 percent. Nothing like this has ever happened in the history of American social policy.

Now if I could put up chart 3, recalling my comments on the feature of fixed funding, look at the generous resources States are now enjoying. Because the welfare rolls have declined while funding has remained fixed, the States now have almost twice as much money per family on welfare as they had in 1994. This money, which can only be spent on children and families, means that States can maintain their welfare benefit levels and still have lots of money for child care, transportation, training and whatever else is required to help the remaining families leave the rolls. What this chart really shows is that success promises to lead to even greater success.

If I could put up chart 4. If welfare reform is working, we should expect to find an increase in employment by mothers, especially poor mothers. This next chart, in many ways the most impressive chart of all, shows the dramatic increase in the number of mothers entering the work force. The top panel shows the yearly average increase in employment by all single moms. In the years before 1996, the average increase was about 140,000 per year. But in 1996, the year welfare reform passed, the increase jumped to 197,000. This impressive increase, however, pales in comparison with the 1997 increase of 412,000, by far the largest increase ever.

The bottom panel is equally impressive. This graph shows the increase in employment by never-married mothers. These mothers are the poorest on balance, the most likely to go on welfare, the most likely to stay on welfare for a long time, and the least likely to work. And yet, between 1993 and 1998, precisely the period during which welfare reform was being implemented and the rolls were declining, there was a whopping 40 percent increase in employment by never-married mothers. There can simply be no question that welfare reform has led to historic increases in employment, particularly by the mothers most likely to be poor.

If I could put up chart 5. From the beginning of the welfare debate, Republicans on the Ways and Means Committee have argued that welfare has always been a trap that guarantees that children will be reared in poverty. A huge flaw in the previous welfare system was that people on welfare could not escape poverty unless they cheated. The level of benefits taxpayers were willing to pay simply could not lift a family out of poverty. But as we will see in a moment, a system that combines work and wage supplements has tremendous potential for reducing poverty.

If we were correct in this claim, now that welfare reform has passed and work by mothers has increased, we should expect to see a decline in poverty. As this chart shows, that is exactly what has happened. Overall poverty, child poverty, and poverty among minority children has declined every year since 1994. In fact, the decline in black child poverty in 1997 was the biggest decline on record.

Let me put up chart No. 6. This chart shows why poverty declined so much when mothers went to work. What this chart demonstrates is that the Nation has had two revolutions. First, we had

the welfare revolution that you read about in the newspapers and that is so widely known and popular among the American people.

But second, we had a quieter revolution in the Nation's work support system, the programs by which taxpayers subsidize the incomes of families that are trying to help themselves by working. This lesser known but equally essential work support system is composed primarily of child care, the Child Health Insurance Program or CHIP, the child tax credit, Medicaid and the earned income credit.

As this chart demonstrates so clearly, all of these programs have either been initiated or expanded dramatically since 1984. In fact, if we had not passed the legislation that built the new work support system in 1999, we would now be spending only $5.6 billion helping these low-income working families. But because we passed the new work support laws, mostly on a bipartisan basis, the Nation will actually spend almost $52 billion helping these deserving families.

That's why we're able, at last, to roll up victories in the war against poverty. We reformed welfare to encourage or force able-bodied adults to leave welfare. Then we created a terrific new work support system to subsidize their income when they took the low wage jobs that they are qualified for and that are easily available in the American economy.

Chart No. 7. Take a look at my last chart. This chart shows the decline in child poverty by a broad Census Bureau definition that includes income from all the programs in the work support system I just showed you. In just 4 years, the child poverty rate has declined from 17.5 percent to 12.9 percent, a 26 percent decline.

How important is this achievement? In 1965 the Nation decided to fight a war against poverty by creating hundreds of social programs and giving away billions of dollars in cash and benefits. Between 1965 and 1995, Federal and State Governments increased spending on social programs by a factor of 10, from about $40 billion to nearly $400 billion in constant dollars.

Despite all these new programs and all of the new spending, the child poverty rate did not decline at all, not at all. So we threw billions of dollars at poverty and in a sense, poverty won. The reason is now clear. We were fighting a war using the wrong weapon. Our main strategy was giving away benefits without requiring anything in return. Instead of poverty reduction, we got welfare dependency. Instead of helping people get back on their feet, we stuck them with a system that punished work.

But now the Nation has adopted a new strategy. We encourage and, where necessary, demand work. Then we supplement income with the growing work support system. As the poverty data in this chart show, we are having great success so far.

Now, I don't want to leave the impression that we've solved every problem and there's nothing left to do. The point of this hearing is that is not the case. There are at least three problems that our Subcommittee wants to know more about.

First, not enough children are getting Medicaid after their family leaves welfare. More children are now eligible for Federal and State health insurance coverage than ever before. And yet for the first time in a generation, the number of children actually enrolled

in Medicaid is declining. We want to know why, and under Chairman Johnson's leadership, our Subcommittee will be exploring this issue in the months ahead.

My own view is that States are already figuring out ways to solve this problem by simplifying their health insurance eligibility forms, increasing their outreach to eligible families, and simplifying their Medicaid requirements for continuing eligibility.

The second problem is that enrollment in food stamps is also declining. Frankly, the evidence seems to indicate that some of this decline is being caused by stigma. Lots of families want to escape welfare completely and depend only on themselves and the less stigmatized parts of the work support system like the earned income credit. So many families seem to be choosing not to receive food stamps. While admiring these families for their choice, we should still make sure food stamps are available to families that really need them.

And finally the evidence indicates that there is a small group of families at the bottom who are being left behind. They are leaving welfare but they're not working. We need to know why they're not working and we need to develop better ways to help them. As the evidence I have summarized makes clear, there is a lot of money available to tackle this problem.

Our Subcommittee on Human Resources has come here today to spread the word that welfare reform is working and that we need to continue on the path we're on. We are making dramatic progress against poverty, and we're making it the old-fashioned way. People are earning their way out of poverty. But we're also here because we want to know more about the details of welfare reform in States and localities throughout the Nation. I am proud that the Subcommittee has decided to visit my district and learn more about how our professionals and other citizens are handling welfare reform and offering genuine innovation. We have, as Chairman Johnson has indicated, already learned a great deal by visiting the Erie County Assistance Office, and I expect we'll learn a lot more during this hearing.

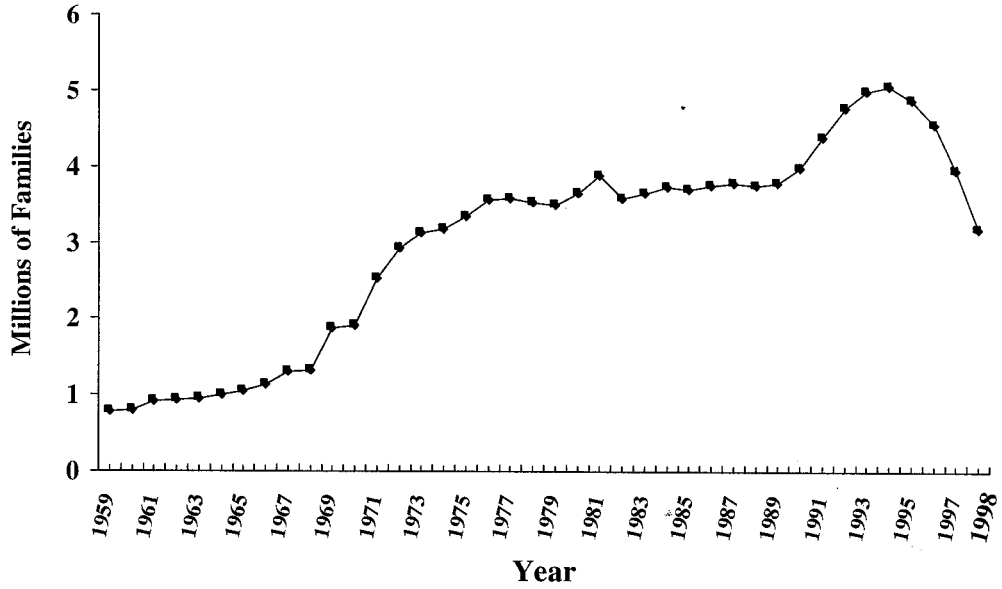
[Charts 1 through 7 follow:]

Chart 1

Five Steps to Welfare Transformation:

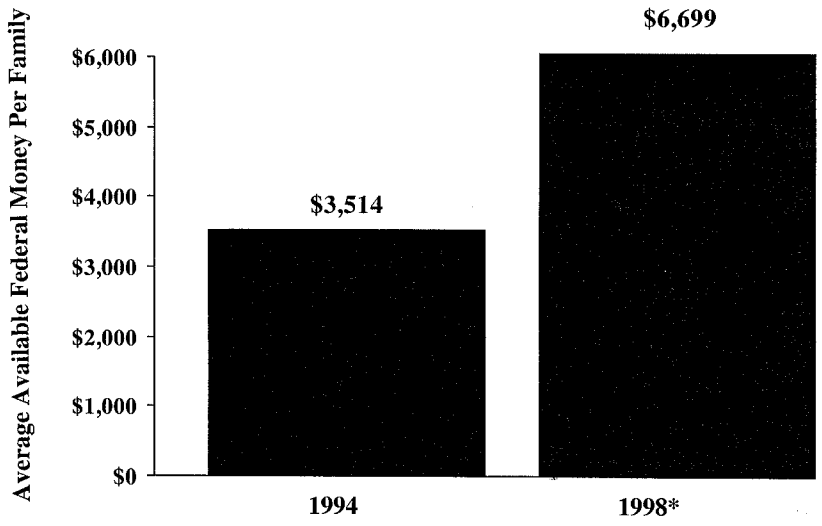
1. End Cash Entitlement
2. Block Grant Funding
3. Work Requirements
4. Sanctions
5. 5-Year Time Limit

Chart 2
AFDC/TANF Caseload, 1959-1998



Source: Congressional Research Service

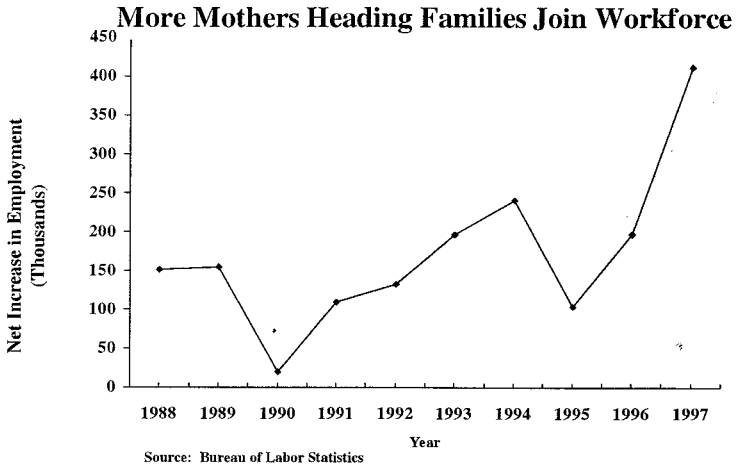
Chart 3
Federal Funds Per Family on Welfare



*As of June 1998 TANF caseload of 3.0 million

Source: Department of Health and Human Services

Chart 4


More Mothers Heading Families Join Workforce
Net Increase in Employment (Thousands)
450
400
350
300
250
200
150
100
50
0
1988
1989
1990
1991
1992
1993
1994
1995
1996
1997
Year
Source: Bureau of Labor Statistics

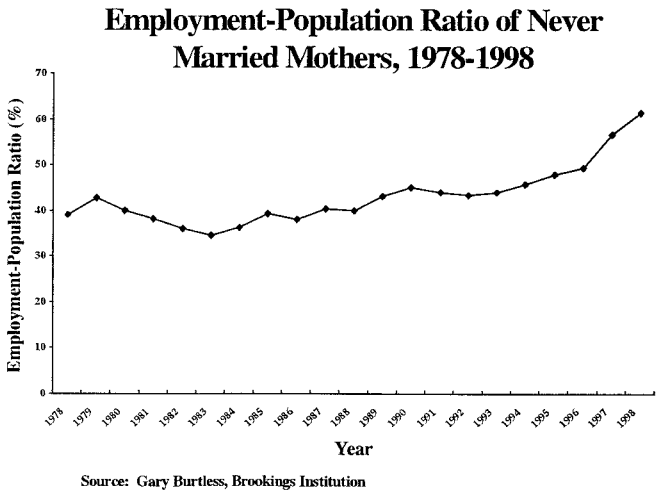
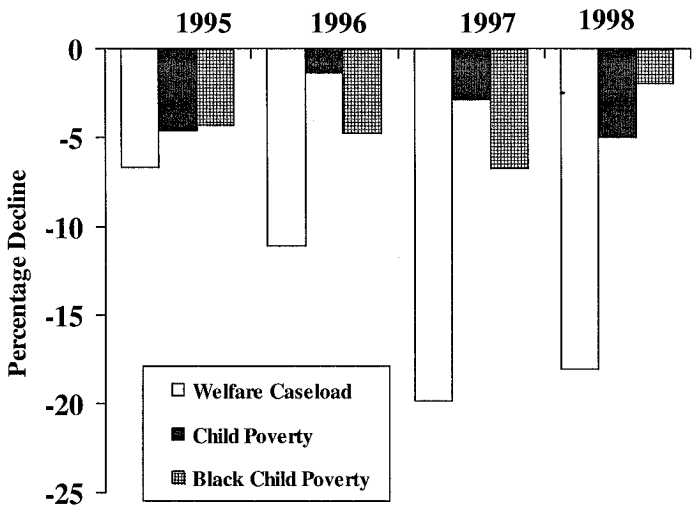
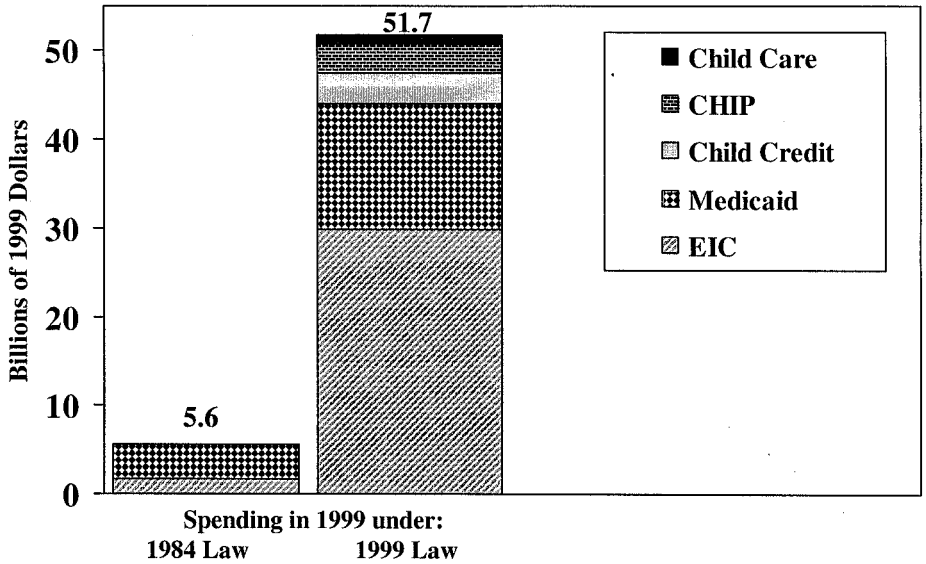

Employment-Population Ratio of Never Married Mothers, 1978-1998
Employment-Population Ratio (%)
70
60
50
40
30
20
10
0
1978
1979
1980
1981
1982
1983
1984
1985
1986
1987
1988
1989
1990
1991
1992
1993
1994
1995
1996
1997
1998
Year
Source: Gary Burtless, Brookings Institution

Chart 5
Welfare Caseloads and Children's Poverty Decline Simultaneously, 1995-1998



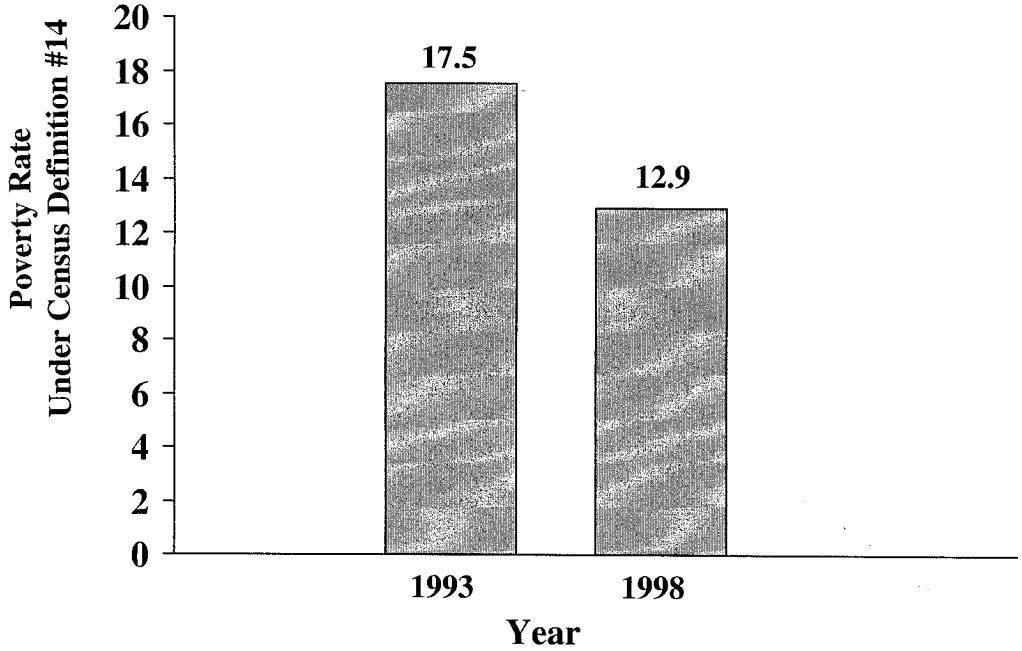
Source: Caseload Data from Congressional Research Service; Poverty data from Census Bureau

Chart 6
Support for Working Families Increases Dramatically, 1984-1999



Source: Congressional Budget Office

Chart 7
Decline in Children's Poverty Rate by Broad Definition, 1993 and 1998



Source: U.S. Bureau of the Census

Mr. ENGLISH. I would now like to yield to my colleague, Mr. Coyne, who also has an opening statement.

Mr. COYNE. Well, thank you, Phil, for hosting this hearing and Chairman Johnson for conducting and agreeing to come to Erie to hold this very important meeting on a subject that's very important to many, many people.

I think that it is critically important that Congress monitor the impact of the Personal Responsibility and Work Opportunity Reconciliation Act. Since Congress gave the States a great deal of flexibility in this landmark legislation, we have a responsibility to look at how welfare reform is being implemented by different States throughout the country and determine what effect the bill is having on poor children and their families. Congress also needs to ensure that the States are held accountable for using their Federal funding responsibly and in accordance with the law as it was passed. For those reasons, it is especially helpful for Members of the Subcommittee to hold field hearings and hearings in Washington on this issue across the country.

Today, 3 years after the enactment of the Welfare Reform Act, we are beginning to get the first real feedback on the impact of the 1996 bill. On the surface, the bill looks like a great idea and it looks like it is succeeding. AFDC and TANF caseloads have dropped by roughly 40 percent nationwide since welfare reform legislation was enacted. There is other information, however, that suggests that there is cause for some concern about this issue. A study by the Center on Budget and Policy Priorities, for example, concluded that the average incomes of the poorest single-parent families dropped by more than $500 between 1995 and 1997. That's a lot of money for a family getting by on just a few thousand dollars a year.

A recent GAO study done at my request and Congressman Levin's request determined that much of the drop in food stamp use was not due to a drop in the need for food stamps. In fact, food banks are hard pressed to keep up with local need, even with unemployment at close to 4 percent, a 31-year low. The General Accounting Office concluded that a significant part of the drop in food stamp use was due to efforts by State welfare agencies to place new procedural roadblocks in the way of families seeking assistance. The GAO also found that many people who were eligible for food stamps were either not informed or were misinformed about their eligibility by State caseworkers throughout the country.

We also have learned that nationally only about 15 percent of the 10 million children who are eligible for subsidized child care are being served. Additional congressional action to provide child care assistance is clearly needed.

Similarly recent studies by the GAO and Families USA determined that in 1999, fewer children were covered under the Children's Health Insurance Program and Medicaid than were covered by Medicaid alone in 1996. The GAO also found that very few States are doing a good job of providing transitional Medicaid coverage.

Finally, the Pittsburgh Foundation has been working on a Health and Human Services welfare reform demonstration project with the Allegheny County Assistance Office. And its first year re-

port identifies some gaps in assistance with families making the transition from welfare to work. I have several copies that I've given to the staff of that report and I'd like to ask the report be included at this point in the record for this hearing.

Mr. ENGLISH. Without objection.

Mr. COYNE. In closing let me observe that the 1996 Welfare Reform Act clearly benefited from good timing. The bill was enacted into law in the midst of the strongest and longest economic booms of the 20th century. Welfare caseloads were dropping dramatically across the country even before the 1996 Welfare Reform bill was enacted. Moreover, other recent congressional action has helped to reduce poverty in this country and get families off of welfare. Part of the success in helping poor families become self-sufficient is attributable to the increases in the minimum wage and expansion of the earned income tax credit, both of which are worthy of support. The real challenge for the Welfare Reform Act will come when the economy slows down, as it inevitably must. Oversight hearings like this one are essential in order to ensure that children in this country don't go hungry or homeless, and to ensure that they receive the medical care and child care that they need and deserve.

I commend Chairman Johnson and Congressman English for their interest in this very important matter, and I look forward to working to help all American families become self-sufficient and enjoy a decent standard of living. I ask that my full statement be included in the record.

Mr. ENGLISH. Without objection. Thank you, Mr. Coyne.

[The prepared statement and an attachment follow:]

Statement of Hon. William J. Coyne, a Representative in Congress from the State of Pennsylvania

I want to thank Chairman Johnson for holding today's hearing, and I want to thank my colleague from Pennsylvania, Congressman English, for hosting this hearing in his district.

I think that it is critically important that Congress monitor the impact of the Personal Responsibility and Work Opportunity Reconciliation Act. Since Congress gave the states a great deal of flexibility in this landmark legislation, we have a responsibility to look at how welfare reform is being implemented by different states—and determine what effect the bill is having on poor children and their families. Congress needs to ensure that the states are held accountable for using their federal funding responsibly and in accordance with the new law. For those reasons, it is especially helpful for Members of the Subcommittee to hold field hearings on this issue across the country.

The issue of welfare reform has been the subject of discussion and debate for many years. Throughout the 1980s and early 1990s, legislation was introduced to reform the AFDC program. Congressional committees held dozens of hearings on the problems with federal welfare programs. But until 1996, no major changes in the AFDC program were enacted. The reason, of course, was simple. Year after year, Members of Congress relearned one apparently unassailable truth—that warehousing the poor was cheaper than spending the money needed to help them make a successful transition from welfare dependency to self-sufficiency.

In fact, even before enactment of the 1996 welfare reform bill, most of the families that received AFDC stayed in the program a relatively short period of time and needed little help becoming self-sufficient. The relatively small percentage of families that stayed on welfare for long periods of time, however, not only consumed a disproportionate share of the federal welfare budget and shaped the public's negative perceptions about all welfare recipients. They also needed a lot of help to become self-sufficient. Consequently, year after year—and in the face of substantial federal deficits—Congress chose to maintain the status quo rather than invest the resources necessary to help the long-term welfare recipients become self-sufficient.

In 1996, however, Congress passed a welfare reform bill, and President Clinton signed it into law. This legislation, the Personal Responsibility and Work Oppor-

tunity Reconciliation Act, ended the 60-year entitlement to a subsistence income that the federal government had provided to poor children and their parents—and replaced it with a program of block grants to the states. The bill limited lifetime dependence on welfare to 5 years and required adults on welfare to work after two years of receiving benefits. Supporters of this legislation believed that the bill would force parents on welfare to take greater responsibility for themselves and their families.

Critics of the bill, myself included, disagreed with the policy of ending the AFDC entitlement. We believed that the world's wealthiest, most civilized nation could and should guarantee that all of its children received adequate food, shelter, and health care. We were concerned that innocent, vulnerable children would suffer as a result of the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act. We were also concerned that the bill failed to provide the resources necessary for families on welfare to become self-sufficient. We were especially concerned by the failure of this legislation to adequately address the issue of job training. Consequently, I voted against the Personal Responsibility and Work Opportunity Reconciliation Act.

In 1997, Congress acknowledged some of the shortcomings in the Personal Responsibility and Work Opportunity Reconciliation Act. The Balanced Budget Act of 1997 established a $3 billion program to help adult TANF recipients make the transition from welfare to work. It also established the State Children's Health Insurance Program (CHIP) to complement Medicaid and provide health insurance for low-income children.

Today, three years after the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act, we are beginning to get the first real feedback on the impact of the 1996 welfare reform bill. On the surface, the bill looks like a great success. AFDC/TANF caseloads have dropped by roughly 40 percent nationwide since welfare reform legislation was enacted. The labor force participation rate of women maintaining families with children has increased from 72 percent to 77 percent. Federal outlays for welfare, Food Stamps, and Medicaid have decreased significantly.

There is other information, however, that suggests that there is cause for some concern. A study of U.S. Census data by the Center on Budget and Policy Priorities, for example, concluded that the average incomes of the poorest single-parent families dropped by more than $500 between 1995 and 1997. That's a lot of money for a family getting by on just a few thousand dollars a year.

In addition, a recent GAO study, done at my request and that of Congressman Sander Levin, determined that much of the drop in Food Stamp use was not due to a drop in need. In fact, food banks in Pittsburgh and other parts of the country are hard pressed to keep up with local need—even with unemployment at close to 4 percent. GAO concluded that a significant part of the drop in food stamp use was due to efforts by state welfare agencies to place new procedural roadblocks in the way of families seeking assistance. The GAO also found that many people who were eligible for food stamps were either not informed or were misinformed about their eligibility by state caseworkers.

We also have learned that, nationally, only about 15 percent of the 10 million children who are eligible for subsidized child care are being served. Local officials in my district have told me that there is a long waiting list for child care subsidies in Allegheny County, and that the list would be even longer if many families hadn't given up completely on the prospect of ever getting this assistance. Additional Congressional action to provide child care assistance is clearly needed. Earlier this year, I cosponsored legislation that would increase funding for the Child Care and Development Block Grant and the Dependent Care Tax Credit, and I recently signed a letter to President Clinton urging him to fight for increased funding for the Child Care and Development Block Grant in the fiscal year 2000 Labor-HHS appropriations bill.

Similarly, recent studies by the GAO and Families USA determined that in 1999, fewer children were covered under the Children's Health Insurance Program (CHIP) and Medicaid than were covered by Medicaid alone in 1996. Pennsylvania is one of 12 states where Families USA determined that 30,000 fewer children were receiving health care coverage under CHIP and Medicaid than in 1996—even though more children are now eligible for coverage. The Census Bureau recently reported that a million people across the country lost Medicaid coverage last year. It is irresponsible and inhumane to deny health care coverage to children. The lack of health insurance for poor families is a community concern as well as a humanitarian one—charitable care for the poor, which averages $60 million a year in Pittsburgh's hospitals alone, places significant economic pressures on institutions which are already under great pressure from the changes taking place in the health care industry.

The GAO also found that very few states are doing a good job of providing Transitional Medicaid (TMA) coverage—even though it is required by law. GAO suggested that the beneficiary income reporting requirements associated with Transitional Medicaid significantly reduce the percentage of families that take advantage of this program. The Health Care Financing Administration (HCFA) has proposed eliminating these requirements for up to one year, and is my hope that the Subcommittee will hold hearings on this issue—and consider enacting such legislation if the hearings suggest that it would increase TMA coverage.

The 1996 welfare reform act clearly benefited from the accident of good timing. The bill was enacted into law in the midst of one of the strongest and longest economic booms of the 20th century. Welfare caseloads were dropping dramatically across the country before the welfare reform bill was even enacted. Since 1996, the economy has been particularly strong, with unemployment dropping recently to record lows. It is no surprise that welfare caseloads are dropping. This is the period in the economic cycle when we would expect welfare rolls to decline. A rising tide does eventually lift all boats—if it rises high enough. Moreover, other Congressional action has helped to reduce poverty in this country and get families off welfare—part of the success in helping welfare families become self-sufficient is attributable to increases in the minimum wage and expansion of the Earned Income Tax Credit, both of which I supported. But the real challenge for the welfare reform act will come when the economy slows down or stalls, as it inevitably must.

In conclusion, let me merely state that oversight hearings like this one are essential in order to ensure that children in this country don't go hungry or homeless—and to ensure that they receive the medical care and child care that they need. I believe that Congress needs to take additional action to achieve these important objectives. We are clearly falling short even in the current favorable economic climate, and we won't really confront the limitations of the 1996 welfare reform bill until the next recession hits.

I look forward to hearing testimony from the witnesses who will testify before us here today. I commend Chairman Johnson and Congressman English for their interest in this important issue, and I look forward to working with my colleagues in a bipartisan fashion to help all American families become self-sufficient and enjoy a decent standard of living.

MPR Reference No.: 8465-520

Helping TANF Recipients Stay Employed: Early Evidence from the GAPS Initiative

April 7, 1999

Robert G. Wood
Diane Paulsell

Submitted to:

The Pittsburgh Foundation
One PPG Place, 30th Floor
Pittsburgh, PA 15222-5401

Administration for Children and Families
Office of Planning, Research and Evaluation
370 L'Enfant Promenade, S.W.
Washington, DC 20447

Project Officers:
Gerri Kay, The Pittsburgh Foundation
Nancye Campbell, Administration for Children and Families

Submitted by:

Mathematica Policy Research, Inc.
P.O. Box 2393
Princeton, NJ 08543-2393
(609) 799-3535

Project Director:
Robert G. Wood

I

INTRODUCTION

The passage of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, which ended Aid to Families with Dependent Children (AFDC) and created Temporary Assistance for Needy Families (TANF), greatly increased interest among policymakers and program operators in services designed to promote employment retention among welfare recipients. The legislation imposed a five-year lifetime limit on cash assistance for most families and placed stricter work requirements on most able-bodied recipients. The Pennsylvania Department of Public Welfare (DPW) implemented TANF in March 1997. In keeping with PRWORA, the agency imposed a five-year limit on TANF receipt in Pennsylvania and required most recipients, after two years of TANF, to work or participate in a work-related activity for at least 20 hours a week. In light of these new requirements, it is particularly important that welfare recipients in Pennsylvania and throughout the country find jobs and sustain their employment.

A. THE GAPS PROGRAM

In response to these policy changes, The Pittsburgh Foundation, in collaboration with the Allegheny County Assistance Office (ACAO) of DPW, developed the GAPS initiative, an employment retention program for Allegheny County welfare recipients. The initiative is called "GAPS" because its goal is to help welfare recipients bridge the gap between dependence on welfare and self-sufficiency. When GAPS was implemented in September 1997, it was the first program in Allegheny County that offered employment retention services to welfare recipients. Common questions about GAPS are:

- *Who is eligible for GAPS?* Employed current and former TANF recipients who reside in Allegheny County are eligible for GAPS. Over the two-year grant period, the Foundation plans to fund services for approximately 700 participants.

- *How are GAPS participants recruited?* GAPS is a voluntary program. Participants are recruited through mass mailings from the county welfare department, as well as through direct recruitment by GAPS service providers.

- *Who provides GAPS services?* The Foundation has contracted with four community-based organizations in the Pittsburgh area to provide employment retention services.

- *What key services does GAPS offer?* Case management is the central element of the GAPS program model. Through one-on-one contacts with participants, case managers provide supportive counseling; advice about child care,

transportation, workplace behavior, and other issues; and referrals to other services in the community.

B. THE STUDY DESIGN

The Foundation has contracted with Mathematica Policy Research, Inc. (MPR) to conduct an implementation and outcomes study of GAPS. The research is funded by the Foundation and by a grant from the Administration for Children and Families at the U.S. Department of Health and Human Services (DHHS). MPR is conducting the GAPS study in two phases, with each phase covering one year of program operations. In Phase I of the study, covered in this report, MPR used four data collection methods to gather information about program implementation and participant outcomes:

1. *Site Visits.* In May 1998, MPR researchers conducted site visits to the four community-based organizations that provide GAPS services. During these visits, researchers conducted in-depth interviews with GAPS case managers, as well as ACAO staff, Foundation staff, and other service providers to which GAPS participants are referred.

2. *Focus Groups.* In May 1998, MPR staff also conducted a series of four focus groups (one for each agency) with GAPS participants. Attendance at these focus groups ranged from 4 to 11 participants. During these focus groups, GAPS participants discussed their experiences with employment, work-related and personal problems affecting their ability to stay employed, and their experiences in GAPS.

3. *Service Use Logs.* As part of the study, GAPS program staff documented the services they provided by recording information about their contacts with or on behalf of GAPS participants on standard contact logs that MPR developed. Program staff collected these data on the 467 participants who entered the program through June 1998. Analyses presented in this report include all service use data collected on contacts that occurred through August 1998.

4. *Follow-Up Surveys.* From July through September 1998, MPR conducted a follow-up telephone survey of GAPS participants. To ensure a minimum of six months of followup, MPR restricted the survey sample to participants who entered the program through March 1998. The survey asked questions about participants' backgrounds, work histories, barriers to employment, experiences with GAPS, and employment outcomes. Of the 355 GAPS participants who entered the program through March 1998, 298 completed the survey, for a response rate of 84 percent. The follow-up period covered by the survey varied from 6 to 10 months after program enrollment; the average follow-up period was 8 months.

This report examines the GAPS program model and focuses on participants' experiences during the first year of program operations, the challenges they face in maintaining employment, and their progress toward self-sufficiency. A final report, scheduled for release in early 2000, will include findings based on a longer follow-up period and will cover the second year of program operations. As part of Phase II, MPR will conduct a second round of site visits, a second follow-up survey of participants, and additional data collection through service use logs. No data on a control or comparison group are being collected as part of the study. Therefore, neither of these reports will include estimates of the program's impact on participant outcomes.

C. GAPS AND THE PESD EVALUATION

The study of the GAPS initiative builds on and extends the research begun as part of the evaluation of the Postemployment Services Demonstration (PESD), one of the first major efforts to provide employment retention services for welfare recipients (Rangarajan and Novak 1998; Rangarajan 1998; Haimson and Hershey 1997; and Rangarajan 1996). DHHS provided approximately $2.7 million to support the implementation and evaluation of PESD in four sites: (1) Chicago, Illinois; (2) Portland, Oregon; (3) Riverside, California; and (4) San Antonio, Texas. The demonstration operated from mid-1994 to mid-1996.

PESD, like GAPS, relied primarily on providing case management services to promote employment retention. However, GAPS differs from PESD in three important ways:

1. ***GAPS was implemented after TANF began.*** The PESD study examined a period prior to TANF implementation. In contrast, the GAPS study is one of the first examinations of employment retention services in the TANF environment.

2. ***GAPS services are provided by community-based organizations.*** The PESD programs were operated within the welfare department, whereas the GAPS programs are operated by community-based organizations.

3. ***GAPS is voluntary.*** Unlike PESD, GAPS participants are not referred automatically to the program when they become employed. Instead, employed current and former TANF recipients are recruited for the program through mass mailings from the welfare department, as well as through direct recruitment from the service providers.

Because of these differences between the two programs, the GAPS study is likely to yield operational lessons that are distinct from those based on the study of PESD. In this report, we highlight some of the similarities and differences between the findings from the two studies. The final GAPS report will include a more detailed comparison of the results from the two studies.

D. Key Study Findings

Through our analysis of site visit and focus group data, service use logs, and follow-up surveys, several key findings emerged about program operations and participants' experiences. Here, we summarize the key findings from Phase I of the study:

- ***Most GAPS participants maintained their employment during their early months in the program.*** During their first six months in GAPS, participants spent almost 90 percent of their time employed, on average. Moreover, about 80 percent of participants were employed continuously during this period. In addition, most participants reported being satisfied with their jobs, and most agreed that working had greatly improved their opinions of themselves and their abilities. Since the GAPS study was not designed to measure program impacts, however, we cannot determine whether these positive employment outcomes can be attributed to the effect of program services.

  In spite of their high levels of employment, however, about one in five GAPS participants experienced an unemployment spell of at least two weeks during this period. Moreover, many of these unemployment spells did not end quickly; only about 20 percent of participants who became unemployed were reemployed within three months. Participants who were at the highest risk of unemployment included those who had a child during their first six months in GAPS and those with health problems that limited their activities. Younger participants and those who began the program with below-average wages and no fringe benefits were also more likely than other participants to become unemployed.

- ***Child care and transportation issues are common concerns.*** Although most participants succeeded in maintaining their employment, substantial fractions indicated that child care and transportation issues sometimes make working difficult for them. Case managers and participants described several types of child care problems facing this population. For example, even with the availability of child care subsidies, some participants have difficulty affording child care. In addition, most participants rely on informal providers, such as relatives, friends, and neighbors, rather than on day care centers or other group care arrangements. Parents may have many reasons for choosing friends and relatives as child care providers, including lower costs, greater convenience or availability, and a higher level of trust and comfort with this type of arrangement. However, child care arrangements with informal providers are more prone to breakdown, and dependence on them can lead to lost work time for participants. This pattern suggests that, to improve the reliability of these more informal types of arrangements, employment retention programs may want to provide access to emergency child care for use on days when the regular provider cannot work.

  GAPS participants may also face transportation problems as they begin working. Only one in four owns a car, so most must rely on public transportation to get to work, which limits the jobs available to them. In addition, the cars that

participants do own are sometimes unreliable and can cause them to arrive late at work or to miss work entirely. Data from follow-up surveys suggest that child care and transportation problems do not cause GAPS participants to miss work frequently; however, they do cause lost work time for some participants. Twelve percent reported missing time from work because of a child care problem during the previous month, while 13 percent reported missing work because of a transportation problem.

- ***Program participants value the supportive counseling, personal attention, and advice their GAPS case managers provide.*** Case management is the central element of the GAPS program model. GAPS case managers attempt to maintain regular, one-on-one contacts with participants to help them address problems that may jeopardize their employment. Case managers contacted GAPS participants a little more than once a month, on average, during their first six months in the program. Supportive counseling is the most commonly provided service of case managers. Counseling sessions can cover such topics as morale and self-esteem, housing problems, money management, methods for resolving conflicts at work, and appropriate workplace behavior. Case managers also help participants obtain support services through referrals to other agencies and programs. Participants clearly appreciate the personalized support and attention they receive from case managers. During follow-up surveys, participants reported high levels of satisfaction with their case managers. Similarly, focus group attendees gave many examples of how the support and concern of case managers was important to them.

- ***Many GAPS participants expressed a desire for the program to provide more tangible services to supplement case management.*** Although GAPS participants clearly liked the supportive counseling and advice they received from their case managers, many expressed skepticism about the ability of these services alone to help them maintain employment. In follow-up surveys, most participants indicated that they were not convinced that the program's services were useful in helping them stay employed. Survey respondents indicated that they would like more specific help finding jobs and finding and paying for child care and transportation. Case managers also described the need among many participants for emergency financial assistance, including help with paying for car repairs or overdue rent or utility bills. Additional tangible assistance of this sort may help engage participants in the program and ultimately improve the effectiveness of a purely case management approach.

- ***A greater emphasis on job advancement for newly employed welfare recipients may be needed.*** Most GAPS participants maintained their employment during their early months in the program. However, most continued to work for relatively low wages, about $7.00 an hour, on average. In addition, among employed GAPS participants, half indicated on follow-up surveys that they were currently looking for another job. Since most participants have maintained employment, but at low wages, and since many employed participants continue to look for new jobs, it may be appropriate for employment retention programs to place greater emphasis on job advancement. The fact that GAPS participants who began the program with below-average wages were at greater risk of unemployment also suggests that additional job advancement assistance may be needed.

VI

LESSONS LEARNED FROM THE GAPS STUDY

The experiences of the four GAPS service providers and their participants can provide guidance for other policymakers and program operators as they design and implement employment retention programs for newly employed welfare recipients. The GAPS study is not yet complete; another round of data collection will be conducted during 1999. Nonetheless, several lessons have already emerged from our examination of the site visit, focus group, survey, and service use data collected as part of Phase I of the GAPS study. Additional lessons are likely to emerge during Phase II of the study. In this chapter, we present preliminary lessons concerning (1) delivering case management services, (2) supplementing case management with other supportive services, and (3) targeting employment retention services.

A. DELIVERING CASE MANAGEMENT SERVICES

Case management is the central element of the GAPS program model. In fact, much of what the program has to offer participants is a personal relationship with a case manager. GAPS case managers strive for regular, one-on-one contact with their participants. During these contacts, case managers offer counseling, advice, and moral support and provide referrals to other agencies for additional support services. In this section, we present lessons gathered from the GAPS study on delivering case management services to promote employment retention among welfare recipients.

- ***Newly employed welfare recipients value the counseling, moral support, and personal attention that a dedicated case manager can provide.***

GAPS participants clearly appreciate the personalized support and attention they receive from case managers and reported high levels of satisfaction with them in follow-up surveys. More than 8 in 10 reported being satisfied with how easily they could reach their case managers, and a similar fraction indicated satisfaction with how well their case managers understood their problems. Similarly, focus group participants described many specific examples of how their case manager's support and concern were important and helpful to them. However, because the GAPS study was not designed to measure program impacts, it provides no definitive evidence of the effectiveness of these services in promoting employment retention among welfare recipients.

- ***Neighborhood-based programs may be useful resources for welfare agencies that want to deliver case management services to newly employed welfare recipients.***

Welfare agencies that plan to deliver case management services to newly employed welfare recipients may want to consider relying on neighborhood-based programs to serve some participants. An employment retention program that serves only nearby communities has two main advantages over a program that serves participants from many communities and neighborhoods. First, staff at a program serving nearby neighborhoods may be more able to have regular in-person contact with participants. For example, Rankin Christian Center, which, unlike the other three GAPS programs, served only participants from the neighborhoods surrounding its offices, had more in-person contacts with its participants and delivered more supportive counseling and other services than did the other GAPS service providers, which served participants from throughout Allegheny County.[1] This frequent in-person contact by Rankin case managers, as well as the high service content of these contacts, may help explain the higher levels of program satisfaction among Rankin participants.

Second, staff at agencies serving a small set of neighborhoods will be more familiar with all the relevant support services available to their participants. An important function of GAPS case managers is to refer participants to support services available to them through other social service agencies. GAPS case managers who served participants from throughout the county expressed frustration at how difficult it was to know all the child care providers, food banks, housing agencies, and agencies that provide clothing, furniture, and other material assistance in all the different towns and neighborhoods where their participants live.

- ***Working with neighborhood-based programs to provide employment retention services may require careful planning to assure adequate enrollment.***

Working with neighborhood-based programs to provide employment retention services may require careful planning on the part of county welfare agencies. For example, Rankin Christian Center proposed serving 300 GAPS participants during its two-year grant period. However, a year and a half after the program began operating, the program had enrolled only about half that number. This shortfall suggests that Rankin's service area may not contain enough eligible TANF recipients who are interested in employment retention services to allow Rankin to meet its enrollment goal. Welfare agencies that rely on programs serving small areas to deliver employment retention services will need to work closely with these organizations to establish realistic enrollment goals. In addition, welfare agencies will need to monitor carefully the pace of enrollment into these programs. When shortfalls arise,

---

[1]Neighborhood Centers initially served only participants from the Northside section of Pittsburgh, its customary service area. However, after having difficulty generating enough referrals from within its service area, the agency agreed to accept ACAO referrals from other parts of Allegheny County. As of February 1999, 30 percent of its caseload lived outside the agency's traditional service area.

welfare agencies may need to make special targeted efforts to recruit participants living within the service areas of these neighborhood-based programs.

B. Supplementing Case Management with Other Services

Evidence from the first year of the GAPS study suggests that newly employed welfare recipients may be skeptical that case management alone will help them stay employed. Although GAPS participants liked the supportive counseling and advice they received from their case managers, in follow-up surveys, many expressed skepticism about the ability of these services to help them maintain employment. Similarly, recent evidence from the PESD evaluation suggests that the case management approach to promoting employment retention may be limited in its ability to improve the economic outcomes of welfare recipients (Rangarajan and Novak 1998).

The responses of GAPS participants to follow-up surveys suggest that they may want more tangible services from the program to supplement the counseling, advice, and moral support that case managers provide. When asked which services that they did not receive from the program would have been helpful, participants most often mentioned help finding jobs and help finding and paying for child care and transportation. In this section, we describe services that employment retention programs might use to supplement and enhance the case management approach.

- ***Some participants may need additional assistance to help them cope with emergencies and cover ongoing work-related expenses.***

Although welfare recipients who have left cash assistance for employment often continue to receive certain benefits and supports, such as food stamps and Transitional Child Care benefits, some former recipients may require additional assistance to address specific needs. For example, although child care subsidies are available to welfare recipients in Allegheny County, evidence from GAPS follow-up surveys suggests that child care costs remain a substantial issue. Many participants (including those receiving subsidies) reported monthly out-of-pocket child care expenses of $200 or more, a substantial expense for people whose average monthly earnings were less than $1,100.[2] Employment retention programs may, therefore, want to consider offering additional child care assistance to some participants.

Similarly, some participants moving from welfare to work may need additional assistance with transportation expenses, which differ from child care costs in that few subsidies are available. Although all GAPS service providers offer participants short-term help with bus tickets, case managers described participants' desire for help with monthly bus passes, car insurance, and other transportation expenses. Employment retention programs may want to consider offering some participants additional transportation assistance to help

---

[2]As discussed in Chapter 3, the introduction in February 1999 of a new child care assistance program in Pennsylvania, Child Care Works, may address many of the potential difficulties surrounding use of child care subsidies. However, out-of-pocket child care expenses will not be reduced under the new program.

them make initial car payments, cover insurance costs, or purchase monthly bus passes during their early months of employment.

The economic circumstances of newly employed welfare recipients are often precarious. Therefore, temporary financial setbacks may jeopardize their employment stability. GAPS case managers described many financial difficulties that can threaten participants' ability to maintain employment, such as expensive car repairs, overdue rent or utility bills, or large security deposits required to obtain a new apartment. Employment retention programs may want to offer participants small loans or grants to help them through a financial crisis, as some GAPS service providers did. Along with this emergency financial assistance, an employment retention program can provide budget advice and supportive counseling on underlying housing, transportation, or other problems.

- ***Programs that supplement case management with additional tangible services may have more success at engaging participants and, ultimately, at improving their economic outcomes.***

Providing supplemental services that are of clear tangible benefit to participants may help employment retention programs, particularly voluntary ones, attract and engage participants. For example, Rankin provides its participants with smoke detectors, bicycle helmets for children, and other home safety devices. Although these items are not directly related to participants' employment success, Rankin case managers and focus group attendees indicated that this type of assistance was appreciated and helped convince participants that program staff cared about them and their families. The fact that the program offered this specific and tangible help may partly explain the higher levels of program satisfaction, as well as program contact, among Rankin's participants.

Similarly, emergency financial assistance may help engage some participants and ultimately improve their economic outcomes. For example, among the four GAPS service providers, Hill House provided emergency assistance to the largest fraction of its participants and provided larger grants than did the other agencies. Hill House's more frequent use of this type of assistance may partly explain the better employment outcomes among its participants.[3]

- ***Services that help newly employed welfare recipients improve the reliability of their child care arrangements may be particularly useful.***

According to GAPS participants, breakdowns in child care arrangements occur with some regularity. Most GAPS participants use relatives or other informal providers to care for their children, and these arrangements are more prone to breakdown than those with formal providers, such as day care centers and preschools. For example, at the time of the follow-up survey, more than 1 in 10 participants who used an informal child care provider had missed an entire day of work in the previous month. In contrast, among those using day

---

[3] However, as discussed in Chapter V, the GAPS study was not designed to estimate program impacts. Therefore, the better outcomes among Hill House participants could be attributable to other factors, including initial differences between them and the participants of the other three GAPS agencies.

care centers or other group care arrangements, only 1 in 20 had missed an entire day because of a child care problem.

Employment retention programs like GAPS may be able to provide services that increase the reliability of participants' child care arrangements and thus reduce their risk of missing time from work. For example, case managers could research the center-based programs in the neighborhoods where participants live, form working relationships with certain centers, and even accompany participants on visits to these centers. In follow-up surveys, many participants said they would change their child care arrangements if cost were not a factor, and most participants who want different child care arrangements want formal group care. By helping participants switch from informal providers to day care centers and preschools, an employment retention program may be able to increase the reliability of the child care arrangements.

Other participants, however, may prefer to continue using informal child care arrangements with relatives and friends, because they trust these people with their children, because some relatives are willing to provide free child care, and because some informal providers are more readily available during nonstandard work hours. An employment retention program may be able to improve the reliability of these informal arrangements, and thus prevent participants from missing work because of child care problems, by providing them access to emergency child care for use on days when the regular provider cannot work. For example, the program could reserve a limited number of slots in a day care center or licensed family day care home for occasional use by participants whose regular arrangements break down. Participants who need to begin new jobs on short notice could also use these slots until they make permanent arrangements.

- ***A greater emphasis on job advancement for newly employed welfare recipients may be a useful strategy.***

Most GAPS participants maintained employment during their first six months in GAPS. During this period, participants spent, on average, almost 90 percent of their time employed. Therefore, it does not appear that, during this initial period, the program needed to focus substantial additional effort to place unemployed participants in new jobs. However, most participants continued to work for low wages throughout their early months in the program. At the time of the follow-up survey (conducted 6 to 10 months after participants entered the program), their wages continued to average about $7.00 an hour. In addition, among employed GAPS participants, 49 percent indicated on follow-up surveys that they were currently looking for another job. Since most participants have maintained employment, but at low wages, and since many employed participants continue to look for new jobs, a greater program emphasis on job advancement may be appropriate for promoting the economic success of participants. The fact that participants who began the program with below-average wages were at greater risk of unemployment during their early months in the program also suggests that additional job advancement assistance may be needed.

Employment retention programs can pursue two different strategies to promote job advancement. First, case managers can encourage participants working at low-wage jobs to find higher-paying employment. Help with writing and producing resumes, sharpening interview skills, assessing strengths, and identifying appropriate career goals may also be

useful. In fact, although most participants remained employed throughout their early months in the program, many indicated on follow-up surveys that they would like the program to help them more with job search.

Second, programs can help participants obtain the appropriate training to advance to higher-paid employment. GAPS case managers indicated that most participants would have difficulty adding a long-term training program to their busy schedules of full-time work and child rearing. However, programs could help participants find, and even pay for, short-term training activities, such as brief computer software courses.

C. Targeting Employment Retention Services

One useful strategy for programs serving newly employed welfare recipients may be to focus their limited resources on participants who seem most at risk of job loss.[4] Since most GAPS participants remained employed during their early months in the program, focusing a higher proportion of program resources on participants who appear at high risk of job loss may be appropriate. In this section, we discuss lessons learned from the GAPS study on targeting employment retention services.

- ***In employment retention programs with limited resources, it may be best to focus efforts on those who appear at risk of job loss and those who actively seek help.***

More than any other GAPS service provider, Hill House used targeting as a service delivery strategy. Because their larger caseloads (about 70 participants per case manager during the period covered by this report) made frequent contact with all their participants impractical, case managers adopted a strategy of attempting to communicate with most participants about once a month and targeting less stable and younger participants for more frequent contact. In addition, the fact that the agency had the highest proportion of participant-initiated contacts suggests that Hill House, more than any other GAPS service provider, focused its efforts on participants who actively sought help. In contrast, case managers at Neighborhood Centers and Rankin attempted contacts with all participants on a more frequent basis. Case managers at these agencies had smaller caseloads and were able to set and achieve higher goals for how frequently they contacted their participants. GAPS participants served by these two agencies were contacted twice as often as were Hill House participants.[5]

---

[4]See Rangarajan et al. 1998 for a more complete discussion of the merits of targeting certain groups of welfare recipients for employment retention services.

[5]Higher levels of participant contacts at a program could represent one of two things. First, the program may serve needier participants who require more frequent contact and service provision. Second, the program may have the necessary resources to make a higher level of participant contacts possible. Given the substantial differences in caseload sizes across the four GAPS service providers during the early months of program operations, as well as the relatively small observed differences in the type of participants served across these programs (see Table II.2), the latter explanation seems more plausible for the more frequent participant contact by case managers at Rankin and Neighborhood Centers.

One might expect, therefore, that participants at Rankin and Neighborhood Centers would have the best economic outcomes, since these agencies delivered more services to participants, at least as measured by the frequency of contact. However, during their early months in the program, Hill House participants had better economic outcomes than similar participants in Rankin and Neighborhood Centers. For example, a typical Hill House participant had only a 9 percent chance of becoming unemployed during her first six months in GAPS, compared with a 17 percent chance for a similar participant in the other two programs.

This result suggests that when an agency is faced with the need to serve many participants, the Hill House strategy of targeting participants who seem most at risk of unemployment and who actively seek help from the program may be effective. It may also suggest that moving to caseloads smaller than those at Hill House may not necessarily improve participants' outcomes. As discussed earlier, however, since the GAPS study was not designed to measure program impacts, the better outcomes among Hill House participants could be the result of other factors, including initial differences in the types of participants the agency served. Therefore, this finding does not provide definitive evidence that this service delivery approach would improve participant outcomes.

What types of participants should employment retention programs target for more frequent contact? Our analysis of the employment outcomes of GAPS participants suggests that those who had low-wage jobs and no fringe benefits, those who were younger, those who had health problems, and those who had children during their early months in the program were at highest risk of unemployment. As they attempt to make the most of their limited resources, future employment retention programs may want to focus their efforts on these highest-risk participants.

[Due to the length of the attachment, it is being partially printed and the full attachment is being retained in the Committee files. If anyone is interested in a copy, please contact the Mathematica Policy Research, Inc.]

Mr. ENGLISH. And with that let me welcome Secretary Houstoun with whom I have worked extensively over the last few years on this issue. I want to invite her to offer her testimony. We have a flexible 5-minute limit. If you could limit your comments and offer your full testimony to the record, that would help us move forward. And I would also like to create an opportunity for us to give you a full range of questions. So I thank you for being here, Madam Secretary, and I compliment you on the extraordinary job with the Ridge administration addressing this great challenge. The floor is yours.

STATEMENT OF HON. FEATHER O. HOUSTOUN, SECRETARY, PENNSYLVANIA DEPARTMENT OF PUBLIC WELFARE

Ms. HOUSTOUN. Thank you, Congressman English. It's a great pleasure to be here. Pennsylvania was one of the first States to enact a comprehensive State welfare reform program. We did that in 1996, about 5, 6 months before the Congress acted. We had bipartisan support for our welfare program and we are working very hard to replace the old entitlement program that mired families in poverty, without any movement toward self-sufficiency. We take it very seriously and very responsibly. I think once you've gone around the country and heard the concerns about the "race to the

bottom," this has not happened, certainly not in Pennsylvania. We're very proud of the compassion and the care with which we designed our program.

In Pennsylvania we really had a three-pronged approach. For those people who were immediately eligible and able to work, we helped them get a job. In the first 24 months clients have a great deal of latitude to pursue education as fulfillment of their work obligation. After 24 months clients need to be working 20 hours a week, but to pay attention not just to that 24th month deadline but also to the 5-year lifetime limit that is part of our program.

We have a very wide array of employment and training programs. They range from intensive wraparound supports all the way through simple job preparation programs to support clients who need different kinds of preparation before they attach to the work force.

We have a strong school component requiring recipients who have not completed school to enroll if they are under 18 and encouraging those who are over 18 to complete their education.

We do believe that there is dignity in all work and we hear that from our clients. The individual's first job represents the first step on a career ladder that has to include retention, advancement and job skill upgrades. We have designed our programs to reflect the lessons from research by the Manpower Development Research Corporation, which has demonstrated in countless evaluations that combining work with skill building and educational opportunities is the best approach for most welfare clients to become self-sufficient.

We are especially proud that Governor Ridge and the General Assembly enacted a "make work pay" structure for our program. It provides immediate and lasting financial incentives to work by disregarding 50 percent of the earned income when calculating a recipient's cash assistance check. In the old system, as you mentioned, Congressman, it did not pay to work. In the new one, particularly in Pennsylvania, it certainly does.

We've taken the time to look at the package of benefits that a working welfare recipient receives. And just to give you a local perspective on what you displayed on the board from a congressional and national perspective, if a client is working at a $5.75 an hour job for 35 hours a week, when one combine Medicaid, child care, the earned income tax credit and food stamps, that $5.75 job turns into a job worth over $12 an hour. That's a significant enhancement in the capacity of that family to take care of itself and be on the road to self- sufficiency.

In Pennsylvania our caseloads have declined pretty consistently with the national perspective. And that's particularly significant in that during the first 24 months on welfare there is no hourly minimum requirement for work. There's an obligation to look for work but there's no minimum hourly requirement as there are in many other States. Erie County has seen a 46 percent decline. Statewide it's been about 41 percent.

We've had over 150,000 Pennsylvania clients get jobs since we began our program in March 1997. There's been over 7,000 here in Erie County. This includes full and part-time work. Many of these jobs almost typically are over the minimum wage. Statewide the average is about $6.77 an hour. It's, I think, a little bit lower than

that here in Erie County. About 40 percent of these jobs do include some form of medical benefits after about 6 months, which is a very standard expectation in our programs.

Welfare recipients are competing for and obtaining jobs throughout the mainstream economy from retail and food service to industrial and medical-related industries. Many of them start in business services but then they move on and take permanent jobs outside the temporary agencies that may have gotten them a first job.

We've also learned a lot about who was on the caseload and how complex it is. Statewide nearly 85 percent of the caseload has a high school diploma or GED, although that's different in different parts of the State. Typically it's a single parent household with two children. But almost always, the family is discontent with their circumstances and very much want to improve the situation for their families.

Typically welfare recipients are not as barrier-laden as the general public might perceive them to be. And they are very often very eager to work.

We have found in our tracking that about two thirds of the Pennsylvania recipients have left the welfare rolls and had some employment since leaving. That's also very consistent with what other States have reported. Interestingly, our telephone surveys have found that former recipients report optimism about the future, greater satisfaction about their futures, and no disturbing symptoms of quality of life degradation. In fact, a majority report an enhanced quality of life compared to their life on welfare.

This is all very good news, but as all three of our representatives have said, there is a lot more to be done. We want to help families become truly self sufficient. We are very active participants in the new work force development system that is emerging because we know that it's going to provide valuable education and training opportunities to transitional and entry level workers. It's very, very critical to us that they move into the system and be ready to go and be more agile as the economy changes.

We also know that we need a lot of increased investments for employment and training. Pennsylvania has invested nearly $240 million in employment and training programs. We've probably doubled our training levels and funding levels under TANF. We're able to do things, make offers that were inconceivable under the old programs simply because of the flexibility we have in the block grant. Pennsylvania's been a leader in making sure that employment and training programs are performance-based and that we get a strong value out of our employment and training programs. They are structured so that they receive greater compensation if they have high retention, high placements, higher salaries and better medical benefits.

Mr. ENGLISH. Can we get into a question and answer period?

Ms. HOUSTOUN. Certainly, certainly.

Mr. ENGLISH. And I'll let you wrap up at this point.

Ms. HOUSTOUN. OK. Let me just tell you about some of the areas where we do think we have some work to do. In child care we've changed the system dramatically and increased access by working families but we do still have some bugs in that system that we need to deal with.

We also, as I said, need to think about families that need additional education and training to advance. We need to deal with barriers people have with traditional voc rehab services and other kinds of substance abuse or health services that connect those for those kind of families.

And finally and very properly we need to address the issue of retaining children on Medicaid. All States have had some difficulty in retaining children on Medicaid when the caseload went into free fall, because many families walked away from the entire benefit package. We have started an aggressive campaign to bring those families back to Medicaid. We'll be training our county assistance offices to be certain that they do not close the Medicaid and the food stamp case when the cash case closes. We've seen the reversal in that trend and are very optimistic. The record would probably be the sending 32,000 Access cards out earlier this year to families who had left Medicaid in order to bring them back into the system.

[The prepared statement follows:]

Statement of Hon. Feather O. Houstoun, Secretary, Pennsylvania Department of Public Welfare

Good afternoon, I am Feather Houstoun, Secretary for the Pennsylvania Department of Public Welfare. It is both an honor and pleasure to provide you with testimony on Pennsylvania's effort in welfare reform.

While several states had waivers operating in early 1995 and 1996, Pennsylvania was one of the first states to pass a comprehensive, state welfare reform law. We enacted our law in May 1996, several months before the federal legislation was signed into law.

In 1996, the U.S. Congress embarked upon eliminating a 40-year old entitlement system that entrenched families in poverty and provided little opportunity for self-sufficiency. Welfare reform represents one of the most profound social policy changes in decades—permitting different welfare systems that reflect the diversity of the nation.

Pennsylvania's reform is built upon three principles: personal responsibility, parental responsibility and self-sufficiency through work. These philosophies drive our state strategy for moving welfare families into the workforce and enabling them to build a path toward self-reliance. In Pennsylvania, we have taken a three-pronged approach to connecting individuals to jobs. For those who can immediately compete for jobs, we assist them to obtain employment right away. For those with more barriers, we offer opportunities for them to build a work history, enhance their job skills and then, connect them to the workforce. And for those recipients who have not completed school, we require they enroll if they are under age 18; and if they are over age 18, they are encouraged to attend and complete their program.

In Pennsylvania, we've built a system predicated upon the belief that there is dignity in all work. An individual's first job represents the first step on career ladder that anticipates retention, advancement and job skill upgrades. National research conducted by the Manpower Demonstration Research Corporation has proven that combining work with skills building and educational opportunities is the true foundation to becoming self-sufficient.

More importantly, Governor Ridge and the General Assembly enacted a "make work pay" structure, which provides immediate and lasting financial incentives to work by disregarding 50 percent of earned income when calculating a recipient's cash assistance check. In the old system, it did not pay to work—in the new one, it does pay to work, and our experience demonstrates that.

Our family caseload numbers have declined by nearly 40 percent statewide. Thousands of individuals previously trapped in a system of disincentive have now gone to work, sometimes for the first time ever. In our two and one-half years of reform, over 150,000 Pennsylvania welfare recipients secured full or part time jobs at well above the minimum wage. Many of these jobs come with health care benefits. The statewide average wage is $6.77 and nearly 40 percent of individuals getting jobs are receiving some form of paid medical benefits within the first six months of employment. Welfare recipients are competing for and obtaining jobs in the mainstream economy from retail and food service to industrial and medical-related industries.

Over the past two and one-half years we have gained a greater knowledge of who is receiving cash assistance in Pennsylvania. Gone are the stereotypical perceptions of a person with little or no ambition to better themselves. The individuals in our program-nearly 85 percent of the total caseloads-typically have at least a high school or GED education. These are single-parent households with two children in their care. These are parents that, for the most part, are discontented with their current circumstances and want to make a change for the better for themselves and their families.

We have found that welfare recipients are not as barrier-laden as the general public might perceive them to be. Nor are their barriers to employment all that different from the general population. We have found that nearly of 60 percent of our caseload has some type of work history and approximately 70 percent have some education at or above high school completion. For many, the leading barriers to employment are child care and transportation.

Comprehensive tracking also tells us that over two-thirds of the Pennsylvania recipients that left the welfare rolls have had some type of employment since leaving—very much in line with what other states report of their former clients. In a telephone survey of a sample of former Pennsylvania welfare recipients, 85 percent reported that they feel better about their future.

While these are impressive numbers, there is more work to be done. While families who took the changes of the system seriously and benefited from our ability to invest in their futures—got a job, took advantage of employment, training and education opportunities, and used work supports (child care, transportation, etc.)—they still struggle to become truly self-sufficient. They continue to be helped through assistance programs in child care, food stamps and medical assistance; we would hope for each the opportunity to advance out of poverty. The Department supports this intent by being an active participant in the new workforce development system, which will provide valuable education and training opportunities to transitional and entry-level workers statewide.

Through careful assessment and monitoring, we were able to determine early in reform that increased investments were needed to meet the needs of not only those individuals with barriers to employment, but also those people that had done what was required of them—to take that first job. Because of the flexibility of the TANF block grant, we have been able to fund skills building and educational activities at levels that were inconceivable in the past. This year alone, Pennsylvania has invested nearly $240 million in employment and training programs, a two-fold increase of funding prior to welfare reform.

Our investments do not come without accountability. As stewards of taxpayer funds, we have a responsibility to ensure a value-add in our services and a return on all of our investments in services. In addition to our increased funding, we now utilize performance-based contracting for most of employment and training opportunities. In fact, Pennsylvania has become a national leader in performance-contracting. We consistently command approximately 65 percent placement rate statewide. Moreover, our strict monitoring, corrective compliance protocols and authority to withhold contract funding gives us the leverage to demand performance, prevent "creaming" and offer qualified candidates to Pennsylvania's employers. Based upon "pay for success" principles, this way of doing business with our vendors has exponentially increased the likelihood of a welfare recipient remaining in a position, rather than hopping from job to job.

This past March we took steps to ease the transition from welfare to work for these parents. Our subsidized childcare system in Pennsylvania previously posed a barrier for some mothers. Faced with the stress of obtaining employment, our system offered little respite financially for mom. She would have to pay the full cost of her children's care out of her pocket, later receiving an adjustment to her cash grant that would rarely cover the cost of care. The changes we made eliminated this problem for these mothers. Now, she pays only a small portion of her child care costs, with the state picking up the rest of the tab.

By streamlining the subsidized system, we not only eased her transition, we were able to alleviate a financial burden not only for parents on welfare, but also the working poor. Many of these parents were on waiting lists to receive help paying for their care. Today, after record increases in child care from TANF funds, we have largely cleared those waiting lists and are reaching out to ensure all working poor parents know what is available to them. We now enroll twice as many children per month compared to the old system. This undoubtedly will yield positive effects on job retention and advancement of welfare and transitioning parents, and could quite possibly, prevent other low-income parents from having to turn to welfare to help make ends meet. This year alone, the Commonwealth has invested $377 million into a subsidized child care system.

As you can see, Pennsylvania has many triumphs under its belt, but we still face challenges, and we have begun to re-tool our systems and re-invent the way we look at our welfare system. Job retention and advancement initiatives are already in place to address those individuals already working. Many are reaching their second and third years on cash assistance. For these people, the upcoming years offer the opportunity to build further skills so that when their five years are up, they are self-sufficient.

We have also begun to engage individuals earlier in employment and training opportunities. Those coming into the welfare system for the first time have the greatest opportunity to gain the skills and education necessary to succeed. By coupling education with a work history early, a recipient will be far better equipped to compete in the job market than someone who has done little with their time on welfare.

Another group of individuals we have begun to focus on are those currently exempt from employment requirements. Despite their exemptions, they too, face their welfare time running out. It is imperative that we engage them in the same employment and training opportunities to prepare them for life after welfare. Increased outreach efforts coupled with coordination with agencies providing domestic violence, children and youth, and physical and mental health services are proving to be fruitful in getting people engaged in the system.

In closing, Pennsylvania is committed to continuing the common-sense and compassionate approach to welfare reform it began in 1997. We have gained a vast knowledge of the individuals we serve, as well as the system we built. We have employed new strategies and acted swiftly to address the ever-changing needs of our welfare population. As we move forward, I commit to you today we will continue to build upon principles that act as our guide through this sea of social change—personal responsibility, parental responsibility, and self-sufficiency through work—to ensure better lives for the residents that need the state's help the most.

Mr. ENGLISH. Thank you, Madam Secretary. I'll let you submit the balance of your testimony to the record. And I will, if I may, start the questioning. As you know, probably the biggest problem I've run into with welfare reform anecdotally on the local level has been the problem of access to child care services, particularly coming at the end of a budget year.

Now you have talked to me in the past about what you've been doing to address this problem and the transition to a new child care system that you've been structuring in Pennsylvania. Now can you elaborate on that a little bit? Again, the bottom line, if someone is a single mother and leaves the welfare system to go in to the work force, can they be reasonably certain of that support from the State now if they do so?

Ms. HOUSTOUN. Yes. Two answers to the question. First of all, the old system that we had in Pennsylvania sabotaged the moms leaving welfare. They got an allowance when they were training, then they went to a system where they had to pay out of pocket and get reimbursed but not for the full cost of the day care. When they left welfare they got 1-year allowance and then they had to go stand in line for a new child care subsidy.

Now from start to finish on welfare and leaving welfare that mom has a child care allowance which allows her to buy any range of child care. But the beauty of what we've done to the system is that we've used TANF block grant funds for that. And the result of that is that as we're paying for the TANF families we've also doubled the access of child care for working families that have not been on welfare at all.

So essentially—we are very close to eliminating any waiting lists for child care subsidies, and we are reaching out to make sure the

families know it's available. They frequently had to wait a year or more. In Pittsburgh we are a little bit behind in that there is a lot of families there and it's simply processing in the system that's taking us a little bit longer. But here in Erie we're turning ground applications for child care subsidy in about 6 weeks.

Mr. ENGLISH. You have talked today on a couple of occasions about training programs that you were a part of and oversee that have been arranged at the welfare-to-work transition. And I would be curious to know from the experience so far what kind of training programs work.

Ms. HOUSTOUN. It depends a lot on the needs of the individual. Some people do very, very well simply receiving essentially coaching and soft skills that are necessary for working in the marketplace. Other people need more intensive wraparound services and that's why we have something called single point of contact which brings all of them in.

The national research suggests very strongly that a work experience with training experience together is likely to be the best program, one that's most likely to work for someone who really does need training.

Mr. ENGLISH. And looking at the composition of the welfare caseload from here, recognizing that many of the people most ready and leaving the welfare system to go back into the work force are already in the process of doing so. In order to meet the goals set in the Federal statute, what sorts of training programs are you going to need to emphasize to get to the next level?

Ms. HOUSTOUN. I think that people generally believe that as we go along we will encounter more people with greater barriers. Typically substance abuse barriers, things like that. But it's important to understand that it is terrifically important that people get attached to the work force. If they delay entry into the work force, just in a training program or in a substance abuse program for an extended period of time, they have not made the essential step that's necessary for self sufficiency. So you're going to see us continuing to help families that have simply come into the system the first time and tailor it to meet whatever their level of need is.

We're also going to be focusing on those families that have high barriers that they must address before they're going to be competitive in the work force.

Mr. ENGLISH. My final line of inquiry has to do with a problem that Mr. Coyne and I both felt on your opening statements and that is the problem of the declining utilization of Medicaid and food stamps on some of the families that most need it. I know Mr. Wiley in his testimony is going to touch on this as well. What is Pennsylvania doing and what do you intend to do to guarantee access to eligible families on Medicaid and food stamps?

Ms. HOUSTOUN. Well, as I indicated earlier, we have been very actively addressing the issue of people essentially walking away from the County Assistance office altogether and losing their food stamp and Medicaid benefits. And we are actively combining CHIP and MA outreach. We have a lot of things to try to help that. We do not do what Congressman Coyne mentioned, that is, diversion programs that essentially discourage people from applying for serv-

ices. We do not need that in Pennsylvania. We do not get criticized for that.

But I think we do need—frankly, I don't think we ever anticipated—nor did any State anticipate the number of people who, given any provocation, would be willing to walk away from the Public Assistance system. Now I think we're really quite prepared organizationally for that and we're now having to think a little bit differently about how we approach the issue to assure they receive benefits to which they are eligible.

Mr. ENGLISH. Thank you, Madam Secretary, and we're grateful for your time today. My time has expired so I recognize Mr. Coyne's.

Mr. COYNE. Thank you, Phil, very much and welcome to Secretary Houstoun. We appreciate your testimony. I wonder if you could be a little bit more specific, however, of what you are doing relative to people who are not aware that they are still eligible for Medicaid, for the food stamps other than simply say come to the caseworker.

Ms. HOUSTOUN. The caseworker is a single form of entry so that caseworker has that person at her desk or his desk and we are reviewing that interaction. The reduction in Medicaid does not come from the entry level side of the equation as much as it has from the simple fact that the family will call them and say close my case. Or they may simply not show up. And they create a compounded problem of disengaging that caused that pattern.

We understand that, and we know that it's a problem. What we did about 4 months ago after examining the question carefully was to literally send 32,000 families new Access cards, live Medicaid Access cards and said take it, use it and send us a pay stub. Send us anything that can establish your income eligibility and we will enroll you, we want you to have Medicaid. We are doing outreach on the radio and television, and we're sending flyers to community groups. We are trying to do everything that we possibly can. Because as I said, I think we simply didn't fully appreciate the fact that people were willing to essentially walk away from the public assistance system and we just—there were too many things happening at once. But I think we have rectified the problem—I think we have turned the corner. I will mention the advertising around CHIP. We have now doubled the CHIP enrollment over the last 4 years. And Pennsylvania has cross-over steps to Medicaid as well. So I'm optimistic that we understand the dynamics and will address it.

Mr. COYNE. And what about the eligibility for food stamps, reminding them that they are eligible for food stamps even though they're leaving the program?

Ms. HOUSTOUN. We are currently in the process of correcting any kind of procedural problem in the organization where someone might have closed a cash case and a food stamp case together and we've corrected those kinds of issues. We're now looking at food stamp eligibility generally and are willing to participate in some of the outreach programs that are being recommended with the USDA.

I might add that in the recent USDA survey of States on hunger, Pennsylvania did relatively well. Certainly not the best, but within

the top four or five States in terms of the portion of people who reported being hungry or having to rely on emergency food supplies. So we know it's an issue. We are addressing it and we'll be very careful about County Assistance offices and not discouraging people from getting benefits that they deserve.

Mr. COYNE. You mentioned in your testimony that the Commonwealth's welfare caseload has been reduced by 40 percent since 1996. What percentage of those leaving the program, welfare program have found stable employment?

Ms. HOUSTOUN. I don't have the numbers with me exactly, but I think it's in the order of about 40 percent of those leaving. I will have to defer—the difficulty with this is the way we get that information, the way we answer that question is tricky because we have to rely on payroll tax and unemployment compensation records. And as you know that does not include certain kinds of jobs, such as Federal jobs, and they don't obviously include cash reporting at various times. So you don't really get a strong picture of that.

Keep in mind also that many women may make a decision to work part time because they are also receiving child support, for example, and they are able to patch together something that's more what they would like to have in their lives. So it's a combination of things. There is a certain portion of people for whom we do not have a record of them working. But as I said, the telephone surveys that have been done in this State and in other States of former welfare recipients does not suggest that there is a serious degradation of the ability of the family to pay their rent and to live the life that's good or better than what they had been on welfare.

Mr. COYNE. Can you tell us anything about the former welfare recipients who are not working? What is the status of that group of individuals?

Ms. HOUSTOUN. We are in the process right now of completing an additional report on former welfare recipients. And the report is going to give the number of them and it will give us demographic information about them. I'm not sure that we're going to be able to say a great deal other than through the telephone survey. The surveys had fairly limited response rates so I'm not sure that we will be able to parse it down to a level to answer your question adequately. We will give you demographic information.

I mean, it's curious, for example, those who don't have any reported wages tend to be older and they also are more likely to be married. And more so than the ones who are eligible. So it's an interesting demographic profile.

Mr. COYNE. Well, you probably won't be able to tell us for those who have left welfare, what percentage of those who have left welfare are out of the poverty classification, above the poverty level?

Ms. HOUSTOUN. Well, we do have recorded wage data and this is available sometime in the next 2 to 3 weeks when we finish the report. For those who are working we do have data. What the data shows is that if they're staying continuously in the work force, then wages go up about 4 to 5 percent a quarter. So it's a fairly significant rate of improvement in the financial situation based on the quarterly data. Now if they moved in and out of work force they won't see the same relative increase. But it is fairly clear that if they go into the work force they do see that increase. And over a

period of time a tax credit's part of the overall package. They are approaching an out of poverty wage level.

Mr. COYNE. Thank you very much.

Mr. ENGLISH. Thank you. I would like to now recognize the Chair of the Subcommittee, Chairman Johnson.

Chairman JOHNSON. Thank you. I'm not sure, Secretary Houstoun, that I understood something you just said. Did you say that if recipients go into the work force at some level of government, their wages don't show up in your data?

Ms. HOUSTOUN. The unemployment tax statement that was collected by Labor and Industry agencies does not include the Federal agencies.

Chairman JOHNSON. So in other words if they're employed by a Federal agency and then they become unemployed, and they're receiving unemployment compensation, you can't see that with your data, but you would see it if they're receiving Government wages?

Ms. HOUSTOUN. What I'm saying is that we know—we track former welfare recipients' employment by looking at this Labor and Industry unemployment tax data for those paying into the unemployment coffers. Federal employees don't pay into that State's unemployment fund, so when we do the State transfers to find people and see what their wage history is, we're missing that, and that's very interesting. So in a sense some of the best-paying jobs with career ladders because——

Chairman JOHNSON. If someone becomes a mailman which is really—mail carriers are certainly a job moving up, that wouldn't show up on your records?

Ms. HOUSTOUN. That's very interesting. Of course, both State and Federal Government and local governments also carry good health benefits, retirement plans and——

Chairman JOHNSON. I believe State and local employment does show up in the State records but not Federal. That's very interesting. Just a couple of things. First of all, the Federal law does require paternity determination so that we can better enforce our child support laws. Have you had any difficulty with enforcing paternity determination requirements?

Ms. HOUSTOUN. It depends a lot on the local culture and situation. We are very careful not to put mothers in risk situations so that are good cause exemptions. It has been something of a point of irritation and concern among some moms. Also it's required for child care subsidies.

Chairman JOHNSON. What about the requirement of Federal law that young people under 18 remain in school? Have you had any refusals to participate in the program because they didn't want to remain in school under 18?

Ms. HOUSTOUN. I have not heard if that's a major trend. We encourage staying in school. We provide programs, pregnant and parenting programs, other programs to try to keep kids in school. So we are very supportive in that respect and indeed we will provide her child care. Any woman who is under 18 she cannot get her own check and live outside the family's house, unless there's an abusive situation, you know, some reason why that cannot be met.

Chairman JOHNSON. So you haven't actually had to enforce the law by withdrawing benefits if people refuse to stay in school?

Ms. HOUSTOUN. I'm sure there are situations where young mothers have chosen not to accept benefits because of those requirements. I can't give you a number on that. I can try to determine that.

Chairman JOHNSON. But it isn't big enough so that you're hearing that?

Ms. HOUSTOUN. It's not something that I'm hearing about.

Chairman JOHNSON. All right. Mr. Wiley in his testimony claims that when mothers leave welfare for a job they're abandoned. To use his words, he says, this is the time many, if not all, welfare-to-work programs declare success and terminate them from the program. Not only is the client's support system terminated as soon as they get a job, both monetary and other benefits are removed. Is this true in Pennsylvania?

Ms. HOUSTOUN. Mr. Wiley showed me specific evidence of that. Certainly we need to encourage families to—we want families to stay on Medicaid now and on food stamps. So again, there may be situations procedurally where someone says close my case and that caseworker has made an error and not elicited the proper information to keep that person on. We're trying to correct that through good staff training.

Chairman JOHNSON. More specifically do you have any reason to believe, for example, that the welfare recipients entering into the work force don't continue to get their welfare benefits?

Ms. HOUSTOUN. We have monthly reporting. I think the situation which may occur—and it's not appropriate for it to occur, is that the family will—if someone takes a job and says, go ahead, close my case, if there's not proper attention given to separating the cash assistance situation from the food stamp and Medicaid situation, we could have that happen inadvertently.

And I think that we have carefully trained our caseworkers. I don't believe that it has been a significant problem with Erie County, just by evidence of the food stamp rolls and the Medicaid roll trends. But it has been in some places as it has been all over the country, and I think we need to also address that.

With respect to abandoning the family, most of our performance contracts with vendors include additional incentive pay for people who stay on the job. Most of them provide some assistance and backup to moms who have been placed in positions. So if we're not doing enough of that, I think we're going to be addressing it with attention to advancement of services that we are now expanding.

Chairman JOHNSON. In other words, the job placement agencies get a higher remuneration for their work if they can demonstrate that the person has to succeed and then stay with their job for what, 6 months?

Ms. HOUSTOUN. Three months or six months depending on the contract.

Chairman JOHNSON. He also mentions in his testimony that 19 to 30 percent of the people who leave welfare and get a job return to welfare within 15 months. Is that a statistic that——

Ms. HOUSTOUN. I don't think I would quarrel with that. That's a wide range. It's been less than that in some counties. It's probably been that much in others. However we've had strong training programs and people tend to stay on jobs. A lot of people simply

get hired in a hot economy and really have not developed good reliability and good job skills. They may very well churn through the work force. And that's something that we've been able to address and are addressing.

Chairman JOHNSON. And I just have two brief questions since our time is short. Later on we'll have testimony that there are new regulations that are specific to the eligibility determination for the use of TANF funds for abused and neglected children. And we're going to have testimony that those regulations are very prescriptive and will make it hard for TANF to serve abused and neglected children. Are you aware of that and would you provide us with comments on those regulations?

Ms. HOUSTOUN. I'd like to do that for the record. One of the elements of the new TANF regs took effect in October. It restricts the county from the use of TANF funds for certain child welfare services. And all the States are struggling with how to do that. We had previously used block grants funds, but are now restricted and we all have been struggling with how to meet those needs, and figuring out how to do it within the regulations. It has certainly complicated our lives. I don't think any State is willing to let abused and neglected children go wanting. We just have to figure out a different way to fill the budget requirements of those programs.

Chairman JOHNSON. I was not aware of that until this was brought up in the testimony which I had a chance to read beforehand. And it does certainly seem counterproductive, yes.

Ms. HOUSTOUN. So we will try to look at that and we are going to be doing some emergency changes in the next week I hope and maybe we can even address that. Certainly that's part of our work in the next session. We'll take a look at that. I appreciate your interest and we will get you something quickly so that you have it on hand.

Chairman JOHNSON. And last, Mr. Wiley also mentions the desirability of in-home case management and how you've had a lot of exposure in this area over the years and I was just wondering what your reaction to that was?

Ms. HOUSTOUN. There's no question that there are families where, I think, the stresses on that family are such that outside assistance at sometimes may be very necessary and valuable. I think deciding how one is going to decide which family needs that when you're thinking about an active program, is a very different sort of issue. The child welfare system has caseworkers. The mental health system has caseworkers. The employment training we have has caseworkers. And deciding how you structure that so that there's really value added and a change of outcome for families, is very, very difficult that——

Chairman JOHNSON. I should think you should get into that in this next round of attention that you described this morning. It might be useful to look at that, how we identify those families in which there are so many problems that this approach over time will be very good.

Ms. HOUSTOUN. And we've seen there have been some demonstrations done in Pittsburgh, where it wasn't quite as intense as that. It was simply an extra person to call to discuss issues with, and that was very useful. But in that instance it may be self-selec-

tion. If the family knows it has problems and is looking for help which, you know, they may solve the problem on their own. It's a very difficult thing to value, how to employ these resources judiciously.

Chairman JOHNSON. Thank you very much for your testimony and for meeting with us this morning and congratulations on the good work that Pennsylvania has done in taking these steps. Thank you.

Mr. ENGLISH. Thank you, Secretary Houstoun, for coming in today from Harrisburg to represent the administration and doing so ably. We appreciate your testimony.

And with that I would like to call the last panel forward, which consists of R. Benjamin Wiley, executive director of Greater Erie Community Action Committee, which I might add, has the reputation of being one of the most successful community action agencies in the country. We're delighted to have you here. Mr. Tom Gamble, director of the Institute for Child and Family Policy at Mercyhurst College, a think tank that over this last couple of years has very much turned focus on the local scene and local social needs. And I think it's a unique resource among local educational institutions in the region. Mr. Gary Cervone, chief administrative officer of the Mercer County Community Action Committee of Sharon, Pennsylvania. We're delighted to have you here, sir. And Karen Bechtold, owner and operator of one of our local McDonald's franchises. We've enjoyed talking to you on a number of occasions, Karen, in our Washington office and you've offered some very valuable insights in the past to us directly. We appreciate your taking the time to be here to offer those insights for the Subcommittee.

With that, Mr. Wiley, I'll turn this over to you for your testimony. We'll try to keep everyone's testimony within 5 minutes. If you like you can summarize and submit the whole testimony to the record. And we appreciate your being here, Mr. Wiley.

STATEMENT OF R. BENJAMIN WILEY, CHIEF EXECUTIVE OFFICER, GREATER ERIE COMMUNITY ACTION COMMITTEE

Mr. WILEY. Thank you. Mr. English, other Members of the distinguished panel from the House who are here, I'd like to take this opportunity to welcome you to Erie. I'm sure that I have more than 5 minutes, so I will summarize.

Many times the question is asked, has the Welfare Reform Act been successful? We know that the goal, the initial goal of welfare reform was to move the people off the welfare rolls into employment. We have moved people off of welfare rolls in a big way. It's been an overwhelming success. If you ask yourself the question, are those who moved off of welfare rolls better off than they were before, I would say overwhelmingly that the answer is no. The people who moved off welfare did not move into the middle class. They are still poor and oftentimes desperately poor.

The GECAC and its entire network across the country, some nearly 1,000 community action agencies, believe that everyone can and should work. Millions of families have been caught for generations in the cycle of poverty. The move from dependency on government assistance to gainful employment is an important step in the development of self-worth and independence for these families.

This sense of self-worth and independence, if encouraged and supported, will enable poor families to continue on toward self-sufficiency.

Welfare reform has taken the first step of moving many families from welfare to work. However, welfare reform caused the average income of poor single mothers to drop and halted progress in reducing child poverty according to a report from the Center on Budget and Policy Priorities. The poorest single parent families, those at 55 percent of the Federal poverty level, experienced an income loss, even with the income of all others in the household accounted for.

Many former welfare clients have gone into minimum wage jobs with no benefits. I'm going to say that again. Many former welfare clients have gone into minimum wage jobs and I underscore with no benefits. These jobs do not pay a living wage that would allow them to support their families in dignity and decency.

These people are often without very real choices between paying their rent and feeding their families. And I have to say that there is no coincidence between the soaring demand at food banks nationwide and the decline of welfare rolls.

Also, a recent GAO report strongly suggests that the basis for the dramatic decline in food stamp participation is, in large part, due to the movement of poor families from welfare to work and their belief that they are no longer eligible for food stamps. Likewise, the uncoupling of welfare and Medicaid has led to a decline in Medicaid participants and has placed an increasing number of poor children at risk due to lack of health care.

We talked in the earlier testimony about barriers and so we all know that there are a lot of multiple barriers and I will skip over that. We might get to that in the question period.

One thing to comment is on a new study by the Urban Institute prepared for the Labor Department shows that welfare recipients who are required to work should receive ongoing education and training. And the Urban Institute study found that TANF provides a strong incentive for local officials to implement post-employment services which include individual work requirements, mandated participant rates for State caseloads and the 5-year lifetime limit on individuals.

Few recipients qualify for stable, good-paying jobs with advancement potential. The study noted that many have fairly low reading and mathematic ability and lack strong education and occupational credentials. Many also have personal and family problems that can interfere with the work. Thus they tend to find low-wage, low-skill jobs and have difficulty keeping those jobs and remain stuck at the low end of the labor market.

The labor market trends suggest that without further education and training, many welfare recipients may be trapped in low-wage, low-skill jobs. Manufacturing jobs that once offered good pay to poorly-educated workers have largely vanished, replaced by service sector jobs. Today's high paying jobs require technical skills.

Solutions. The Greater Erie Community Action Committee has been involved in the antipoverty movement for 35 years. During that time some overriding principles have become evident. And I'll hurry through this. No. 1, local flexibility to design programs to fit local needs is critical. No. 2, in-home case management over the

long term is critical to the client's success. No. 3, a gradual reduction of benefits is necessary to help former welfare clients' transition from welfare to work. Transportation is a critical need that needs to be addressed.

And I'm going to skip on over to—private industry has seen the need for transportation. Some of the temporary agencies in the county either own or lease buses or vans to transport clients to and from work. Workers pay for rides to work. However, once a worker becomes a permanent employee they are on their own to find transportation. There must be a better-coordinated way to get workers from the inner city to the jobs in the outlying areas.

As a result of the new flexibility in Federal regulations and guidance, TANF funds and State Maintenance of Effort funds may be used for an array of initiatives to help low-income working families meet work expenses, basic needs and participate in education or training to advance in the work force. These changes enable States to provide services and benefits outside of the basic welfare program and help low-income families with income above the welfare eligibility, whether or not they are actually receiving welfare.

Many States continue to view TANF as a program of basic cash assistance and a set of initiatives to help families enter the work force. They have been unsure what was allowed under Federal guidelines, or concerned that proposed regulations presented significant difficulties in using TANF or Maintenance of Effort funds for new initiatives to address the needs of low-income working families. Final TANF regulations contain a narrow definition of TANF assistance. Work subsidies, support services, child care and transportation, refundable earned income tax credits, contributions and distributions from Individual Development Accounts, such as counseling, case management, peer support, child care and referral, job retention, job advancement and other employment-related services are not included in the definition. Thus States may use TANF or Maintenance of Efforts fund to fund these benefits.

Before the concept of self-sufficiency became a part of the rhetoric of human services and welfare reform, the mission of Community Action was to move families from self-sufficiency to sufficiency. In our 35-year history, we have provided thousands of families with a hand up, not a hand out to maintain them in poverty. Community Action agencies in general and GECAC in particular stand ready to partner with Federal, State and local Governments to ensure that those families that welfare reform has weaned from dependency on public assistance do not remain in the ranks of the working poor.

GECAC and its more than 1,000 community partners believe in a simple philosophy that can be summarized that everyone who can work should work. Those who do work should earn sufficient income to provide for their family's basic needs. Those who are unable to work, or who work but do not earn enough to provide for their families, should be assisted by policies and programs to meet their basic needs and secure safe and decent housing.

And I wanted to thank you for the invitation to appear here today. And in closing that I would basically just say with the personal responsibility to work in consolidation, we have been around the block, we've been in a cycle. And I think as the Secretary said

we've learned a lot from it and the news is not all bad news. I think we just need to work harder to improve in those areas where we know now that there are going to be shortcomings.

Mr. ENGLISH. Thank you, Mr. Wiley. We really appreciate—knowing the depth of your experience, we appreciate your testimony here today.

[The prepared statement follows:]

Statement of R. Benjamin Wiley, Chief Executive Officer, Greater Erie Community Action Committee

Many times the question is asked has the welfare reform act been successful? If the goal of welfare reform was to move people off the welfare rolls, then yes, it has been an overwhelming success. However, if the question is asked, are those who moved off welfare better off than they were before, the answer is no. The people who moved off welfare did not move into the middle class. They are still poor, often time desperately poor.

The Greater Erie Community Action Committee and the network of nearly 1000 Community Action Agencies across America believe that everyone who can work should work. Millions of families have been caught for generations in the cycle of poverty. The move from dependency on government assistance to gainful employment is an important step in the development of self worth and independence for these families. This sense of self worth and independence, if encouraged and supported, will enable poor families to continue toward self-sufficiency.

Welfare Reform has taken the first step of moving many families from welfare to work. However, welfare reform caused the average income of poor single-mother families to drop and halted progress in reducing child poverty according to a new report from the Center on Budget and Policy Priorities. The poorest single parent families, those at 55% of the federal poverty level, experienced an income loss, even with the income of all others in the household accounted for.

Many former welfare clients have gone into minimum wage jobs with no benefits. These jobs do not pay a living wage that would allow them to support their families in dignity and decency. These people are often faced with the very real choices between paying their rent and feeding their families. There is no coincidence between the soaring demand at food banks nationwide and the decline of the welfare rolls. A recent GAO report strongly suggests that the basis for the dramatic decline in Food Stamps participation is, in large part, due to the movement of poor families from welfare to work and their belief that they are no longer eligible for Food Stamps. Likewise, the uncoupling of welfare and Medicaid has led to a decline in Medicaid participants and has placed an increasing number of poor children at risk due to lack of health care.

Many former welfare clients are faced with multiple barriers to work. These include lack of education, limited job history, inadequate transportation, no childcare, substance abuse, poor parenting skills, mental health issues, inadequate health care, motivation and lack of multi-generational support. Many former welfare clients have critical immediate needs such as food, housing, clothing and serious family debt. There is often a need for family counseling, problem solving, motivation, sensitivity, stress management, life skills, budget counseling, social relations, self concept development and nutrition education.

It is the presence of these barriers that prevent former welfare clients from moving into better employment without some form of support. Often these barriers make it impossible to even hold a minimum wage job over the long term. The work first strategy has doomed multitudes to a cycle of employment, unemployment and re-employment—all at the minimum wage. This cycle will only last as long as the economy is booming. As long as former welfare clients cannot overcome their employment barriers, they will not be able to move to the next rung of the employment ladder. When the economy slows, as it inevitably will, these former welfare clients will be the first to become unemployed. It is at this point that the clients will either return to welfare in large numbers or they will be faced with welfare's built in eligibility time clock and find they are not eligible for benefits. Even in today's good economy, of those welfare clients who have found employment 19 to 30 percent return to welfare within 15 months, another 20 percent have no job and are not living with anyone who has a job.

A new study by the Urban Institute (UI) prepared for the Labor Department shows that welfare recipients who are required to work should receive ongoing education and training. UI's study found that:

• The Temporary Assistance for Needy Families program (TANF) provides strong incentives for local officials to implement post employment services which include individual work requirements, mandated participant rates for State caseloads and the 5-year lifetime limit on individuals.

• Few recipients qualify for stable, good paying jobs with advancement potential. The study noted that many have fairly low reading and mathematics ability and lack strong education and occupational credentials. Many also have personal and family problems that can interfere with work. Thus they tend to find low-wage, low skill jobs, have difficulty keeping those jobs, and remain stuck at the low end of the labor market.

• Labor market trends suggest that without further education and training many welfare recipients may be trapped in low wage, low skill jobs. Manufacturing jobs that once offered good pay to poorly educated workers have largely vanished replaced by service sector jobs. Today's high-paying jobs require technical skills.

SOLUTIONS

The Greater Erie Community Action Committee has been involved in anti-poverty movement for more than thirty-five years. During that time some overriding principles have become evident.

1. Local flexibility to design programs to fit local needs is critical.
2. In-home case management over the long term is critical to the client's success.
3. A gradual reduction of benefits is necessary to help former welfare clients' transition from welfare to work.
4. Transportation is a critical need that needs to be addressed.

The welfare reform tenet of work first has been interpreted in many states to mean "work exclusively." The initial charge of welfare reform was to move welfare recipients into jobs, and in many cases, any job would do. TANF and various Welfare to Work programs from the State and Federal level have sought to provide short-term services for clients to get them to work. Little has been done to address the long-term barriers that held clients on the welfare rolls. When programs have been developed to look at retention or job enhancement, rules and restrictions have limited their usefulness. Large surpluses of TANF dollars at the State level do not mean that there is a lack of need. These surpluses are emblematic of the restrictive nature of program eligibility, which ultimately constrict clients' participation.

Research shows that the most successful programs combine work first and education or training. Most programs to aid welfare clients are not locally designed. While statewide programs now have greater flexibility to design programs that meet their own needs; they must also meet several federal requirements designed to emphasize the importance of work and the temporary nature of TANF aid. These programs do not take local needs into account. The result is that programs are overly prescriptive of who can be served and how they can be served. Consequently, client needs are not being met as dollars meant to help them go unspent.

One such state-designed program is intended to support people as they move into the work force. There are five (5) different categories of people who can be served and five different funding streams to pay for the services. For example five persons who are TANF can be served and six persons who receive food stamps only and eleven able-bodied persons and seven persons who are post 24 month and eleven who are stand alone can be served. If there are too many clients from one category and not enough from another, clients in need go unserved and dollars intended to help go unspent. This eligibility and accounting structure makes the program needlessly difficult to operate.

The Work Activities Expansion Stand Alone Design program is funded at $1.2 million for Erie County. So far this year because of restrictive eligibility only two clients have been found in Erie County for this program; neither was interested in participating. This program could have provided over $6000 each for 200 families to participate in education and job training helping to make their transition from welfare to work a little easier.

With final TANF rules broadening the range of services for which states can use TANF and State Maintenance of Effort (MOE) funding, and with the majority of states having substantial amounts of unspent TANF funds, the time is right to expand the purpose of welfare reform beyond caseload reduction. The role of welfare reform must now be broadened to include the assurance that families leaving welfare are equipped to advance along the continuum toward self-sufficiency. All of us—government, community action and business share in the responsibility of ensuring that families who leave the welfare rolls for work are able to earn money they need to provide for them selves and their families and obtain jobs which offer health care benefits.

GECAC has long believed in the value of in-home case management. In-home case management is designed to provide intensive outreach into the community to find clients and intensive home-based case management to help people move from welfare to work. In-home case management acts as both a recruitment and support service. It is a long-term program that can stay with the client throughout the transition from dependency to self-sufficiency. It is designed to help families carry out long term strategies beyond the first job (i.e., secondary education or employer supported on-the-job training.)

In-home case managers go to the client; the client does not come to them. The in-home case managers provide families with whatever level of service they require, empowering them and promoting self-sufficiency. The in-home case managers assess the family with the head of household's help. An agreement of mutual responsibility is developed between the in-home case manager and the family. Some family agreements will only consist of strategies to connect them to the world of work. Other family agreements will include child and family needs.

The goal of the case-management staff is to coordinate all services being provided to the family. The in-home case managers use an ongoing assessment of families to determine needs. One of the results is to help families overcome the small problems that occur almost daily and become a true deterrent to self-sufficiency. Families in these situations long ago stopped functioning at the level needed to solve small problems before they become major issues. One of the major goals is to teach families to identify these problems early and develop and use both personal and professional support systems that keep them on the road to self-sufficiency.

Many welfare families are receiving services from multiple service providers to meet their various complex needs and to overcome their barriers to self-sufficiency. Families can become fragmented by service providers' competing requirements. It is the role of the in-home case manager to be the coordinator for all services. The in-home case manager will facilitate staffing among and between agencies to develop a coordinated plan to move the family from welfare to self-sufficiency.

GECAC has found that clients are most at risk the first day they begin work. For many welfare clients the world of work is a new experience filled with pit falls. Long developed patterns of behavior must be altered and new patterns substituted. New skills must be used for the first time. The former client must find childcare and transportation. They need to get up and out of the house and deal with coworkers and supervisory personnel. This is the time they need the most support, and it is the very same time, many, if not all welfare to work programs, declare success and terminate the client from the program. Not only is the client's support system terminated; as soon as they get a job, both monetary and other benefits are removed.

Support systems need to be maintained until the client has stabilized in his or her new situation. Using a 50-cent on the dollar reduction in welfare benefits as clients get their first job is a disincentive to work. Clients are often not making enough money to secure childcare and transportation. Work must pay. Many times the former client is worse off than before due to the new expenses. This is especially true if medical benefits are removed before the new worker can find a job with benefits.

Transportation is another critical area of concern for families transitioning from welfare to work. The County Board of Assistance (CAO) provides allowances of up to $750 for the purchase of and up to $400 for the repair of a vehicle. This is a positive, important aid to employment. However, the reliability of $750 cars is less than stellar. The $400 repair allowance can very quickly be expended. The CAO also provides $36 per month for gas or a bus pass until work is secured. The CAO provides an unlimited ride bus pass for those individuals who do not have a vehicle but only until they get a job. A major problem is the times the busses run and the extent of their routes. The busses in Erie run between 6:00 AM and 10:00 PM. This is not a problem if someone is working a first or early second shift job. If they work a typical second shift, usually 3:00 PM–11:00 PM or 4:00 PM–12:00 AM, they face relying on someone for a ride home or calling a taxi. If they work a third shift, they would have to arrive at work an hour or more before their scheduled start time.

Increasingly, the Erie Mass Transit Authority (EMTA) offers limited routes. EMTA has decreased or eliminated less profitable routes over the years. There are major employers, i.e., Bush Industries and several motels, that are located beyond the bus routes. Several of these employers report that they have difficulty finding and retaining employees for various reasons, including the lack of reliable transportation.

Private industry has seen the need for transportation. Some of the temporary agencies in the county either own or lease busses or vans to transport clients to and from work. Workers pay for rides to work; however once a worker becomes a permanent employee they are on their own to find transportation. There must be a better-

coordinated way to get workers from the inner city to the jobs in the outlying areas of the county.

As a result of the new flexibility in federal regulations and guidance, TANF funds and State Maintenance of Effort funds may be used for an array of initiatives to help low income working families meet work expenses, meet basic needs, and participate in education or training to advance in the workforce. These changes enable states to provide services and benefits outside of the basic welfare program and help low income families with income above the welfare eligibility whether or not they ever actually received welfare.

Yet many states continue to view TANF as a program of basic cash assistance and a set of initiatives to help families enter the workforce. They have been unsure about what was allowed under federal guidelines, or concerned that proposed regulations presented significant difficulties in using TANF or MOE funds for new initiatives to address the needs of low income working families. Final TANF regulations contain a narrow definition of "TANF assistance." Work subsidies, support services (child care and transportation), refundable earned income tax credits, contributions to and distributions from Individual Development Accounts, services such as counseling, case management, peer support, child care information and referral, job retention, job advancement and other employment related services are not included in the definition. Thus, states may use TANF or MOE monies to fund these benefits.

Before the concept of self-sufficiency became a part of the rhetoric of human services and welfare reform, the mission of Community Action was to move families from poverty to self-sufficiency. In our 35-year history, we have provided thousands of families with a hand up, not a hand out to maintain them in poverty. Community Action Agencies in general and GECAC in particular stand ready to partner with federal, state and local governments to ensure that those families that welfare reform has weaned from dependency on public assistance do not remain in the ranks of the working poor.

GECAC and its more than 1000 Community Action partners believe in a simple philosophy that can be summarized as:

> Everyone who can work should work. Those who do work should earn sufficient income to provide for their families' basic needs. Those who are unable to work or who work but do not earn enough to provide for their families should be assisted by policies and programs to meet their basic needs and secure safe and decent housing.

Thank you for the invitation to appear before you and we welcome the opportunity to help.

Mr. ENGLISH. Mr. Gamble.

STATEMENT OF THOMAS J. GAMBLE, DIRECTOR, MERCYHURST COLLEGE CIVIC INSTITUTE, AND MERCYHURST CENTER FOR CHILD AND FAMILY POLICY

Mr. GAMBLE. Thank you, Representative English. My name is Thomas Gamble. I'm director of the Mercyhurst College Civic Institute. Mercyhurst's College is a Catholic liberal arts college founded by the Sisters of Mercy. I've also been the director of child welfare services in Erie County. I appreciate the opportunity to address you about this important policy issue.

There's no question that welfare reform has been one of the most significant social policy initiatives. Most Americans believe that family self-sufficiency through productive labor is dignified and dignifying and that responsible social policy should encourage it.

The impact of welfare reform in this regard is clear. Currently the United States is experiencing the lowest percentage of families on welfare since 1967. Erie has also experienced significant declines in the welfare caseload subsequent to the implementation of welfare reform. Between February 1997 and September 1999, Erie

County has experienced a decline of just over 50 percent in the number of families receiving cash assistance. This community should be commended for its role in helping to design this important bipartisan policy shift.

Now without intending the imprudence of attributing all good things to one cause, it may be worth mentioning that many social indicators have been moving in a positive direction over the last several years in Erie and as well as in the Nation. Teen pregnancy and births have declined. Crime by both juveniles and adults has declined with particularly steep drops in violent crime. Violence in schools is down, and substantiated child abuse is down.

However, we would be remiss not to mention that Erie County still has the highest rate of child poverty of any third class county in Pennsylvania.

I want to focus my specific comments very briefly on three issues related in particular to poor children and their families.

First, I want to discuss life after welfare reform. This is the title of a research paper by Laura Lewis, a colleague and faculty member at Mercyhurst College. She has been conducting a series of in-depth interviews with 42 single mothers who have left welfare for the work force since the implementation of welfare reform.

Some mothers in Lewis' research report benefits of welfare reform. Many study participants stated they want to work, feel better about themselves as a result of working, and express a preference for working over receiving cash assistance despite facing continued economic difficulties.

Many mothers reported a sense that they are now better role models to their children and that their children respect them more. Many hope for a better future for themselves and their children as a result of their entry into the work force.

However, we cannot ignore the fact that these mothers and their children still face serious economic challenges. Over 40 percent of the subjects in the study—remember, these are all women who have left welfare for work—had earnings below the poverty threshold and over 80 percent had incomes below 125 percent of the poverty threshold.

The second issue I want to address has to do with the effects of welfare reform on child development. Research from both neuroscientists and developmental psychologists agree that young children who are exposed to socially, linguistically and cognitively deprived environments have strong disadvantages in school readiness and subsequent opportunities for a positive and productive life. Assuring a minimally adequate early day care experience for the children of the single mothers we require to work is not only our moral duty but sound social policy as well. One way this can be accomplished is by expanding Head Start or similar programs such as the Perry Preschool program, and by encouraging such providers to also be licensed as day care providers.

As an example of the effects of such programs a recent RAND analysis reports that by age 27 those who participated in the Perry Preschool program had incomes 60 percent higher than similar individuals who did not receive the preschool services.

A very important policy aspect of welfare reform is the trade-off between block grant flexibility and uncapped entitlements. Our pol-

icy position served by welfare reform was that those closest to the problems could solve them more efficiently if given flexibility in the use of Federal funds. One can consider this a good news/bad news arrangement. The bad news is that States and localities no longer have uncapped entitlements at their disposal. The good news is that the capped block grants which replaced them allow for greater flexibility. However, recent Federal regulations appear to be undermining that arrangement.

Federal bureaucrats have promulgated regulations that will require child-specific eligibility determination for the use of TANF funds on behalf of abused or neglected children. Child-specific eligibility is, of course, the hallmark of the uncapped entitlement days. To invoke it under a block grant policy is contrary to the spirit and intent of the new Federal/State partnership. This move will make it extremely difficult to use these funds on behalf of abused or neglected youth. It will greatly expand the administrative and bureaucratic costs associated with using the funds and as a result leave fewer funds available to actually help abused children.

I would like these very brief comments to be considered from the perspective that the social contract by which free people endow a government with power and responsibility requires both parties to the contract to live up to their commitments. Women leaving welfare for work have demonstrated their willingness to uphold their part of the contract. Now we have to make welfare reform work for them and their children in order to uphold our end. Thank you very much.

Mr. ENGLISH. Thank you, Mr. Gamble.

[The prepared statement follows:]

Statement of Thomas J. Gamble, Mercyhurst College Civic Institute, and Mercyhurst Center for Child and Family Policy

Good Afternoon Madame Chairman, and Members of the Subcommittee on Human Resources of the Committee on Ways and Means.

My name is Thomas J. Gamble. I am Director of the Mercyhurst College Civic institute and Mercyhurst's Center for Child and Family Policy. I have also been the director of child welfare services for Erie County. Thank you for the opportunity to address you this afternoon about this very important social policy.

There is no question that welfare reform has been one of the most significant social policy initiatives in recent years. Most Americans believe that family self sufficiency through productive labor is dignified and dignifying and that responsible social policy should encourage it. Almost everyone would agree that a connection to the workforce is a social value for which we should strive. In general it is good for society, good for individuals and good for families.

The impact of welfare reform in this regard is clear. Nationwide the welfare caseload fell by 6.8 million recipients from 14.1 million in January 1993 to 7.3 million in March 1999.

Currently, the United States is experiencing the lowest percentage of families on welfare since 1967. While the strength of the economy played a role in that, the Council of Economic Advisors have concluded that welfare reform played a more significant role.

Erie has also experienced significant declines in the welfare caseload subsequent to the implementation of welfare reform. Between February 1997 and September 1999, Erie County has experienced a decline of just over 50% in the number of families receiving cash assistance, from 14,375 to 7,152.

Without intending the imprudence of attributing all good things to one cause, it may also be worth mentioning that many social indicators have been moving in a positive direction over the last several years in Erie as well as in the nation. Teen pregnancy and births have declined, crime by both adults and juveniles has declined with particularly steep drops in violent crime, violence in schools is down, and substantiated child abuse is down.

However, we would be remiss not to mention that Erie County still has the highest rate of child poverty of any third class county in PA.

Significant change to social policy is never easy and it is particularly difficult when different parties control the legislative and executive branch. This committee should be commended for its role in helping to design this important bipartisan policy shift.

I want to focus my specific comments on three issues related to poor children and their families.

LIFE AFTER WELFARE REFORM IN ERIE

First, I want to discuss "Life After Welfare Reform." This is the title of a research paper by Laura Lewis, a colleague and faculty member at Mercyhurst College. She has been conducting a series of in-depth interviews with 42 single mothers who have left welfare for the workforce since the implementation of welfare reform in Pennsylvania.

Some mothers in Lewis' research report benefits of welfare reform. Many study participants stated they want to work, feel better about themselves as a result of working, and express a preference for working over receiving cash assistance despite facing continued economic difficulties.

Many mothers reported a sense that they are now better role models to their children and that their children respect them more. Many hope for a better future for themselves and their children as a result of their entry into the workforce.

However, we cannot ignore the fact that these mothers and their children still face very serious economic challenges. Over 40% of the subjects in the study (these are all women who have left welfare for work) had earnings below the poverty threshold and over 80% had incomes below 125% of the poverty threshold. The average salary for these women six months after leaving welfare was below $7.00 per hour.

Many mothers voiced concerns about day care. While the total number of slots in Erie appears to be adequate, availability of second and third shift day care is a problem. Also transportation is a serious challenge for many of these mothers. Those of us with children can just imagine having to wake the children up each night after they fall asleep to take them to their child care arrangements.

AVAILABILITY OF QUALITY OF DAY CARE AND ADULT SUPERVISION

The second issue has to do with the effects on TANF on child development. The strong and growing research linking the quality of early environment to later social and cognitive outcomes should not be ignored. Many neuroscientists and most developmental psychologists agree that very young children who are exposed to socially, linguistically and cognitively deprived environments have strong disadvantages in school readiness and subsequent opportunities for a satisfying and productive life. Assuring a minimally adequate early day care experience for the children of the single mothers we require to work is not only our moral duty, but sound social policy as well. One way this can be accomplished is by expanding Head Start or similar programs such as the Perry Preschool program, and by encouraging such providers to also be licensed as day care providers. As an example of the effects of such programs a recent RAND analysis reports that at age 27 participants in the Perry Preschool program had incomes 60% higher than similar individuals who did not receive the preschool services.

It is also clear that there is a strong relationship between parental supervision and child behavior problems and delinquency. Children from families in which parents know where they are, whom they are with, what they are doing and when they will come home are far less likely to engage in delinquent behavior. Research also suggest that children are most likely to engage in high-risk behaviors after school and before their parents are home from work. Allowances should be made for after school programs for preadolescent and adolescent children whose parents are still at work when they get home from school.

WELFARE REFORM AND CHILD PROTECTION

A very important policy aspect of welfare reform was the trade-off between block grant flexibility and uncapped entitlements. The policy position served by welfare reforrn was that those closest to the problems could solve them more efficiently if given flexibility in the use of federal funds.

One can consider this a "good news, bad news" arrangement. The bad news is that states and localities no longer have uncapped entitlements at their disposal, the

good news is that the capped block grants, which replaced them, allows for greater flexibility.

Many have seen this as a rational tradeoff, and the sense is that it has been working well. The federal government is protected from unlimited expenditures that could result from uncapped entitlements and states gain the ability to flexibly respond to their needs.

However, very recent federal regulations appear to be undermining that arrangement. Federal bureaucrats have promulgated regulations that will require child specific eligibility determination for the use of TANF funds on behalf of abused or neglected children. Child specific eligibility is of course a hallmark of the uncapped entitlement days. To invoke it under a block grant policy is contrary to the spirit and intent of the new federal-state partnership. This move will make it extremely difficult to use these funds on behalf of abused or neglected youth, it will greatly expand the administrative and bureaucratic costs associated with using the funds and as a result leave fewer funds available to actually help abused children.

I would like these brief comments to be considered from the perspective that the social contract by which free people endow a government with power and responsibility requires both parties to the contract to live up to their commitments'. Women leaving welfare for work have demonstrated their willingness to uphold their part of the contract, now we have to make welfare reform work for them and their children in order to uphold our end.

Thank you.

Mr. ENGLISH. Mr. Cervone will come forward and testify.

STATEMENT OF GARY A. CERVONE, CHIEF ADMINISTRATIVE OFFICER, MERCER COUNTY COMMUNITY ACTION AGENCY, SHARON, PENNSYLVANIA

Mr. CERVONE. Thank you. Madam Chair, Members of the Subcommittee, good afternoon. My name is Gary Cervone, I am the chief administrative officer for the Mercer County Community Action Agency, located in Sharon, Pennsylvania. First, let me thank the Subcommittee for bringing this hearing to Erie and let me commend Congressman Phil English for his work on this Committee and his work on behalf of his constituents.

MCCAA is a 501(c)(3) private, nonprofit corporation and is part of the national community action network. We were founded in May 1966 and operate multiple programs with a budget in excess of $4 million. Those programs include Head Start, weatherization, low-income housing, consumer protection, utility assistance and employment case management. It is our experience in this last area that brings us here today.

We receive two specific grants related to welfare reform efforts. The Commonwealth of Pennsylvania awards us a grant under its supported work program. Our local Private Industry Council, and now the subsequent Work Force Investment Board, awards us a welfare-to-work grant. It is our experience in these two programs, along with our 33 years working with poor people that form the basis of our comments today.

First and foremost, community action agencies believe that the best programs are those which are designed locally and which allow the greatest flexibility. Unfortunately, that is not the case with the current Federal welfare-to-work programs. Two barriers make it difficult to achieve success. First, the eligibility guidelines are too restrictive. Since we received the welfare-to-work grant, our local County Board of Assistance has been able to send us five re-

ferrals. When asked about this, they told us that the guidelines require that referrals meet multiple criteria and that they must meet the majority of those criteria.

Rather than bore you with specific regulatory references, the ideal client by regulation for this program would be a TANF recipient with a below ninth grade reading level who is a drug user and who has been receiving welfare for 30 months.

It is not enough to be just a recipient; it is not enough to just be struggling at a below ninth grade level. It is not enough to be just a drug user. The regulations require that you must be all three. The first message we wish to deliver today is that these regulations need change. The word "and", which connects these multiple criteria must be changed to the word "or" so that clients can be served and placed in jobs.

Let me now move to my second point. Listen to this list. Supported Work, Single Point of Contact, Welfare to Work, Rapid Attachment, Work Activities Expansion, Upfront Job Placement, Upfront Directed Search. These, and there are even more, are all names of programs funded to address welfare reform and job placement. There are just too many programs all attempting to recruit the same clients. And that means multiple bureaucracies and systems.

The Commonwealth of Pennsylvania has instituted the Supported Work Program. Although complex, it has two overriding principles. Let's get people working first and let's provide them with ongoing support while they are working. MCCAA has placed 75 percent of the clients that have completed this program in jobs. And they are still in those jobs 90 and 180 days later. Sixteen (16) of those individuals have become self-sufficient and no longer receive any public assistance.

We believe that welfare reform should look at this model. You learn about work by working. However, you must have a human being that you know will be there for you when you get frustrated over transportation or child care or a multitude of other problems that might occur. Supported work provides that ongoing follow-up and assistance. We believe supported style programs should be the focal point of welfare reform efforts.

It is our intent to keep our comments brief today and our message simple. Loosen the current eligibility criteria. Stop creating new programs that complicate the system. Increase funding to existing programs that have a proven track record.

I thank you for this opportunity and would be glad to answer any questions to the best of my ability.

Mr. ENGLISH. Thank you, Mr. Cervone.

[The prepared statement follows:]

Statement of Gary A. Cervone, Chief Administrative Officer, Mercer County Community Action Agency, Sharon, Pennsylvania

My name is Gary Cervone. I am the Chief Administrative Officer of the Mercer County Community Action Agency, located in Sharon, Pa. First, let me thank the Subcommittee for bringing this hearing to Erie, Pa. and let me commend Congressman Phil English for his work on this committee and his work on behalf of his constituents.

MCCAA is a 501(c)(3) non-profit corporation and is part of the national community action network. We were founded in May of 1966 and operate multiple programs with a budget in excess of $4 million. Those programs include Head Start,

weatherization, low-income housing, consumer protection, utility assistance, and employment case management. It is our experience in this last area that brings us here today.

We receive two specific grants related to welfare reform efforts. The Commonwealth of Pennsylvania awards us a grant under its supported work program. Our local Private Industry Council, and now the subsequent Workforce Investment Board, awards us a Welfare-to-Work grant. It is our experience in those two programs, along with our 33 years working with poor people that form the basis of our comments today.

First, and foremost, community action agencies believe that the best programs are those which are designed locally and which allow the greatest flexibility. Unfortunately, that is not the case with the current federal welfare to work programs. Two barriers make it difficult to achieve success. First, the eligibility guidelines are too restrictive. Since we received the Welfare-to-Work grant, our local County Board of Assistance has been able to send us five (5) referrals. When asked about this, they told us that the guidelines require that referrals meet multiple criteria and that they must meet the majority of those criteria.

Rather than bore you with specific regulatory references, the ideal client by regulation for this program would be a TANF recipient with a below 9th grade reading level who is a drug user and who has been receiving welfare for 30 months. It is not enough to be just a recipient; it is not enough to just be struggling at a below 9th grade level; it is not enough to be just a drub user. The regulations require that you must be all three. The first message we wish to deliver today is that these regulations need changed. The word "and" which connects these multiple criteria must be changed to the word "or" so that clients can be served and placed in jobs.

Let me now move to my second point. Listen to this list: Supported Work; Single Point of Contact; Welfare to Work; Rapid Attachment; Work Activities Expansion; Upfront Job Placement; Up Front Directed Search. These, and there are even more, are all names of programs funded to address welfare reform and job placement. There are just too many programs all attempting to recruit the same clients. And that means multiple bureaucracies and systems.

The Commonwealth of Pennsylvania has instituted the Supported Work Program. Although complex, it has two overriding principles. Let's get people working first and let's provide them with ongoing support while they are working. MCCAA has placed 75% of the clients that have completed that program in jobs. And they are still in those jobs 90 and 180 days later. Sixteen (16) of those individuals have become self sufficient and no longer receive any public assistance.

We believe that welfare reform should look at this model. You learn about work by working. However, you must have a human being that you know will be there for you when you get frustrated over transportation, or child-care, or a multitude of other problems that might occur. Supported work provides that ongoing follow up and assistance. We believe supported style programs should be the focal point of welfare reform efforts.

It is our intent to keep our comments brief today and our message simple. Loosen the current eligibility criteria. Stop creating new programs that complicate the system. Increase funding to existing programs that have a proven track record.

I thank you for this opportunity and would be glad to answer any questions to the best of my ability.

Mr. ENGLISH. Ms. Bechtold, thank you for being here and I'd like to yield to you for your testimony.

STATEMENT OF KAREN L. BECHTOLD, OWNER/OPERATOR, McDONALD'S, ERIE, PENNSYLVANIA

Ms. BECHTOLD. First of all, I'd like to thank you for inviting me. I don't have a lot of prepared work. My experience and my testimony is going to be more or less from the employer's point of view, what happens to these people when they leave the program when they go out to work. My experience was that everything that has been said here today is virtually true. They come into our programs. The first thing they do is they start working. They cost me

just off the street as a crew person $550 just to train a crew person. I have a management program that I've been working with and developing for the last 5 years. It takes time to become a restaurant manager, anywhere from 2 to 5 years.

And my opinion on that is we have to be able to work with these people as employers. We have to be able to support them so if we have a young mother with children it's going to take her longer to go through this program which has flexible hours. She's got a lot of learning to do. And one of the big problems that I run into, especially for young mothers, is the medical and the child care. Mothers come to work. Unfortunately their kids get sick, and who's going to watch their kids?

Once they start averaging a weekly schedule of over 22 to 25 hours, the first big problem that comes up is I cannot work more than this because that seems to be the point where the benefits start to drop. It's the child care and the medical and that because of the income. Because it's not what people think, it's not really the hourly wage that they earn. It's the accumulation of wages. Once they start making the—and it's not even a good salary or a good wage—once they start to accumulate the annual income, that's when you start losing benefits. My request for you people is to please find a way to work with these people on training programs. If I need 3 to 5 years to train a person, they have to be able to rely on these benefits 3 to 5 years.

Now, I've known a lot of training programs through the years that the State of Pennsylvania has run. I'm not saying they're bad programs but they're not for everyone. Jobs in my industry are very specialized. You know, you can't go to a training program and come to be a manager at McDonald's. McDonald's managers are specially trained. I think McDonald's and a lot of businesses like us have quite a few people out there. Over 40 percent of the population at one time has worked at McDonald's. The benefit to that is the flexible hours. We have people who come through our doors that have worked nights and weekends and gone on to college and we really are very proud of where some of our persons have gone. I have got people in my restaurants right now that it's quite a struggle on how much they make. You know, when can they work and not work because of this benefit.

The other thing that I would like to bring to your attention is that some of these programs are costing us as employers. There's the welfare-to-work program, there's the job tax credit programs. I myself am not using any of them. I'm a small business. I can't keep up with the paperwork. I've literally hired a person to do nothing. Three days a week she just simply fills out wage information and all the other forms that come from all over, you know, different departments. Paperwork is killing me. I know many small businesses will tell you that. We turn in these quarterly reports on computer disks. We've done everything that the Government has asked of us. Why do I have to have somebody sitting there?

I get anywhere from 15 to 30 envelopes in 3 days of forms that we filled out on individuals. I don't understand when I'm turning in all those tax reports why you can't simply press a button on a computer. I could sit in my office from my home for that matter

on my computer and see what's going on in my restaurant. I am just a small person. Why can't the Government help me out here?

I think the other thing is that I really would like to see a partnership between the Government and employers to help to train these people, especially employers like myself who are willing to work with young mothers and help them get into programs. McDonald's is not just an entry-level job like what most people think. I can tell you that most of the people that I know that are anywhere in the position like mine or my husband's, started out as a crew person. Those jobs end up being careers. And that's pretty much what I had to say and I'd be happy to answer any questions.

[The prepared letter follows:]

MCDONALD'S
Erie, PA, November 9, 1999.

The Honorable Nancy L. Johnson
Chairman, Committee on Ways and Means
U.S. House of Representatives
Washington, D.C.

Dear Chairman Johnson:

In response to your request for a written statement, I respectfully submit the following. I have never attempted anything like this before so please forgive the format.

Welfare Reform in this country is a subject very near and dear to my heart. I have either worked with, personally know, employed or have been related to many young women desperately looking for "a way out." What happens to many of these young people, unfortunately, happens when they attempt to go to full-time employment.

Most all of my experience is with the Pennsylvania Department of Welfare. Once a young mother finds a job (and there are many entry-level positions out here), the first obstacle they face is a reduction in related benefits. The biggest of which is health care for themselves and their children. Most of the women coming to us are unskilled. I, as an employer, must spend a lot of time and money training them. Because our crew and management positions are very specialized, there are few to no applicants coming to us who can step in and do the job.

If a woman wants a crew position to start, the first accommodation we must make is to limit the amount of hours she (and sometimes he) can work. If the total hours worked are in the area of 22 or more, they lose their food stamps, medical coverage and child care benefits. In some cases, the caseworker is actually encouraging the person not to work. These people end up back in the "SYSTEM." This limited time on the job does not allow us to train and promote at a wage or benefit level we as a small business can afford. I do offer an insurance program, but even I admit for the cost to the employee the coverage is very limited.

Childcare needs are put at the bottom of the Title 20 list. Just simply because they have income. The need for childcare, in the State's eye is not urgent enough to help in the beginning.

An objective from an employer's point of view would be to support both the person and the employer with the help up front. I have worked with, helped and been part of the current system for over 25 years. I have seen many training programs over the years fail only because when the person is ready to work, financially they and the employer can not afford to make it work.

Employers can be an asset to Reform only if the government allows us to be part of it by:

1. Entry-level positions
2. On-the job training programs
3. Provide for training and promotion time tables
4. Fair wages, promotions, wage increases and benefits as the person grows with our companies
5. Providing jobs that become Careers for these people

The government must provide the following for a successful program:

1. Good and immediate childcare until finances allow for private monies
2. Assisting the person with continued medical benefits until they have reached a position in our company where we can provide for it for them

3. Continued job-tax credits without expiration dates for us until the training has been completed

These jobs are available right now throughout this state and the country. We are all "hiring above minimum wage." But because the people stand to lose too much, Reform as it is right now does not allow the employee or the employer the chance to make it work.

The training program and benefit package I am talking about has been in place in my company for over 5 years. Right now I have at least 10 to 15 management trainee positions available. I have seen successful applicants, of whom I am very proud, but they are far and few between. More often than not, these young mothers quit, simply because they become discouraged and are financially unable to continue. It should be a crime in this country when we actually hinder people's chances to succeed and turn them away from a bright future when all along we make them feel bad because welfare reform is mandated by our government. All I am requesting of your Committee is to allow a good system to work. I know that through a partnership between government and private business we can make this work together. When you see the pride and self-confidence these programs provide a person, success is a wonderful feeling.

Thank you for the opportunity allowing me to express my heart-felt thoughts here today.

Respectfully submitted,

KAREN L. BECHTOLD
Owner/Operator

Mr. ENGLISH. Thank you so much. And if you don't mind I would like to start with you because you raised an interesting point. The whole question of are the tax credits effective. We have put into place a work opportunity tax credit and the welfare-to-work tax credit that presumably are complementary. I find that a lot of businesses, particularly smaller businesses, get confused over whether, in fact, an employee is going to be eligible for a tax credit. Is there a—beyond simply extending the tax credits for a longer period of time or maybe even permanently, is there a way of making them or designing them to be more effective? How did you learn about programs like tax credits? And I guess—is there a better way that we can share information with the employer?

Ms. BECHTOLD. I learned about the program through McDonald's corporate. We're a networking type of corporation and what they do they pass it on to us. To make it easier to work with, it's probably too much paperwork. I can't do it. Half the time I can't figure it out so I have to send it to a CPA to keep up with it. If I try to sit and track all that information—I just get lost. I don't understand it so I pay someone to do it for me. Candidly as far as individuals, the reports come in. I use a company, ABG, or maybe they were bought out by someone else, who when a person comes in for an interview, they make a phone call, an 800 phone call then there's a series of questions asked. It's very confidential. There's nobody around. The questions are asked. Then the company takes over from there. You know, they get engrossed with certification and at the end of the quarter they get that information back.

I will tell you that I have dropped the program because it's no longer financially to my benefit. It's costing me more to keep it than it is to collect the tax credits. And part of that being we were getting one credit for Federal amounts limiting the State, and you know, not knowing whether or not it's going to be renewed and all that. That's just for anybody in here. We don't have any people qualified anymore to continue that.

Mr. ENGLISH. That's useful. Now, I notice jumping through this while one of the things you offered as a solution was to more directly—a solution to the problem of leaving the welfare system for work is to provide better access in a community like this, transportation services. And I was wondering if you might amplify on that as you did in your submitted testimony. I know that we have a great transportation company whom I work closely with which has a limited amount of money for a limited number of routes. I think that reflects State policy in Pennsylvania on reimbursements. The bulk only goes from Pittsburgh and Philadelphia. And it's more difficult for a small company to operate a full set of routes. Is there a solution and what—I know GECAC is very proactive on these things. What are you looking to provide as an opportunity?

Mr. WILEY. Well, Congressman, we do a lot of extensive job training and so we know our employer base in this metropolitan area in Erie. And we've had a lot of employment expansion outside of the city of Erie. Classics, for example, and other little small shops. And they have a crying need for workers. They have a crying need for workers, for trained workers. So we are at one end of the puzzle. We can train them. We can help them with some training, go into a shop, help them with some training, 8 weeks of training and even reimburse them for the training. But what we couldn't do was help them get the prospective employee to the job. So that was a problem for so many of our clients that one of the things that I did was contacted Senator Santorum and met with him and then I met with the staff and asked them if they could help us, on a one-time basis, find some Federal monies to purchase some maintenance equipment in order to transport these people. We had employers that could tell you, if you could transport them out here I will pay you a fee for transporting. So that's a real problem, particularly in the outlying areas. And I'm hoping that we can secure some——

Mr. ENGLISH. For a community this size if there were some flexible program that will allow someone to set up this kind of service aimed at the target population, that might address one of the problems.

Mr. WILEY. I believe so. I believe it would.

Mr. ENGLISH. Mr. Gamble, one of the things that is common in your testimony, Mr. Wiley's and Mr. Cervone's is the value of local flexibility. Then in your testimony you talk about how some of the programs that are designed for statewide application really are designed without Erie in mind. Tom, in your testimony you highlight the value of local flexibility. Starting with Tom and then Gary and then Ben, do you want to amplify on that and where do you think the priorities should be in provided local flexibility.

Mr. GAMBLE. Thank you for your question. I really think that what we have is a situation in which there was, as I said, a good news/bad news arrangement between the States and Federal Government whether the bad news was you should use that capital entitlement. The good news is you get flexibility, but then the really bad news is now there's this sort of attenuation of the flexibility. Without the flexibility, the law can't require them, which, of course, is worse. And so what we really do need is in relationship to both the State/Federal relationship and the State/local relationship is

sort of the position of trust that folks closest to the problem are best able to define that problem and then respond to that problem. And instead of measuring a whole lot of activities and requirements maybe we could just measure the outcomes of those activities and to see whether or not it's moving in the direction that we find useful to the communities and to representatives.

Mr. ENGLISH. Mr. Cervone.

Mr. CERVONE. I concur with Mr. Gamble here. I think providing us—we know our employers. We know our clients. We know our community. We're networking for our community. Providing us with the flexibility to work these programs in such a manner and fashion to achieve the highest degree of success would be most beneficial. It's (outcome management) been federally legislated and we are part of the results oriented management and accountability system of evaluation as reported. What Mr. Gamble says is right on point there. Take a look at the big picture. Focus on the outcomes. Give us the flexibility to achieve those outcomes without placing any barriers or obstacles and get the job done.

Mr. ENGLISH. Mr. Wiley, any further comments?

Mr. WILEY. One of the things discussed earlier with Secretary Houstoun just the terms of the welfare reform, welfare and intensive case management, one of the things that the initial county welfare didn't provide. I can understand from her perspective looking at a State as big as Pennsylvania walking out in the water and trying to test it and trying—but when we looked at the initial realm of the welfare reform, this whole case management, we felt a lot of the programs wouldn't do good if they didn't vote for it. However we needed a little bit more flexibility. I went directly to her and talked to her about that, you know, and she allowed us more flexibility. And when you talk about the very hard-to-serve, the worse cases of the welfare reform, you have to be actively out there in those homes, because the very person that you're trying to reform, help them with their employability skills, help them get a job, help them overcome living barriers, they're in a home where there's a whole lot of other problems going on. Generally they're negative. And so it's that we were deciding we need to do more than just work with a client. We need to know what the environment of the client is. So on this conversation of flexibility, well, that was not something built into the initial welfare reform. When we went to the Secretary and made a plea, she was very compassionate and listened and we were able to have that flexibility.

Mr. ENGLISH. Thank you. I'd like you to go to Mr. Coyne for questions.

Mr. COYNE. Thank you very much, Phil. Mr. Cervone, in your testimony you urged that we would increase funding for those programs that are proven and that have worked. I wonder if you would cite what they are in your judgment.

Mr. CERVONE. We think that we would be quite successful in operating a welfare-to-work program if we could get the sufficient number of referrals we would need. We've been quite successful in our State funding supported work programs. To speak to the success of the other programs and to put that into some kind of perspective, I must admit that I'm not familiar with all of the particular workings of those and what their individual success rates

are. I can provide you with that information, but I'm not able to comment on that right now.

Mr. ENGLISH. I wish you would be able to submit that. I'd be interested in knowing what you think programs have worked so far and deserve increased funding.

[The information follows:]

CLARIFICATIONS TO STATEMENT

We are pleased to submit the enclosed clarifications to our testimony.

In response to the Committee's request for additional information, we submit the following base line data: This information is for the period of July 1, 1998 to June 30, 1999.

(Note: Cases closed includes clients who have dropped out; clients who are no longer eligible; clients who have completed activities but not secured employment and clients who are employed full or part-time, even if case management services are still being provided.) Percent = number placed/cases closed

Supported Work Program

Enrolled: 67
Cases closed: 61
Number placed: 45
Percent: 74%

Welfare to Work

Enrolled: 8
Cases closed: 6
Number placed: 4
Percent: 67%

Single Point of Contact (SPOC)

Enrolled: 124
Cases closed: 110
Number Placed: 78
Percent: 71%

Upfront Job Placement/Directed Job Search

Enrolled: 75
Cases closed: 69
Number placed: 59
Percent: 86%

Rapid Attachment/Job Advancement (Work Activity Expansion)

Performance based contracts. Services provided by private sector vendor. March 1998 to August 1998

Enrolled: 155
Cases closed: NA
Number placed: 100
Percent: 65%

- Funding sources and amounts vary.
- Client eligibility criteria vary.
- Services provided and duration of programs vary.

We appreciate the opportunity to provide testimony to the Committee.

Please do not hesitate to contact me for questions or additional information.

Mr. ENGLISH. Do any of the panelists have any idea what a single mother, single parent in this region here pays for weekly child care programs per week?

Ms. BECHTOLD. Per week? Average per month was anywhere between $325——

Mr. COYNE. Would you speak up?

Ms. BECHTOLD. Average per month for a single mother is anywhere between $325 to $400 a month.

Mr. COYNE. A month?

Ms. BECHTOLD. A month. Yes, and it depends on how many weeks in a month so——

Mr. COYNE. Is that from your experience?

Ms. BECHTOLD. Yes.

Mr. COYNE. Mr. Wiley, in your testimony you pointed out that welfare reform caused the average income of poor single-mother families to drop and halted progress in reducing child poverty according to a new report from the Center of Budget and policy priorities. Of course, single parent families, those at 55 percent of the Federal poverty level experience an income loss even with the income of all the others in the household accounted for. We're citing the study of the Center of Budget and Policy Priorities, but I wonder if it is your experience that that would be the case and the rest of the panelists to take care of the Commonwealth.

Mr. WILEY. Representative, in my testimony the only reason why I used that information is because a lot of what we were finding out in the programs that we were implementing here in Erie. And being a person in Erie around town and knowing a lot of people, I run into mothers almost on a daily basis. All I have to do was just walk up the street. I run into mothers on a daily basis who have this problem. Now they're working but they can't make enough money to make ends meet. The child care is killing them. Finding the resources to pay for child care while they're working is a big thing.

Mr. COYNE. Well, of course, that's why Chairman Johnson and Phil English tried to be here in Erie for people to be better served, not only in Erie but across the country. And it's important to know from people who work in the field every day, who deal with these areas of problems what progress is being made and what we need to improve. So thank you for your testimony.

Mr. ENGLISH. Thank you. Madam Chair?

Chairman JOHNSON. Yes. Thank you, panel, for those comments. They've been very helpful. Mr. Wiley, it's my understanding that in Pennsylvania a woman on welfare with two children gets cash assistance and food stamps worth about $8,500.

Mr. WILEY. That's correct.

Chairman JOHNSON. If she were to work full time at minimum wage she'd earn about $10,000 a year, she'd still be eligible for food stamps. She'd get $4,000 in earned income tax credits so she'd have an income of about $15,000 here. Why is she not better off than on welfare?

Mr. WILEY. Because of the—I think the way you described it, the way we described it was written is not the way when we implemented the program that it actually worked with people in Erie. We have women in Erie who were coming off the welfare rolls going onto employment and automatically losing 50 percent of their benefits.

Chairman JOHNSON. But if they're getting a check that's more than 50 percent of the benefit, that will grow and they're better off.

Mr. WILEY. Well, it depends on what category you're in.

Chairman JOHNSON. Like our research—our data nationally are that if you work half time and the State delivers the benefit that welfare reform contained, which includes food stamps and Medicaid for 2 years, you are definitely better off. So I really regret that your testimony indicates you're worse off now. It appears to me as a national overseer of this plan that some States are not being—not able to deliver food stamps and Medicaid, and I'm glad to see you picked up on that program and are turning that around. I consider that just a problem of change. The States—I have written to them as chairman and I see most States turning it around, but we're going to hold some hearings on this in February as well. But it is not the law that's at fault. That's a system change problem.

I think it is important to have on the record that any woman in this area of Pennsylvania that moves from welfare to a minimum wage job goes from an income of $8,500 to an income of $15,000 and for 2 years is guaranteed Medicaid benefits. I think the problem you're seeing and the stress created on women is day care. The subsidy dollars for day care are there. There's $8 billion in TANF money that the States have not drawn down.

It's hard to get a new program in place, but the Welfare Reform Law is really an incredibly good law. You just have to figure out how to use it. And day care subsidies, one of the reasons that Congress is appropriating more dollars for day care is because the dollars haven't been drawn down across the Nation.

We have allocated a lot more money for Head Start, for Early Start, for preschool education because I think the point—I think it was Mr. Gamble that made the point that parental involvement, that supervision of children was terribly important. And Head Start and some of our preschool programs involve parents. These programs can go to full day programs. It is extremely important for them to succeed in welfare reform in getting those pieces synchronized at the local level. Of course, one of the things we heard today that was very distressing and we are hearing nationwide is the difficulty of putting in place a day care, especially in swing shifts and dealing with problems of sick children. I do hope that we can make some advancement in that mostly at the State level.

That leads me back to this transportation issue. I was very interested that one of you testified that the temporary agency—I think it was you, Mr. Wiley, the temporary agencies were pretty good at providing money for transportation to clients as long as they were in their payroll. There is no barrier to the State continuing to pay those transportation costs. And yet they've got a contract with a temporary employment agency to continue to provide the transportation after the agency is no longer involved for that case. Because you're absolutely right, the support services and expanding them and tailoring them out at the same rate we tailor them a more permanent solution, is really critical. But there is no barrier in Federal law to continuing those transportation subsidies after the contracted agency just as it was possible to reimburse probably 100 who contracted with that agency. And I did appreciate your testimony, Mr. Cervone is it?

Mr. CERVONE. Cervone (corrects pronunciation).

Chairman JOHNSON. In regards to other programs I think it's very important not to create a new program for every little sector.

Some of your comments, those of you who commented on regulatory complexity that's driving you batty and created programs and then can't find anyone to participate, you will be happy to know that last week on the floor of the House we did change those "ands" to "or". And we did open up that 30 percent so it's far more flexible and even can serve people below 100 percent poverty income who are not on TANF. One of the inequities we created was better services for poor people who went on welfare and poor people who couldn't go on welfare but have the same income.

So we do have to try to get that through the Senate. We hope that that will happen this week and if not then it would happen in the early months of next year. But I think you'll find that in welfare-to-work issues that we are creating the flexibility we need and at the State level I think we all need to think about the outcome. How often are you creating new programs as you meet new problems rather than just keeping flexibility within your own program.

I did want to mention that really all of that data shows that people are much better off working even if they're working half time and on welfare half the time. And if they're not doing better as opposed to having higher income it's because we aren't delivering the Medicaid benefits they're eligible for. We aren't delivering the day care subsidies that they're eligible for. And, in fact, with welfare, if the casework drops 40 percent that's big money. Even if every one of those 40 percent people are still on half their benefit subsidy, you still have that whole half subsidy for day care and transportation and job training. So, I think when we see people not happy, when we see them not making progress, we have to ask ourselves what do we do different because the data is just overwhelming that when you say are those people better off on welfare and the answer is no. I ask that the answer is yes.

The national data is that poverty has declined every year for 4 years in poverty among children. This is unprecedented. I'm not just saying this because I like to hear myself talk.

We have got to understand this is the first social program ever to emanate in America that actually has reduced poverty among children. And poverty among minority children last year, the most of any group. So it is having an effect. Now, that doesn't mean it can't do a lot better. It doesn't mean it can't do better particularly in terms of the future and the idea of career development and salary growth so that you aren't just struggling, barely surviving.

I did appreciate some of your comments, Mr. Gamble and Mr. Cervone, you both mentioned that children are not getting good role models of self. So I believe the testimony of Mr. Wiley about all of the benefits of their parents feeling a lot better about themselves. So there are an enormous number of benefits here and we need to make sure that we acknowledge those benefits, so we don't discourage people or discourage ourselves. And so that we restore people's faith in the partnership between government and people. That really is what freedom is all about. This is a big win. This is a big win for government in partnership between government and people. Now it does have problems, but it's a far better solution that I think we have come across. So I appreciate your comments

and also appreciate the opportunity to put on the record the enormous progress that has been made.

Let me also say that I am one that's very interested in case management and I enjoyed your comments on that. It also is an approach that isn't necessary for a lot of folks. So you do have resources. You can do that. The law is flexible now so you can—and just this week you already have mental health benefits and I notice your youth program really was focusing on some of that. That challenge of identifying the critical families or the families with complex needs, therefore they need case management, is just really—you have the right to do that. I'm sure you'll have the resources to address that.

Last, let me say to the panel, that it's so discouraging to hear that we can't take advantage of the work opportunities. We've tried over and over again to simplify it.

When we do the extender package we're trying to get a longer extension. So even though we can certainly—when we're working toward 5 years, whether we make it this year, but we hope at least by next year, to get an extension in there that will give you long-term confidence. And then you can take advantage of a lot of it, because we have simplified the eligibility criteria. So that you hopefully won't need to hire a company, but just your local welfare office will be able to tell you, hopefully through the electronic system, whether somebody is eligible or not.

It is important that we recognize your tax liability for training you provide to entry level people because you are one of the ones, that offers career ladder, and that is very important.

I would also just say at this problem of the 22-hour limit. We need to sit down with the welfare people about that because there's nothing like that in the law. What's happening is this issue of being scared—if I go further this will or that will happen. And as part of this support system being clear enough to the recipient and visible enough that people will move forward. It used to be that you lost your day care that day and then you had to stand in line for benefits in the next line. That's why people didn't want to take that risk. That State actually has just changed that so the continuity in the benefits that you have now, and in the next program will be there to make that confidence that was there. So I think you will find that—and I think the people need to know that if they go back and talk to their worker, that 22-hour barrier is not a barrier. And they should be able to move forward. So we will take back all the comments you made about flexibility and new challenges and day care and transportation challenges and think about those as we work on this program next year.

Mr. ENGLISH. Thank you, Madam Chair. Let me state our time has now expired, so I want to thank the panelists. Mr. Wiley.

Mr. WILEY. I just have one comment in response to the panel. Now, I think that in the Commonwealth of Pennsylvania we have come a long way. We have done a lot in a short period of time in the area of welfare reform and there are probably some things that we can do better. But I know now that the State has had a chance to look at all of our initiatives the first time around and I'm sure that some of what you've heard from us today will be responded to,

and some of it as we speak and responded to it. So I'm very encouraged and I have high hopes here in Pennsylvania.

Mr. ENGLISH. Well, we appreciate your testimony and that of all of the panelists. I also want to thank Secretary Houstoun for participating today and giving us an extraordinarily detailed outline of what the State is doing. It's a very impressive record in dealing with the subject that requires the wisdom of Solomon and we appreciate what you're doing more than anyone because of our involvement in the welfare reform process from the legislative end, which is actually much easier.

I want to thank Chairman Johnson for bringing the Subcommittee to Erie and hearing first hand how welfare reform has progressed and I want to thank my colleague, Mr. Coyne, for coming up from Pittsburgh and taking time out from his busy schedule to participate.

I want to thank everyone in the audience for coming here and listening and let me say although our time now has expired, I would like to invite all of you who have feelings on this subject who have experienced this or are aware of this problem and have your own take on it to submit a statement to my office in the next week and I will make sure that it is passed on to the other Members of our Subcommittee.

I also want to extend that to those in our listening audience who have been following this hearing. My phone number at my local office is 456-2038. That's 456-2038. I would welcome your comments in writing or in person and we will make sure that all of the Members of the Subcommittee have the benefit of them.

I would also, in conclusion, like to thank several other people. Doctor Ron Haskins (phonetic) who did a lot of the staff work and who heads our staff for the Human Resources Subcommittee, who has been an enormous font of information on this subject and is really committed to seeing welfare reform through and making it work.

From my staff, Jennifer Krause, who I'm sorry to say is going to be leaving by the end of the month to go to work for the Governor. Vicky Steiner from my staff, who's been very helpful today and I'd also like to thank the city of Erie and especially Mr. Gary Portland, the mayoral assistant, for arranging this hearing and also the Erie County Board of Assistance for allowing Chairman Johnson and me earlier today to come down, tour their headquarters and meet some of the people who are directly involved in helping people get out of the welfare system.

This has been a real eye opener for us and we very much appreciate the opportunity to have been able to do this today. This has been an effort that will yield many results in Washington and we thank the Madam Chair and with that I close this hearing.

Chairman JOHNSON. May I just kind of—before you close the hearing one person you didn't thank was yourself and I realize that's awkward and I would like to just say to the audience we have Members of Congress who have an enormous number of responsibilities in defense technology and strategy and across the board tax policy and trade policy and education and health care and a whole array of issues.

And my colleague, Mr. English, has simply taken an unusually deep interest in these issues. And it's because he does, in the normal course of his life, visit these agencies, talk with people he met with today and follow your thinking of these matters throughout the course of the hearing that we are here today. That kind of member can afford us the opportunity to come into a community for a few hours and we really get very good testimony and very good frontline advice. And I really appreciate his dedication and the in-depth work he does year in and year out because it is as a consequence of that that we are here. We could not do this hearing in every district, but we get out of this what we need to help direct national policy. So, Phil, I thank you very much for not only working to make this hearing possible but for your service as a congressman on our Subcommittee.

Mr. ENGLISH. Thank you. And with that the record is closed. Thank you.

[Whereupon, at 2:11 p.m., the hearing was adjourned.]

○