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WAIVING WORK REQUIREMENTS IN THE TANF PROGRAM

HEARING

BEFORE THE

SUBCOMMITTEE ON HUMAN RESOURCES

OF THE

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

ONE HUNDRED THIRTEENTH CONGRESS

FIRST SESSION

FEBRUARY 28, 2013

Serial No. 113–HR02

Printed for the use of the Committee on Ways and Means

U.S. GOVERNMENT PUBLISHING OFFICE

89–478 WASHINGTON : 2017

For sale by the Superintendent of Documents, U.S. Government Publishing Office
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WAIVING WORK REQUIREMENTS IN THE TANF PROGRAM

THURSDAY, FEBRUARY 28, 2013

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

The Subcommittee met, pursuant to call, at 9:00 a.m., in Room 1100, Longworth House Office Building, Hon. Dave Reichert [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
Thursday, February 21, 2013
No. HR–02

CONTACT: (202) 225–3625

Chairman Reichert Announces Hearing on Waiving Work Requirements in the TANF Program

Congressman Dave Reichert (R–WA), Chairman of the Subcommittee on Human Resources of the Committee on Ways and Means, today announced that the Subcommittee will hold a hearing on the proposed waiver of work requirements in the Temporary Assistance for Needy Families (TANF) program. **The hearing will take place at 9:00 a.m. on Thursday, February 28, 2013, in Room 1100 of the Longworth House Office Building.**

In view of the limited time available to hear from witnesses, oral testimony at this hearing will be from invited witnesses only. Witnesses will include experts on welfare reform and individuals who will testify on the importance of work requirements in TANF and other social programs. 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:

Work requirements were a central feature of the landmark bipartisan 1996 welfare reform law. The Temporary Assistance for Needy Families (TANF) program, created as a part of welfare reform, was designed to end the dependence of needy families on government benefits by promoting work, marriage, and personal responsibility. As a result of these reforms, States shifted from primarily providing monthly checks to recipients to instead providing benefits and services to help low-income parents get jobs and become self-sufficient. After the 1996 reforms, the Nation saw increased work and earnings for single mothers, a decrease in poverty among female-headed families with children, and record declines in welfare dependence.

Since 1996, States have been required to meet statutory work requirements or face rising financial penalties. For example, States currently are generally expected to engage at least 50 percent of adults collecting TANF assistance checks in work or specified work-related activities. Certain credits and exemptions apply toward this 50 percent requirement, such as the credit for recent caseload declines and exemptions for disabled adults. Additionally, individuals counted as engaged in work must participate for a minimum number of hours in work or related activities each week.

On July 12, 2012, the Department of Health and Human Services (HHS) issued an Information Memorandum in which they announced that the Secretary would begin allowing States to apply for a waiver of the TANF work requirements as part of a demonstration project related to the employment goals of the TANF program. No such waivers had previously been granted since the TANF program was created in 1996, nor had the Obama Administration indicated it was contemplating such a change. On September 20, 2012, the House of Representatives approved H.J. Res. 118, a resolution disapproving of the HHS waiver memorandum by a 250 to 164 vote.

The TANF program is currently authorized through March 27, 2013.

In announcing the hearing, Chairman Reichert stated, **"Americans consistently believe welfare should primarily serve as a bridge to self sufficiency, empowering able-bodied recipients with the tools to secure a job, lift oneself out of poverty, and provide for one's family. To meet these goals, work requirements have been the cornerstone of empowering welfare recipients within the TANF program since 1996—successfully increasing earnings for single mothers, decreasing poverty, and setting record declines in government dependence. Now the Administration claims they can ignore the law and waive these work requirements. Congress was clear that it did not intend for HHS to have the authority to waive these work requirements, and no prior Secretary has claimed to have it. It is critical for us to review the damaging effects of waiving TANF work requirements, which could result in less work and earnings, and more poverty and government dependence."**

FOCUS OF THE HEARING:

The hearing will review HHS' proposed waivers of TANF work requirements.

DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:

Please Note: Any person(s) and/or organization(s) wishing to submit for the hearing record must follow the appropriate link on the hearing page of the Committee website and complete the informational forms. From the Committee homepage, *https://waysandmeans.house.gov*, select "Hearings." Select the hearing for which you would like to submit, and click on the link entitled, "Click here to provide a submission for the record." Once you have followed the online instructions, submit all requested information. Attach your submission as a Word document, in compliance with the formatting requirements listed below, **by the close of business on Thursday, March 14, 2013**. Finally, please note that due to the change in House mail policy, the U.S. Capitol Police will refuse sealed-package deliveries to all House Office Buildings. For questions, or if you encounter technical problems, please call (202) 225–1721 or (202) 225–3625.

FORMATTING REQUIREMENTS:

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

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

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

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

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

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

Chairman REICHERT. Good morning. We will call the Subcommittee to order. Today's hearing is on the Obama Administration's July 2012 proposal to allow States to waive work and activity requirements for welfare recipients, often simply called welfare's work requirements. These work requirements originated in 1996 in the Welfare Reform Law, which passed on a bipartisan basis after literally years of debate.

President Clinton campaigned in 1992 on a pledge to end welfare as we know it, and Republicans in Congress took that seriously. The landmark 1996 reforms expected welfare recipients to work or get education and training. The law also capped funding while providing States new flexibility, and it included time limits on benefits so welfare was no longer a way of life. The years following reform witnessed some of the greatest progress against poverty and dependence in our Nation's history. After reform, we saw sharp increases in work and earnings by single mothers, a 30-percent drop in poverty among female-headed families with children and record declines in welfare dependence with the TANF roles remaining 57 percent below pre-reform levels, even after the 2007 recession.

The idea that welfare recipients should work for benefits remains extraordinarily popular: Eighty-three percent of Americans support requiring welfare recipients to work for their benefits. And that is why so many Americans were shocked last summer when the Obama Administration suggested States could apply to waive these work requirements for the first time. Current law, congressional intent, historical precedent, and expert reviews all confirmed HHS does not have the authority to do that. In November 1996, Ways and Means summary of the new reforms said it best: Waivers granted after the date of enactment may not override provisions of the TANF law that concern mandatory work requirements.

The reason why Congress said work requirements couldn't be waived is simple: It wanted strong work requirements. And regardless of what the Administration suggests, simple logic confirms, States don't need waivers to strengthen work requirements; they only need them to weaken work requirements. The House acted in September to repeal the Administration's waiver policy. And, unfortunately, the Senate didn't follow suit. Today's hearing allows us to review this issue as we consider the next extension of TANF required before the end of March. I believe we should make clear that Congress meant what it said about welfare work requirements. What works is work and aggressively preparing for work. And the Administration can't unilaterally waive these critical features of our welfare reform. If anything, as we will hear from several witnesses, we should be exploring how to apply these work requirements to other programs so States help more welfare recipients work or prepare for work. That is the best and the only real path out of poverty.

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

Mr. Doggett, I would recognize you for 5 minutes for your opening statement.

Mr. DOGGETT. Thank you very much, Mr. Chairman.

I believe in the value of work. I voted for the 1996 welfare law because I supported moving people from welfare to work. I don't believe, though there have been some spotty successes, that that law has begun to fulfill its promise.

And I think that the responsibility for those failures is shared by many: States who did not do their part; an Administration that has not come forward with its own plan; and Republicans here in Congress who have continued to build on old, flawed stereotypes. As this TANF reauthorization has been considered, we have moved on a stop-start basis with a number of temporary extensions, instead of dealing with the root causes of why we don't have more people moving into the workforce. We have done—we have dealt with such tangential issues as whether people were cashing their checks at a strip club, a liquor store, or a casino; not one of the core issues. I certainly didn't object to restricting checks from being cashed there. But it hardly addressed the core concerns of how we provide temporary assistance to those who are poor and how we use those resources to get them into jobs.

Now, with yet another start-stop, we face a deadline at the end of this month without any real and basic reforms. The only focus has been on attempting to limit the Administration in giving States added flexibility. In my opinion, in some areas, they have too much flexibility already and have basically used TANF as a slush fund to fund some of the social services that they should have been providing themselves and were, in some cases, providing themselves to assist those who were poor to move into the workforce and to develop better skills. And whether they needed additional flexibility, there is a good argument that they should—but what we really should be doing is a broad reauthorization of this program, looking at whether it fulfills its original purpose and whether we can make it work better for the taxpayer and for those that it is designed to provide temporary assistance to.

This temporary assistance program—misnamed, I believe—is increasingly irrelevant for most Americans that are struggling in poverty. In response to the worst recession in our lifetimes, enrollment in TANF grew little across the country. In 2010, 2011, only about one in five poor children received assistance through this program. That is the lowest level of poor children receiving cash assistance since 1964. In my home State of Texas, the picture is much more bleak, as it usually is, with roughly 1 out of every 20 children receiving any cash assistance from TANF.

I think all of us want to see fewer people receive assistance because they found a good job. But there is no indication that these folks who are not receiving assistance found a good job, and no one should consider it a success when fewer and fewer very poor children and families have access to a program designed to serve them.

Instead of focusing on whether a waiver authority is being misused or whether people are misusing their check at a liquor store, it seems to me the fundamental concern ought to be on how we do more to lift people out of poverty and have them contribute productively to our society. Part of this strategy should include the President's call for an increase in the minimum wage. Right now, a family of four with one full-time earner working for minimum wage is living in poverty, even after counting refundable tax credits. In-

creasing the minimum wage would give a pay raise to 15 million low-income workers, and it would increase the value of work for some of those leaving welfare. Increasing educational opportunities, including for our youngest children, is another strategy. And, of course, defending against those who have criticized it so regularly, the earned income tax credit is another proven way of helping to lift people out of poverty. And it is doing more to lift people out of poverty than the TANF program is.

We also need to consider what changes should be made in TANF. I wish that had been the focus of this hearing and the focus of more attention from the Administration. We will hear from one witness later today outlining what some of those changes might be that could strengthen the program and make it fulfill its original purpose. Certainly that purpose will not be fulfilled if we see even more cuts with sequester beginning tomorrow, another area which we need to address the attention of the Congress.

I look forward to hearing the witnesses.

Chairman REICHERT. The gentleman's time has expired.

Thank you.

I want to remind our witnesses to limit their oral statements to 5 minutes. However, without objection, all of the written testimony will be made a part of the permanent record.

On our first panel this morning, we will be hearing from Senator Orrin Hatch of Utah, who all of us know and all of us know has worked hard to lift people out of poverty. Senator Hatch is the Ranking Member of the Senate Finance Committee and has been very active with Chairman Camp on the issue of TANF waivers since the Administration announced its policy last July. As his written testimony notes, he has helped draft every major piece of legislation relating to welfare in the past two decades, including the 1996 Welfare Reform Law, whose work requirements are the focus of our discussion today. And during that time, he has worked on numerous bipartisan and even tripartisan welfare bills. We are honored to have the benefit of Senator Hatch's deep experience and expertise on this issue and greatly appreciate his willingness to testify.

And as all of us recognize the busy schedules among Members and staff on the Hill, unfortunately Senator Hatch has to leave shortly after his testimony. So if there are any questions, they can be submitted to the Senator in writing.

Senator Hatch, good morning. Thank you for being here.

STATEMENT OF HON. ORRIN G. HATCH, A U.S. SENATOR FROM THE STATE OF UTAH, AND RANKING MEMBER, SENATE FINANCE COMMITTEE

Senator HATCH. Thank you.

Good morning, Mr. Chairman and Ranking Member Doggett, Members of the very important Subcommittee on Human Resources.

I want to thank you for convening this hearing and for asking me to address all of you this morning on the Obama Administration's proposal to waive Federal welfare requirements.

First of all, I want to congratulate you, Chairman Reichert, on your new role as Subcommittee Chairman. I have been very

pleased to work closely with Chairman Camp on this important issue, and I look forward to continuing that partnership with you and with our friends on the other side.

Your long and impressive history in law enforcement has brought you in direct contact with some of the vulnerable populations that programs under your Subcommittee's jurisdiction are designed to help.

Your experience with these families will serve you well in your capacity as the new Chairman. While I commend the Subcommittee for holding this hearing, I regret that it is necessary to have such a hearing in the first place. Authority for the Temporary Assistance for Needy Families, or TANF, as we call it, and related programs expired at the end of fiscal year 2010.

In the years leading up to and following the expiration of TANF, the Obama Administration never proposed a 5-year reauthorization of these programs. In the 4 years since President Obama has been in office, not once did a Member of his Administration offer to meet with me to discuss the TANF reauthorization.

Indeed, for years, the Obama Administration showed no interest in making improvements to these programs.

That being the case, I was stunned on July 12, 2012, when, with no advance warning, the Administration released so-called guidance to States, informing them that the Administration had granted itself the authority to essentially, in my opinion, gut welfare reform by undermining important Welfare-to-Work requirements.

Mr. Chairman, over the past 20 years, I have helped draft every major piece of Senate legislation relating to welfare. I was a Member of the Senate Finance Committee during the 1996 debate and helped managed the Senate floor during the Senate consideration of welfare reform. In 2002, I worked with Senators Breaux, Snowe, Rockefeller, and Jeffords to put forth a series of recommendations known as the Tripartisan Agreement. The Tripartisan Agreement formed the basis of the TANF reauthorization legislation considered by the Senate Finance Committee.

I also worked closely with then Chairman Grassley to develop the bipartisan PRIDE bill. So not only do I have a long history of developing welfare policies on a bipartisan basis, I have also been intimately involved in all the major deliberations on welfare policy.

That being the case, I can say with confidence that at no time in the nearly 20 years of discussions did Members of Congress ever contemplate granting the executive branch the authority to waive Federal Welfare-to-Work requirements.

Now, the Obama Administration has stated that they need to be able to waive the work requirements in order to "explore new ways to strengthen work requirements." The Obama Administration has not elaborated on what is contemplated by the word "strengthen."

However, we do know that these unknown new ways to strengthen work requirements do not mean limiting what counts as work to actual work or job searches. These new ways to strengthen work requirements do not mean actually requiring more people to work. That is because under current law, there are no restrictions on a State's ability to increase or strengthen the work requirements. A State does not need a waiver to limit the number of activities it

considers work. A State does not need a waiver to increase the required hours of work for welfare recipients. A State does not need a waiver to increase the number of able-bodied adults who are working in exchange for their welfare check.

So if strengthening the work requirements does not mean limiting what counts as work and it does not mean increasing the number of people engaged in work for longer hours, then what does it mean?

For guidance in answering that question, we should consider what types of policy changes a State would need a waiver for if the Administration had the authority to provide such waivers in the first place. A State would need a waiver to increase the number of activities that could count as work. For example, adding education and substance abuse treatment to the list.

Mr. Chairman, as you know, there are already 12 different definitions of work described in the TANF law, and some States have demonstrated considerable creativity under the flexibility that currently exists to count things like bedrest and personal journaling as work.

In addition, a State would need a waiver to count toward the participation rate, a person performing less than the required number of hours of work per week. And a State would need a waiver to meet a performance measure other than the current requirement that the State engage at least 50 percent of able-bodied adults on welfare in work and related activities. In short, the approach envisioned by the Obama Administration would mean less work for fewer hours and for a smaller share of adults on welfare.

This approach is contrary to a work-first approach that has been an integral feature of welfare reform. Over the years, research has consistently demonstrated that a work-first approach, combining an intense effort to engage clients in work-related activities to foster an attachment to the workforce, with a blended menu of work supports, such as education, and training, has the greatest degree of success in getting clients off of welfare.

The reason I am so vehemently opposed to the Administration's scheme to undermine the Welfare-to-Work requirements is I believe it will hinder, not help, adults from exiting the welfare rolls. Put simply, allowing activities that are not work to count as work will not get people into work.

Mr. Chairman, last year, I sent President Obama a letter asking him to withdraw his waiver rule and submit a TANF reauthorization to Congress. I pledged to the President I would work in good faith with him to craft bipartisan welfare legislation that can help fragile families progress toward greater self-sufficiency.

To date, I have not received a response to my letter. The President has not withdrawn his welfare waiver rule, nor has he submitted a TANF reauthorization to Congress.

Therefore, in my opinion, Congress must act. Congress must stop this executive overreach and prevent this Administration from undermining key provisions of welfare reform. I am hopeful that this hearing today will be the first step in a process that leads the House of Representatives to pass legislation to invalidate the Administration's welfare waiver rule. And I hope that the Senate will act in a similar fashion.

I am counting on you. I am counting on a bipartisan effort to really keep this work requirement as a substantial and effective work requirement. And I will do whatever I can to make sure that that occurs.

And I just want to thank you for holding this hearing. I respect each and every one of you. And I know these are tough issues. But I feel really deeply about this. And one reason TANF worked so well is because of the work requirement, and a lot of people found that going to work was a good thing. And what we need to do is find better ways of opening up the doors so they can work and get jobs they need. Thank you so much. It has been a privilege to be with you.

[The prepared statement of Senator Hatch follows:]

Statement of Senator Orrin G. Hatch
Ranking Member
Senate Finance Committee
Before the
Subcommittee on Human Resources of the Committee on Ways and Means
Hearing on Waiving Welfare Rules
February 28, 2013

Mr. Chairman and Ranking Member Doggett and Members of the Subcommittee on Human Resources – thank you for convening this hearing and for asking me to address all of you this morning on the Obama Administration's proposal to waive federal welfare work requirements.

First of all, I want to congratulate you, Chairman Reichert, on your new role as subcommittee Chairman.

I have been very pleased to work closely with Chairman Camp on this important issue and I look forward to continuing that partnership with you. Your long and impressive history in law enforcement has brought you in direct contact with some of the vulnerable populations that programs under your subcommittee's jurisdiction are designed to help. Your experience with these families will serve you well in your capacity as the new Chairman.

While I commend the subcommittee for holding this hearing I regret that it is necessary to have such a hearing in the first place.

Authority for the Temporary Assistance for Needy Families or TANF and related programs expired at the end of Fiscal Year 2010.

In the years leading up to and following the expiration of the TANF, the Obama Administration never proposed a five-year reauthorization of these programs.

In the four years since President Obama has been in office, not once did a member of his administration offer to meet with me to discuss a TANF reauthorization.

Indeed, for years, the Obama Administration showed no interest in making improvements to these programs.

That being the case, I was stunned on July 12, 2012 when, with no advanced warning, the administration released so-called *guidance* to states informing them that the administration had granted itself the authority to essentially gut welfare reform by undermining important federal welfare work requirements.

Mr. Chairman, over the past 20 years, I have helped draft every major piece of Senate legislation relating to welfare.

I was a member of Senate Finance Committee during the 1996 debate and helped manage the Senate floor during Senate consideration of welfare reform.

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That being the case, I can say with confidence that at no time in the nearly 20 years of discussions did Members of Congress ever contemplate granting the Executive Branch the authority to waive federal welfare work requirements.

Now, the Obama Administration has stated that they need to be able to waive the work requirements in order to "*explore new ways to strengthen work requirements.*"

The Obama Administration has not elaborated what is contemplated by the word *strengthen.*

However, we do know that these unknown *new ways to strengthen work requirements* do not mean limiting what counts as work to actual work or job searches.

These *new ways to strengthen work requirements* do not mean actually requiring more people to work.

That is because, under current law, there are no restrictions on a state's ability to increase or strengthen the work requirements.

A state does NOT NEED A WAIVER to limit the number of activities that it considers work.

A state does NOT NEED A WAIVER to increase the required hours of work for welfare recipients.

A state does NOT NEED A WAIVER to increase the number of able-bodied adults who are working in exchange for their welfare check.

So, if *strengthening the work requirements* does not mean limiting what counts as work, and it does not mean increasing the number of people engaged in work for longer hours, then what does it mean?

For guidance in answering that question we should consider what types of policy changes a state would need a waiver for, if the Administration had the authority to provide such waivers in the first place.

A state WOULD need a waiver to increase the number of activities that count as work, like, for example, adding education and substance abuse treatment to the list. Mr. Chairman, as you know, there are already 12 different definitions of *work* described in TANF law and some states have demonstrated considerable creativity under the flexibility that currently exists to count things like bed rest and personal journaling as work.

In addition, a state WOULD need a waiver to count towards the participation rate a person performing less than the required number hours of work per week.

And, a state WOULD need a waiver to meet a performance measure other than the current requirement that the state engage at least 50 percent of able-bodied adults on welfare in work and related activities.

In short, the approach envisioned by the Obama Administration would mean less real work for fewer hours and for a smaller share of adults on welfare.

This approach is contrary to a work-first approach that has been an integral feature of welfare reform.

Over the years, research has consistently demonstrated that a work-first approach combining an intense effort to engage the client in work-related activities to foster an attachment to work, with a blended menu of work supports, education, and training has the greatest degree of success in getting clients off of welfare.

The reason that I am so vehemently opposed to the Administration's scheme to undermine the welfare work requirements is that I believe it will hinder, not help, adults from exiting the welfare rolls.

Put simply, allowing activities that are not work to count as work will not get people into work.

Mr. Chairman, last year, I sent President Obama a letter asking him to withdraw his welfare wavier rule and submit a TANF reauthorization to Congress. I pledged to the President that I would work in good faith with him to craft bipartisan welfare legislation that can help fragile families progress towards greater self-sufficiency.

To date, I have not received a response to my letter. And, the President has not withdrawn his welfare waiver rule, nor has he submitted a TANF reauthorization to Congress.

Therefore, Congress must act.

Congress must stop this executive overreach and prevent this Administration from undermining key provisions of welfare reform.

I am hopeful that this hearing today will be the first step in a process that leads the House of Representatives to pass legislation to invalidate the Administration's welfare wavier rule. And, I hope that the Senate will act in a similar fashion.

I will do whatever I can to make sure that occurs.

Thank you.

Chairman REICHERT. Thank you, Senator, for your testimony.

Thank you for helping us understand this issue a little bit better. We can tell that you are passionate about this and are willing to help us in any way you can. Your presence here today is absolutely a sign of that and your testimony, too, and your comments after. So we look forward to working with you. Thank you so much for being with us today.

I will repeat to the Members of the panel here that if you have any questions for the Senator, you have the opportunity to submit those in writing.

Thank you again, Senator.

Senator HATCH. Thank you, sir.

Good to see all of you again. Thank you for your kindness.

Chairman REICHERT. Now will the next panel please take their seats. And we will begin the second panel of witnesses.

Thank you for being here this morning. On our second panel this morning we will be hearing from Kay Brown, who is the Director of Education, Workforce, and Income Security, U.S. Government Accountability Office; Jason Turner, Executive Director, Secretary's Innovation Group; Elizabeth Lower-Basch, Policy Coordinator and Senior Policy Analyst, Center for Law and Social Policy; and Douglas Besharov, Normand and Florence Brody Professor, School of Public Policy, University of Maryland.

Welcome.

Ms. Brown, you can proceed with your testimony, please.

You have 5 minutes. Thank you.

STATEMENT OF KAY E. BROWN, DIRECTOR, EDUCATION, WORKFORCE, AND INCOME SECURITY, U.S. GOVERNMENT ACCOUNTABILITY OFFICE

Ms. BROWN. Chairman Reichert, Ranking Member Doggett, and Members of the Subcommittee, thank you for inviting me here today to discuss waivers of work provisions in the TANF program. I will talk about whether States express interest in these waivers and whether HHS granted any. My remarks are based primarily on a report we issued last September.

As you know, one of TANF's key goals is to promote job preparation and work to help end dependence on government benefits. In fact, States are expected to ensure that a certain percentage of work-eligible families participate in work activities for a minimum number of hours each week, and these requirements are specified in law.

Before TANF, under the Aid to Families With Dependent Children program, 46 States received approval from HHS to implement about 113 waivers between 1987 and 1996. These waivers were granted under Section 1115 of the Social Security Act and allow States to conduct pilot or demonstration projects to test the effect of changes to the existing program.

Some of the waivers tested policies that became key features of the TANF program, such as stronger work requirements and, for the first time, time limits. When TANF replaced AFDC, States with ongoing waivers were permitted to continue to operate their programs under these waivers until they expired. The last one ex-

pired in 2007, and no provision in law allowed these AFDC waivers to be extended.

Further, since TANF was created, HHS has not granted any waivers related to the program, although several States have expressed interest. Specifically, from 2000 through 2009, we found that five States asked HHS about the availability of waivers under TANF. For example, two States requested waivers because they thought that unanticipated circumstances, such as the September 11, 2001, terrorist attacks, might result in their noncompliance with certain Federal TANF requirements. In these cases, States generally were not asking for waivers to test new approaches through pilot or demonstration projects, which would be necessary in order to get a waiver under Section 1115, and instead, were asking to be excused from specific requirements. HHS officials responded each time that they did not have authority to provide waivers and offered to work with the States to address their concerns through other flexibilities allowed under the law.

Then, in 2001, in response to a Presidential memorandum, HHS asked the States for ideas of how increased administrative flexibility could lead to improved TANF outcomes. HHS documents show that five States indicated their interest in waivers that were specifically related to TANF work requirements. In their response, HHS officials indicated that the Department was in the process of reviewing its TANF waiver authority at that time. In July 2012, HHS issued the information memorandum indicating the Secretary's willingness to exercise Section 1150 waiver authority related to TANF work requirements.

I should clarify that we have not done an analysis of HHS' legal authority to grant these waivers. As of September 12th of last year, HHS documents showed that eight States had expressed interest in pursuing these waivers. We recently learned that two additional States have expressed interest. However, no State has formally submitted to HHS a request for a waiver. In conclusion, in contrast to the AFDC period before TANF, there have been no new waivers granted under TANF. And until last year, we found no formal documentation that HHS believed it had authority to waive the work requirements.

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

[The prepared statement of Ms. Brown follows:]

United States Government Accountability Office

GAO

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

For Release on Delivery
Expected at 9 a.m. EST
Thursday, February 28, 2013

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

Workforce Participation Requirement Waivers

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

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GAO-13-423T

United States Government Accountability Office
Washington, DC 20548

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

I am pleased to have the opportunity to participate in today's discussion of waivers related to work participation provisions in the Temporary Assistance for Needy Families (TANF) block grant. TANF provides $16.5 billion to the states each year to assist low-income families and requires states to meet work participation rates to ensure that a specific percentage of families receiving TANF include a member engaged in work activities that are defined by federal law. Under section 1115 of the Social Security Act, the Department of Health and Human Services (HHS) has the authority to waive compliance with certain provisions of that Act, including some related to TANF.[1] As you know, in its July 12, 2012, Information Memorandum,[2] HHS asserted that this authority includes the ability to waive TANF requirements related to definitions of work activities and the calculation of work participation rates. HHS informed states that it would use this waiver authority to allow states to test various strategies, policies, and procedures designed to improve employment outcomes for needy families.[3] The Information Memorandum sets forth requirements that must be met for a waiver request to be considered by HHS, including an evaluation plan, a set of performance measures that states will track to monitor ongoing performance and outcomes, and a budget including the costs of program evaluation. In addition, the Information Memorandum provides that states must seek public input on the proposal prior to approval by HHS.[4]

[1]Codified at 42 U.S.C. § 1315.

[2]Transmittal No. TANF-ACF-IM-2012-03.

[3]On September 4, 2012, we held that this Information Memorandum constitutes a rule and is subject to the Congressional Review Act's requirement that it be submitted to Congress and the Comptroller General before taking effect. See B-323772, Sept. 4, 2012.

[4]Questions have been raised about the extent of HHS's authority under section 1115 and TANF with respect to the Information Memorandum; however, neither this testimony, nor our recently issued products, B-323772, Sept. 4, 2012 or GAO-12-1028R, Sept. 19, 2012 address whether the Information Memorandum is a valid interpretation of statutes or regulations.

My remarks today are based primarily on our September 2012 correspondence examining waivers related to TANF[5] and will address key findings from this correspondence on whether (1) HHS had granted any TANF waivers or previously indicated it had the authority to waive TANF work requirements, and (2) any states requested waivers of TANF work requirements or any other provision of TANF since 1996. To gather the information for that correspondence, we reviewed relevant federal laws and regulations, reviewed HHS documents, and interviewed HHS officials. We did not analyze whether HHS has the authority to issue waivers related to TANF work requirements. We conducted that work between August 2012 and September 2012 in accordance with all sections of GAO's Quality Assurance Framework that were relevant to our objectives. The framework requires that we plan and perform the engagement to obtain sufficient and appropriate evidence to meet our stated objectives and to discuss any limitations in our work. We believe that the information and data obtained, and the analysis conducted, provide a reasonable basis for any findings and conclusions.

Summary

We found that although many states requested and received waivers under the Aid to Families with Dependent Children (AFDC) program, no section 1115 waivers of TANF requirements have been granted by HHS since TANF's creation in 1996.[6] Since 2000, several states have expressed interest in the availability of waivers. For example, in 2001, one state asked HHS about waiving various requirements including the work participation requirement, due to an emergency situation caused by a terrorist attack. The Assistant Secretary for Children and Families or TANF program staff have generally responded that the requested waiver authority was not available. Between when HHS issued its July 12, 2012 Information Memorandum and September 6, 2012, eight states expressed interest in pursuing waivers, but no state had officially requested one.

[5]GAO, *Worker and Family Assistance: Waivers Related to the Temporary Assistance for Needy Families Block Grant*, GAO-12-1028R, (Washington, D.C.: September 19, 2012).

[6]The AFDC program preceded and was replaced by the TANF program.

Background

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), which amended the Social Security Act, replaced AFDC with the TANF block grant, which was designed to give states the flexibility to provide both traditional welfare cash assistance benefits as well as a variety of other benefits and services to meet the needs of low-income families and children.[7] The TANF block grant provides states with a fixed amount of federal dollars annually and also includes state maintenance-of-effort (MOE) requirements, which require states to maintain a significant portion of their historic financial commitment to welfare-related programs.[8] TANF has four purposes: (1) provide assistance to needy families so that children may be cared for in their own homes or homes of relatives; (2) end dependence of needy parents on government benefits by promoting job preparation, work, and marriage; (3) prevent and reduce out-of-wedlock pregnancies; and (4) encourage two-parent families. Within these goals, states have responsibility for designing, implementing, and administering their welfare programs to comply with federal guidelines, as defined by federal law and HHS.

In keeping with TANF's goal of helping parents prepare for and find jobs, states are generally held accountable for ensuring that at least 50 percent of all families receiving TANF cash assistance and considered work-eligible include an individual who participates in one or more of the federally defined allowable work activities for the required number of hours each week.[9] The law also contains a provision known as the

[7]Pub. L. No. 104-193, § 103(a), 110 Stat. 2105, 2112.

[8]TANF MOE provisions include specified state spending levels and general requirements on the use of funds. For example, these provisions generally require that each state spend at least 80 percent (75 percent if the state meets its work participation requirement) of the amount it spent on certain welfare and related programs in fiscal year 1994, before TANF was created. If a state does not meet its MOE requirements in any fiscal year, the federal government will reduce dollar-for-dollar the state's federal TANF grant in the following year.

[9]There are 12 work activities that may count toward meeting the specified work participation rate: unsubsidized employment, subsidized private sector employment, subsidized public sector employment, work experience (if sufficient private sector employment is not available), on-the-job training, job search and job readiness assistance, community service programs, vocational education training, job skills training directly related to employment, education directly related to employment (if the recipient has not received a high school diploma or certificate of high school equivalence), satisfactory secondary school attendance or in a course of study leading to a certificate of general equivalence, and providing child care services to others in community service.

caseload reduction credit, which allows states to reduce the work participation rate they are required to meet based on reductions in the size of their TANF caseload. In addition, TANF regulations provide that states that spend more than their MOE requirements generally receive additional caseload reduction credits. Over the years, states have typically engaged about one-third of families in allowable work activities nationwide. States that do not meet their required work participation rates are at risk of being penalized through reductions in their block grant.

Prior to the creation of TANF in 1996, a large number of states applied for and received waivers related to various requirements of the AFDC program.[10] Between the years of 1987 and 1996, 46 states received approval to implement section 1115 waivers affecting their AFDC programs.[11] According to the Congressional Research Service, a total of 113 waivers were granted during this time period.[12] These waiver initiatives included placing time limits on the receipt of benefits and strengthening work requirements, among others. According to HHS, many of the policies and concepts included in state waiver requests were later incorporated into PRWORA. In addition, many states that received section 1115 waivers under AFDC were allowed to continue to operate their TANF programs under these waivers until their expiration, the last of which expired in 2007. No provision in law allowed these AFDC waivers to be extended.

[10]For additional information related to section 1115 waivers, please see GAO-12-1028R.

[11]When we refer to states, we include the District of Columbia.

[12]The majority of these waivers—83 from 44 states—were granted between the years of 1993 and 1996. Between 1987 and 1989 15 waivers were approved for 14 states and another 15 waivers from 12 states were approved between 1989 and 1993.

HHS Has Not Previously Granted Waivers Related to TANF Requirement

Since the creation of TANF, HHS has not granted any section 1115 waivers related to TANF. Based on our discussions with HHS officials and our review of HHS documents, we did not find any evidence that HHS stated that it has the authority to issue waivers related to TANF work requirements before the July 12, 2012 Information Memorandum. However, in an HHS document prepared in 2008 on program flexibilities available during times of disaster, HHS stated that section 1115 allows for waivers of state plan requirements in several programs, including TANF. HHS also said that section 1115 waivers are not disaster specific and are better for long-term situations due to approval time.

States have Expressed Interest in Various TANF Waivers

In the 16 years since TANF was created, several states have expressed interest in TANF waivers. Specifically, from 2000 through 2009, evidence shows that five states asked HHS about the availability of waivers under TANF. Generally, states were not asking for waivers to test new approaches through experimental, pilot, or demonstration projects, which would be necessary in order to get a waiver under section 1115; instead, they were asking to be excused from specific requirements.[13]

- Two states sent letters to HHS requesting waivers of various federal TANF requirements to address unanticipated circumstances each faced. First, in 2001, a state asked HHS about various waivers due to the emergency situation caused by the September 11 terrorist attacks. The state was concerned about meeting TANF requirements related to, for example, the use of funds, data reporting, cost allocation, and work participation. Second, in 2004, a state asked HHS about various waivers after its legislature provided a portion of the state's federal TANF block grant to two tribes operating their own TANF cash assistance programs. In both cases, states thought that the unanticipated circumstances could result in their noncompliance with certain federal TANF requirements. The Assistant Secretary for Children and Families responded to each state that he did not have authority to provide waivers. He did, however, offer to work with the states to address their concerns through other flexibilities allowed under the law.

[13]Two states also asked HHS in 2003 if it would extend waivers that had been approved under AFDC. However, HHS Secretary Thompson indicated in his responses to these states that there was no provision of law that would permit HHS to extend such waivers.

- Three other states asked HHS more informally through email about waivers of particular TANF provisions. Specifically, states asked about waivers related to the limit on the maximum percentage of TANF families participating in vocational education that count toward a state's work participation rate, the use of TANF funds for purposes other than the four purposes prescribed in federal law, and the eligibility of certain populations for TANF cash assistance. To each of these states, HHS TANF program staff generally responded that the requested waiver authority was not available.

In addition to responding directly to individual states about waiver issues, HHS discussed these issues when it provided general information to help answer states' questions about TANF under disaster conditions. Two TANF policy documents issued by HHS in 2005 and 2007 discussed various aspects of administering TANF for families affected by disasters, including, for example, application procedures and work requirements. In these documents, HHS stated that all applicable programmatic requirements apply to a family that is provided TANF-funded cash assistance, and the Department does not have authority to waive any of the provisions. HHS also discussed certain flexibilities allowed under TANF that states might use to assist these families.[14]

States also expressed their interest in waivers under TANF and other related programs in a 2005 letter to the Congress on TANF reauthorization. Specifically, 28 states expressed support for a Senate reauthorization bill that included increased waiver authority to coordinate across multiple programs serving low-income families, including TANF, as well as certain amendments to TANF work requirements.[15] However, when TANF was reauthorized through the Deficit Reduction Act of 2005, this waiver authority was not included in the act.

In 2011, some states expressed interest in TANF waivers when HHS solicited ideas on areas in which increased administrative flexibility could lead to improved TANF outcomes. Specifically, HHS held conversations with TANF officials from all states in response to the President's February

[14]See TANF-ACF-PI-2005-06, *Subject: Using Federal TANF and State Maintenance of Effort Funds for Families Affected by Hurricane Katrina* and TANF-ACF-PI-2007-08, *Subject: Using Federal TANF and State Maintenance of Effort Funds for Families in Areas Covered by a Federal or State Disaster Declaration.*

[15]S. 667, 109th Cong. §§ 114, 109 (2005).

2011 Memorandum directing executive agencies to work closely with state, local, and tribal governments to identify administrative, regulatory, and legislative barriers in federally funded programs that prevent the efficient use of tax dollars to achieve results for constituents. Following these conversations, HHS documents show that six states expressed interest in TANF waivers, with five of those states specifically indicating their interest in waivers related to TANF work requirements, and the sixth asking about TANF waivers in general.[16] In response, HHS officials generally indicated that the Department was in the process of reviewing its TANF waiver authority.

Since HHS issued the July 12, 2012 Information Memorandum indicating the Secretary's willingness to exercise section 1115 waiver authority related to TANF work requirements, HHS documents show that eight states have expressed interest in pursuing these waivers. As of September 6, 2012, no state had formally submitted a request for a waiver related to TANF work requirements to HHS.

Chairman Reichert, Ranking Member Doggett, and Members of the Subcommittee, this concludes my statement. I would be happy to answer any questions you might have.

For questions about this testimony, please contact Kay E. Brown at (202) 512-7215 or brownke@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. Individuals who made key contributions to this testimony include David Barish, James Bennett, Alex Galuten, Gale Harris, Kathy Leslie, and Almeta Spencer.

[16]HHS officials indicated that during the conversations, a major focus of state comments was state interest in various modifications to the TANF work requirements. Further, in follow-up comments submitted by states to HHS, 26 states expressed interest in various modifications to the TANF work requirements. This is consistent with the findings of our 2010 report on TANF work requirements, in which we discussed challenges states had implementing the changes made to the TANF work requirements by the Deficit Reduction Act of 2005. See GAO, *Temporary Assistance for Needy Families: Implications of Recent Legislative and Economic Changes for State Programs and Work Participation Rates,* GAO-10-525 (Washington, D.C.: May 28, 2010).

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Chairman REICHERT. Thank you, Ms. Brown.

Mr. Turner, you are recognized for 5 minutes.

STATEMENT OF JASON A. TURNER, EXECUTIVE DIRECTOR, SECRETARY'S INNOVATION GROUP

Mr. TURNER. Thank you, Mr. Chairman.

My name is Jason Turner. I am formerly Mayor Giuliani's Commissioner for Welfare, Medicaid, and WIA during his second term. Now I serve as the Executive Director of the Secretary's Innovation Group, a network composed of 18 States' human service secretaries, representing more than half the population. Our members hail from Wisconsin, Michigan, Pennsylvania, New Jersey, Virginia, South Carolina, Florida, Louisiana, Texas, Arizona, and six other States. We exchange State-innovative program ideas and support national policies which favor work and economic self-reliance, helping families budget discipline and orientation toward limited government.

I would like to take this opportunity to describe the circumstances in the period leading up to the passage of the Temporary Assistance for Needy Families program and how it relates to the current discussion over work requirements in the law. During the 1980s, there was an increasing public concern over the growth of the TANF predecessor program, AFDC, which you are well familiar with. To address this concern, HHS sponsored a large-scale experiment in which some families received fairly generous, unrestricted cash benefits via a negative income tax and a control group did not, in order to see what the positive and negative effects were. This experiment showed that those receiving the unrestricted welfare benefits worked significantly fewer hours and experienced higher levels of family dissolution than those in the control group. In other words, free money without obligations resulted in bad social consequences, something our grandmothers may have remarked did not require an experiment to predict.

Partly as a result of this large-scale experiment, the Congress passed the Family Support Act in 1988, an education and training program intended to move recipients to work, and based on the premise that welfare adults would qualify for jobs and accept them if they were provided additional education and training to improve their skill levels.

Regrettably, experience showed that this new provision of education and training did not have this effect. In fact, the opposite occurred from what we had hoped. In the first 5 years after the program was activated, rather than declining, the caseload increased by one-third to its highest level ever.

Faced with these disappointing results, HHS conducted a multi-State, multi-year comparison of the effectiveness of the education and training model embedded in its then Family Support Act program against a work-first intervention, otherwise known as a labor attachment model. Under the work-first approach, welfare recipients are encouraged to get into the labor force as soon as they can find a job and improve their employment and wage circumstances from that point forward, in contrast to the skills model, where they remain outside the labor force while they undergo remedial education and training.

The results unequivocally favored the work-first labor attachment model. The research concluded, employment-focused programs generally had larger effects on employment, earnings and welfare receipt than education-focused programs. And given the large number of programs examined in research and their variety of served populations, of implementation procedures and of different labor markets, these results provide more support for the advantages of employment-focused programs than education-focused ones.

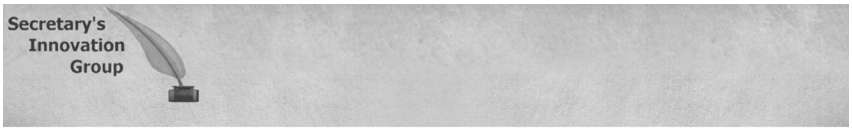
With all of these considerations in mind, the Congress spent a great deal of time evaluating alternatives as it crafted its 1996 legislation. The resulting program allocated funds to States with a substantial operating flexibility but with the understanding that States must place an increasing number of adult recipients into employment or work-related activities.

Why didn't Congress just allocate funds via an unrestricted block grant? I can answer this from my perch at the time in the early 1990s as the HHS director of the AFDC welfare program and subsequently as a State welfare director in Wisconsin while all of this was happening. In general, States find it easy to run voluntary programs of remedial education and training, where slots are already available via community colleges or WIA and recipients could take advantage of these or not, as they wish. From a State's point of view, it is bureaucratically hard to run a mandatory program based on work activities. This is because a mandatory work program requires more supervision, more creation of qualifying activities, more attendance tracking, and more followup to assure progress is being made. But we know from experience the harder approach is necessary.

Our member States in the Secretary's Innovation Group are not calling for the weakening of TANF work requirements, but the opposite. Our TANF policy brief lays out just such a policy agenda.

Finally, as a former Federal executive branch official and former State welfare director, I tend naturally to favor executive branch authority and flexibility. But I also know that this impulse can be taken too far and lead some States to take the easy way out, when we know from robust experimentation and the results of the TANF program, that an ambitious work-first program will lead to increased employment and decreased dependency. We think policies should be carefully considered by the Congress, not abandoned by executive fiat.

[The prepared statement of Mr. Turner follows:]

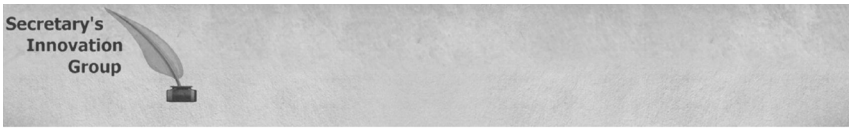


Testimony before the Committee on Ways and Means
Subcommittee on Human Resources

Jason A. Turner

Executive Director, Secretary's Innovation Group

February 28, 2013



Greetings, Members of the Ways and Means Committee.

My name is Jason Turner, formerly Mayor Giuliani's commissioner for welfare, Medicaid and WIA during his second term. Now I serve as the executive director of the Secretary's Innovation Group, a network organization composed of 18 state human service secretaries (and also labor secretaries) representing governors in states with more than half the population. Our secretary members hail from Wisconsin, Michigan, Pennsylvania, New Jersey, Virginia, South Carolina, Florida, Louisiana, Texas, Arizona and six others. We exchange state innovative program ideas and support national policies which favor work and economic self-reliance, healthy families, budget discipline, and an orientation toward limited government.

I would like to take this opportunity to describe the circumstances in the period leading up to the passage of the Temporary Assistance for Needy Families program in 1996, and how it relates to the current discussion over work requirements in the law.

During the 1980s there was increasing public concern over the growth of the TANF predecessor program AFDC or welfare as you know. To address this concern, HHS sponsored a large scale experiment in which some families received fairly generous unrestricted cash benefits (via a negative income tax) and a control group that did not, to see what the positive or negative effects would be. This experiment showed that those receiving the unrestricted welfare benefits worked significantly fewer hours and experienced higher levels of family dissolution than those in the control group.[1] In other words, free money without obligations resulted in bad social consequences, something our grandmothers may have remarked did not require an experiment to predict.

[1] Overview of the Final Report of the Seattle-Denver Income Maintenance Experiment; HHS, 1983

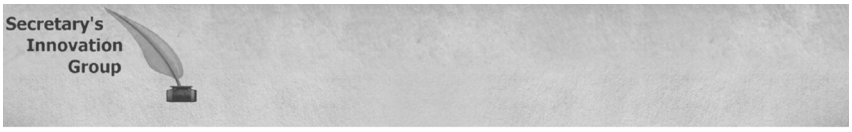
Partly as a result of this large-scale experiment, along with general public dissatisfaction, the Congress passed the Family Support Act in 1988, an education and training program intended to move recipients to work, and based on the premise that welfare adults would qualify for jobs and accept them if they were provided additional education and training to improve their skill levels. However, experience showed that the new provision of education and training did not have this effect. In fact the opposite occurred from what had hoped - - in the first five years after the program was activated in 1989, rather than declining, the caseload *increased by one-third* to its highest level ever[2].

Faced with these disappointing results, HHS conducted a multi-state, multi-year comparison of the effectiveness of the education and training model embedded in its existing Family Support Act model, against a work-first intervention, otherwise known as a Labor Attachment model. Under the Work-First approach, welfare recipients are encouraged to get into the labor force as soon as they can find a job, and improve their employment and wage circumstances from there - - as opposed to the skills model where they remain out of the labor force while undergoing remedial education and training.

The results unequivocally favored the Work-First labor attachment model. The research concluded: *[Employment-focused] programs generally had larger effects on employment, earnings and welfare receipt than [education-focused] programs. Given the large number of programs examined and their variety of served populations, implementation features, and labor markets, these results provide more support for the advantages of employment-focused programs than for education-focused ones.* [3]

With all these considerations in mind, the Congress spent a great deal of time evaluating alternatives as it crafted the 1996 welfare reform legislation. In the

[2] AFDC caseload 1989: 3,798 million; 1994: 5,033 million; HHS.
[3] How Effective Are Different Welfare to Work Approaches? Five-Year Adult and Child Impacts for Eleven Programs; MDRC, 2001.



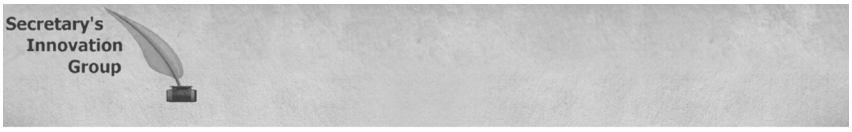
resulting enacted TANF program, the Congress allocated funds to states with substantial operational flexibility ***but with the understanding that states must place an increasing number of adult recipients into employment or work related activities.*** Congress carefully defined the work requirements that states must meet in order to comply with the law and was specific in its definition of the ten work activities and number of hours which would qualify as participation. Other activities not falling into these categories were severely circumscribed.

Why didn't the Congress just allocate funds via an unrestricted block grant and let the states decide what to do? I can answer this from my perch at the time in the early 1990's as the HHS director of the AFDC welfare program, and subsequently as a state welfare director in Wisconsin while all this was going on.

In general, states find it easy to run *voluntary* programs of remedial education and training where the slots are already available via community colleges or WIA, and recipients can take advantage of these or not as they wish. From a State's standpoint it is bureaucratically hard to run a *mandatory* program based on work activities. This is because a mandatory work programs require more supervision, more creation of qualifying activities, more attendance tracking and more follow-up to assure progress is being made, as opposed to the easier remedial education and training model. But we know from experience the harder approach is necessary.

Our member states in the Secretary's Innovation Group are not calling for the weakening of TANF work requirements, but the opposite. Our TANF policy brief lays out just such a policy agenda and is included as an appendix to this statement.

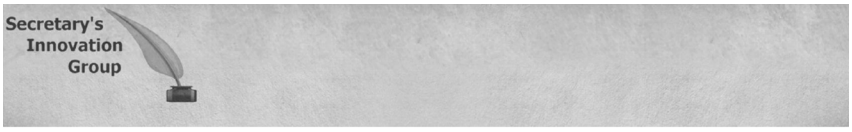
Without reciprocal work requirements in exchange for benefits, welfare programs tend spin out of control. Exhibit One is the Food Stamp program as currently constituted (SNAP). This program, existing without work requirements for the vast majority of beneficiaries, has increased in cost from $17 billion in 2000 to almost $80 billion today. The program has virtually no reciprocal requirements and has left behind its original purpose of feeding those who might literally go



hungry, while cutting a swath deep into the middle class. The Secretary's Innovation Group recommends that the Food Stamp program be converted to a fixed allocation to States with work requirements, conceptually similar to TANF, but with certain differences to match its differing population.

Finally, as a former federal executive branch official and also a former state welfare director, I tend to naturally favor executive branch authority and flexibility which can result in experimentation and improved program effectiveness. But I also know that this impulse can be taken too far and lead some states to take the easy way out, when we know from robust experimentation and the results of the TANF program, that an ambitious work-first program will lead to increased employment and decreased dependency. Policies should be carefully considered by Congress, not abandoned by executive fiat.

APPENDIX FOLLOWS



PRESERVING AND STRENGTHENING THE TANF PROGRAM

By The Secretary's Innovation Group

Principal authors:
Sidonie Squire, Lead Secretary, New Mexico Department of Human Services

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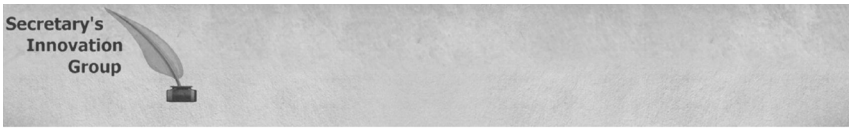
The law creating the Temporary Assistance for Needy Families (TANF) program in 1996 is no doubt the single greatest social policy achievement since the War on Poverty began. It is perhaps the only nationally-implemented program which significantly improved social health across a range of important indicators. And yet now this program, along with its critical work activation mission, finds itself under stress.

In July of this year, the Department of Health and Human Services (HHS) granted itself authority to "waive compliance" with all of the work provisions in the Temporary Assistance for Needy Families (TANF) program.

HHS has declared that the work requirements written in the law are no longer legally binding and that they can and will be replaced by alternative rules devised unilaterally by HHS. This action violates the clear letter and intent of the welfare reform law, and has the effect of cutting at the heart of what has made TANF the most successful social reform in forty years.

In 1996, Congress enacted welfare reform legislation that replaced the old Aid to Families with Dependent Children (AFDC) program with TANF. The immediate effects of welfare reform were striking. During the four decades prior to the 1996 welfare reform, the welfare caseload had never significantly decreased. By 1995, nearly one in seven children were receiving AFDC. However, in just five years after implementation of the TANF reform, these were some of the results:

- *Welfare dependency was cut nearly in half.* The national welfare caseload dropped from five million to two million.
- *Employment levels among the former welfare population ballooned.* Work activation encouraged idle recipients to enter the workforce and thousands upon thousands did so. Whereas only 16% of single mothers without high school diplomas were in the labor force in New York City 1996, that percentage jumped to 44% just five years later by 2001.
- *Overall poverty and child poverty dropped substantially.* Although some predicted that welfare reform would push an additional 2.6 million persons into poverty, the U.S. Bureau of the Census reported 3.5 million fewer people living in poverty six years after reform than in the year before the reform.
- *Decreases in poverty were greatest among African American children.* In fact, the poverty rate dropped to the lowest point in U.S. history.
- *There was a pause in the explosive growth of out-of-wedlock childbearing.* The share of children living in single-mother families fell and the share of living in married-couple families increased, especially among African American families.



How Health and Human Services policy actions will weaken TANF

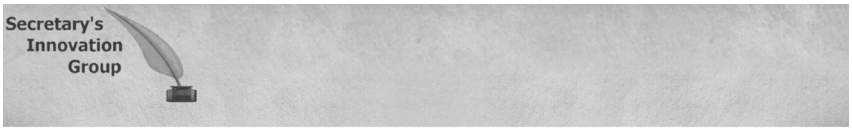
Notwithstanding the deep recession that began in 2007, current TANF caseloads remain close to their record lows. As before, new applicants for benefits still expect they must participate in work activity as a condition of receiving benefits which has the effect of assuring benefits go to those serious about their needs and obligations. The TANF work standards have three parts: They require (1) 30–40 percent of able-bodied TANF recipients (2) to engage in any of 12 different work activities (3) for 20–30 hours per week. In its guidance memorandum and related documents regarding efforts to waive work requirements, HHS outlined the types of changes it was seeking in the TANF program. HHS stated that it would:

- Lower the work participation rates in TANF by exempting substantial and loosely defined groups of recipients from the work rates;
- Likely broaden the definition of "work activities";
- Replace the requirement that recipients engage in work activities for 20–30 hours per week with looser standards, perhaps as little as one hour per week; and
- Replace the TANF work participation requirements entirely with alternative standards (such as exits due to work) which do not accurately reflect improvements in employment and caseload reduction.

All of these changes are likely to substantially increase the number of TANF recipients who receive benefits without working.

Why exactly has TANF worked so well?

- It re-oriented participants toward employment as the highest and most secure source of ongoing family support by eliminating an individual entitlement to forever benefits.
- It combined new and appropriate federal program objectives such as work and marriage in place of the earlier AFDC counterproductive income-transfer purpose.
- It set constructive federal measurements such as work activation and participation, while allowing states credit for positive outcomes such as dependency reduction resulting from employment (caseload reduction credit).
- It permitted states operational freedom to experiment, (e.g. private competition) which allowed multiple approaches to achieve the self-sufficiency goal.



- It permitted states which reduced caseloads to re-use benefit funds for more constructive purposes than cash transfers, thereby unleashing agency bureaucratic energy in the constructive direction of employment and case closure.

The Secretary's Innovation Group calls for TANF not to be weakened; and that States be given new authorities which, combined with current law, will strengthen the program and lead to still greater employment outcomes and reductions in dependency:

1. Require full check sanctions.

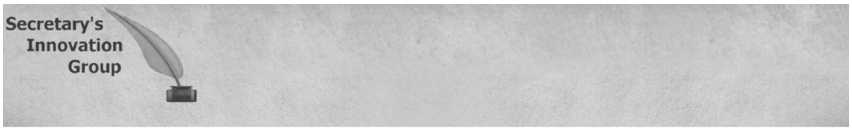
This provision was part of the original law, although it was ignored by the Clinton Administration in its rule making (the "pro-rata" provision). It requires that individuals who are not active in complying with their work activities be removed from benefits until they comply. This is comparable to circumstances of employment, and has been shown to have a constructive effect on cooperation and employment outcomes. The absence of this provision results in many on the caseload not doing anything but receiving partial benefits. The inclusion of this provision will have the greatest effect on outcomes of anything the Congress can do.

2. Standardize the work participation level for two parent cases.

The current law sets an unrealistic standard of 90% participation in work activities for two parent families. Even the most robust program cannot meet this because of "friction", i.e. lost time in scheduling, enrollment, sanctions and other unavoidable processes. Instead, the two-parent participation level should match the standard for all families of 50%, while retaining the current provision that two parents have a combined work activity level of 55 hours per week.

3. Require a marriage component, but change the outcome. The current expectation is that marriages will be increased as a result of TANF interventions. Instead make the outcome a raised awareness among the low income population of the connection between marriage and healthy family outcomes including reductions in poverty.

Experimentation with TANF for the recent ten years has indicated that improving marriage rates through direct program interventions is difficult to achieve. However, experiments which seek to improve the background cultural awareness of the importance of marriage to poverty and family well-being have been shown to be possible, forming the groundwork for future gains in this critical area.



4. Properly count those in sanction status to determine program work levels

State program operators are constantly reaching out to find and re-connect participants so they are back in compliance with TANF's work participation requirements. This is important because one of the teaching results from running a good work program is the improvement in habits of reliability and attendance, learned by work program recipients by doing it. However, the due process requirements during the period the program attempts to bring these non-compliant recipients back, places them temporarily out of reach of the program's work participation mandate. Therefore, these recipients should be ignored in the participation rate calculation.

5. Eliminate "gaming" of the work requirement

A provision of current rules allows states to use "excess maintenance of effort" (MOE) funds to reduce the proportion of individuals required to participate in work activities. The law already provides for a reduction in state work activity requirements if they are able to reduce their caseload through moving recipients into employment and other constructive steps. But this excess MOE provision technicality allows states credit for things having nothing to do with welfare to work - in one example highlighted before a Congressional hearing, one state was imputing the monetized value of Girl Scout troop leaders' time in assisting low income children! This form of abuse should be ended.

Chairman REICHERT. Thank you, Mr. Turner.
Ms. Lower-Basch.

STATEMENT OF ELIZABETH LOWER-BASCH, POLICY COORDINATOR AND SENIOR POLICY ANALYST, CENTER FOR LAW AND SOCIAL POLICY

Ms. LOWER-BASCH. Mr. Chairman, Members of the Committee, thank you for the opportunity to share CLASP's views regarding the work rates that States must meet under the TANF program. CLASP develops and advocates for policies at the Federal, State, and local levels that improve the lives of low-income people.

In calling this hearing, Mr. Chairman, you said that welfare should empower able-bodied recipients with the tools to secure a job, lift oneself out of poverty, and provide for one's family. I agree. Stable employment in a well-paying job is the best pathway out of poverty and into the middle class. Employment is one of the key ways that people contribute to society.

Where we may disagree, however, is whether the work participation rate under TANF is an effective way of promoting this goal. I do not believe that it is. The work participation rate only measures attendance. It does not make any attempt to measure the effectiveness of State's employment programs, whether these programs actually get people jobs. It forces States and caseworkers to focus on documentation rather than helping clients and unnecessarily limits range of activities that can be counted.

In an economy where family-supporting jobs are increasingly limited to those with at least a post-secondary credential, those without at least a high school diploma find it harder and harder to find any employment. Low-income parents need access to training that will allow them to escape the cycle of low wages, unstable work, and poverty.

Many States have particularly highlighted as a problem the limits on counting basic education and GED classes toward the work rates. States have learned much about work-focused education in the decades since such programs were last evaluated, and we are also in a very different economic context.

While the labor force participation of low-income mothers did increase dramatically during the early 1990s, this was not primarily due to the TANF work participation rate. Rather, I would credit the combination of the strong economy, the messaging effect of welfare reform, and the package of improvements that made work pay for low-income mothers. These included a rising minimum wage, an expansion of the earned income tax credit, child care subsidies, and public health insurance.

States would almost certainly continue to enforce a work expectation even in the absence of Federal requirements. Moreover, the vast majority of low-income parents themselves value work and want to support themselves and their families. They do not need more work requirements but rather work opportunities and employment support.

Looking to TANF reauthorization, we should start tracking at the State level performance on a wide range of outcome measuring, including employment, poverty, deep poverty, and other measures

of material hardship. TANF should not be considered a success while millions of children are being left in deep poverty.

States that are willing to be held accountable for the outcomes they achieve in their programs, such as employment entry, job retention, or poverty reduction, should be given the ability to opt out of the process-focused participation rate, either for the entire TANF population or for groups participating in specific programs, such as career pathways initiatives, in exchange for rigorous evaluation of these efforts. Whether such a flexibility is provided through waivers or through a new State option allowed under reauthorization, such experiments would help identify the most effective service models in the current environment. These pilots would also help to identify possibilities and pitfalls, moving more broadly from process measures to outcome-based performance measures.

In my written testimony, I do discuss some modest changes to the work participation rate that can significantly reduce the negative effect as it is currently designed. Foremost among these is the replacement of the caseload deduction credit with employment credit. I also discuss funding and the value of creating a permanent source of support for subsidized employment programs. These received bipartisan support at the State level when they were funded with the TANF emergency fund. I really think we should build on that experience.

I appreciate the opportunity to provide CLASP's perspective. I know welfare has often been a subject of deep disagreements. But I do believe it is possible to find common ground in improving the effectiveness of TANF in promoting work opportunity for low-income parents.

[The prepared statement of Ms. Lower-Basch follows:]

Elizabeth Lower-Basch
Center for Law and Social Policy

February 28, 2013

Hearing on Waiving Work Requirements in the TANF Program

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

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Mr. Chairman, Members of the Committee, thank you for the opportunity to share CLASP's views regarding the work requirements that states must meet under the Temporary Assistance for Needy Families (TANF) program. CLASP, the Center for Law and Social Policy, develops and advocates for policies at the federal, state and local levels that improve the lives of low-income people. Much of CLASP's efforts are aimed at improving low-income people's connections to the workforce and access to quality jobs.

There is a broad consensus that parents should, to the maximum extent possible, work to provide economic support for their families, and that welfare should serve as a bridge to self-sufficiency through employment. In the statement calling this hearing, Mr. Chairman, you said that welfare should "empower able-bodied recipients with the tools to secure a job, lift oneself out of poverty, and provide for one's family." Speaking both for myself and for CLASP, I agree with that goal, and I would venture that the overwhelming majority of Americans would agree with that. Stable employment in a well-paying job is the best pathway out of poverty and into the middle class. Moreover, employment is one of the key ways that people contribute to society.

Where we may disagree, however, is whether the work participation rate under TANF is an effective way of promoting this goal. I do not believe that it is. It is true that employment rates of low-income single mothers grew significantly during the late 1990s, but TANF work participation rates should not receive the credit for this increase. In fact, the work participation rate is at best a distraction from, and in many cases, an obstacle to, states running effective work programs for TANF recipients. As you consider reauthorizing the TANF program, I urge you to ask not whether proposed changes make it harder or easier for states to meet the work participation rates, but rather whether these changes make it more or less likely that low-income parents will have the opportunity to support themselves and their families through work.

It is also critical to remember that TANF has an important role to play in promoting economic security at times when parents are temporarily unable to work, such as because of a disability or family crisis, or when jobs simply are not available. While the share of poor single mothers who are working increased in the wake of welfare reform, so did the share of poor single mothers who are "disconnected" — neither working, nor receiving cash assistance. In 2010, during the height of the recession, 38 percent of poor single mothers were disconnected in this way.[1] We do not need to accept a rising number of children in deep poverty as unfortunate, but unavoidable consequence of promoting employment. It is possible to promote and support work without using the threat of destitution as the motivator.

In this testimony, I will lay out some of the major weaknesses of the TANF work participation rates. I will then discuss the growth and plateau of employment of single mothers over the past decades, and what has driven these trends. Finally, I will make some suggestions about ways that the TANF program could be improved to strengthen its effectiveness in promoting both work opportunity and economic security.

Problems with the Work Participation Rate

Since TANF was created, the primary performance measure has been the work participation rate (WPR), a measure of how successful states are at engaging adults in families receiving cash assistance in a specific list of work-related activities. States must engage at least 50 percent of adult members of families receiving assistance, and 90 percent of their two-parent families, in countable work activities for a minimum number of hours per week. States that fail to meet their WPR can lose a portion of their block grant funding.

One problem with the work participation rate is that the list of countable activities is too narrow. In an economy where family-supporting jobs are increasingly limited to those with at least a postsecondary credential or degree — and where those without at least a high school diploma find it harder and harder to find any employment — low-income parents need access to the training that would allow them to escape a cycle of low-wages, unstable work and poverty. The work participation rate puts significant limits on the extent to which full-time education and training may be counted as meeting requirements; many states have particularly highlighted as a problem the limitations on counting basic education and GED classes towards the work rates, as workers without a high school diploma are increasingly disadvantaged in the labor market.

The work participation rate also gives states little incentive to provide customized services to individuals with disabilities or other barriers to employment. "Job readiness activities" may only be counted for a limited number of weeks per year, and partial participation — even just one counted hour — uses up a full week of participation. States are required by law to make appropriate accommodations for individuals with disabilities, but there is no partial credit under the work participation rate. If an individual participates for 25 hours instead of the required 30, it is as if she did not participate at all.

However, the problems with the work participation rate are more fundamental than this. Allowing education and training and barrier remediation activities to count towards the rate, and providing states with partial credit for individuals who are engaged in work activities but do not meet the threshold for participation would only be a partial solution. A bigger problem is that the work participation rate only measures attendance. It does not make any attempt to measure the effectiveness of states' employment programs —whether these programs are getting people into jobs, and whether these jobs are any better than those recipients might have found on their own.

Even as a measure of engagement, the work participation rate is deeply flawed. It does not distinguish between states that have low participation rates because they are doing a poor job of engaging recipients in any activity and states that have carefully assessed recipients and assigned some to reduced hours of participation or to activities that are not federally countable, such as full-time basic education States may have achieved their high rates , not by running programs that are particularly good at engaging participants, but by placing hurdles to keep individuals with significant challenges out of the program. As you heard from Donna Pavetti of the Center on Budget and Policy Priorities last year, the eight states that achieved a 50 percent work participation rate in 2009, were mostly small states and serve a very small share of their poor families with children through their TANF programs.[2]

A final problem with the work participation rate is that it absorbs a disproportionate share of the limited resources available under the TANF program. Following the last reauthorization of TANF under the Deficit Reduction Act of 2005, HHS established federal standards requiring states to document and verify all hours of work participation claimed. Many states have since made extensive efforts to improve the reporting and documentation of hours of participation. I have no doubt that the reported hours of work participation for TANF recipients are more accurate and consistent across states today than in the late 1990s. However, there is no reason to believe that these efforts have in any way improved the employment services available to recipients. If anything, they have consumed large amounts of staff time that could otherwise be used to provide individualized services. One study of employment counselors in Minnesota found that they spent 53 percent of their TANF time — more than half —on documentation activities, rather than actually helping customers find and keep jobs.[3]

This quick overview of the problems with the work participation rate provides an important context for looking at the steps that states have taken to come into compliance with it. As the GAO has reported, states have used a range of strategies in order to meet the work participation rate requirements. States can have their target WPR lowered to the extent that they have experienced declines in the number of families receiving TANF assistance, known as the caseload reduction credit, and also by increasing state spending above the required minimum levels. Many states have also improved their work participation rates by changing the population included in the calculation. Many states have taken steps to remove non-countable families from the rate, including up-front diversion, use of solely state funded programs, and full-family sanctions. Others have used work supplement programs to add in families who are employed and countable as participating.

However, the use of these strategies should not be interpreted to mean that states do not take the work goals of TANF seriously. Rather, states recognize that many of the activities that are important steps along the path to employment — from engaging a recipient with a panic disorder in mental health treatment, to allowing high school dropouts to complete their GED and enroll in a vocational training program — will not be counted toward the work participation rate. These states therefore combine their work-focused efforts with backup strategies for ensuring that they do not become subject to work participation rate penalties. In these instances, their various strategies to increase the work participation rate are not a substitute for operating a work-focused program; rather, they are the means by which states ensure that they have the flexibility to do so.

Employment of Low-Income Single Mothers

Most defenders of the work participation rate do not get into the details of the rate. Rather, they point to the significant increase in employment among single mothers during the late 1990s, and attribute this increase to the work requirements under TANF. They postulate that any change to the work participation rate would undermine this success, and urge the expansion of similar requirements to other programs. However, there is very little basis for this claim.

First, it should go without saying that we are in a radically different employment context today than we were in the 1990s. In 1998, the overall unemployment rate was 4.5 percent v. 8.1

percent for 2012. For individuals aged 25 or older without a high school degree, the unemployment rate was 7.1 then versus 12.4 percent now. While pockets of high unemployment remained even then, in much of the country in 1998, nearly anyone who sought employment could be hired. Today, workers with credentials and extensive work experience struggle to find work, employers have many options, and many TANF recipients simply do not have a chance to prove themselves as capable employees.

Second, it is important to recognize that the replacement of AFDC with TANF was only one of a package of improvements that "made work pay" and supported the work efforts of low-income single mothers. These included a rising minimum wage, the expansion of the Earned Income Tax Credit (EITC), the expansion of Medicaid so that low-income children and parents did not immediately lose health insurance when leaving welfare, the creation of the Children's Health Insurance Program, and a significant expansion of child care subsidies. Prior to the improvements of the 1990s, low-income single mothers were often made worse off by going to work — even though welfare benefits were (and remain) meager, mothers who began to work would often lose health insurance for themselves and their children, while incurring child care and other work expenses. This is no longer the case.[4]

Finally, to the extent that "welfare reform" played a role in promoting the employment of single mothers, this was clearly driven by the messaging, or culture change, rather than by the technicalities of the work participation rate. During the early years of TANF, caseloads dropped far more than expected, such that most states were able to meet their work participation rates entirely through the caseload reduction credit and unsubsidized employment. Nonetheless, nearly all states adopted a "work first" approach and made it clear to staff that their primary job was to promote employment among clients. The 2005 reauthorization reduced state flexibility and increased the paperwork burden, but there is no evidence that it has caused states to engage more recipients in work activities, let alone to develop more effective programs.[5]

Similarly, even during the recent deep recession, only a few states made any modifications to their work requirements, even as unemployment climbed to highs not seen in generations. The declining employment among single mothers in recent years is not because states slackened off on promoting work, but because of larger economic factors, reflected in the similar trend among other groups.

TANF agencies have overwhelmingly internalized this mission of engaging recipients in activities leading to self-sufficiency and would almost certainly continue to enforce a work expectation even in the absence of any federal requirements. Moreover, the vast majority of low-income parents themselves value work and want to support themselves and their families. They do not need more work requirements, but work opportunities and employment supports, such as child care.

Improvements in TANF Reauthorization

The current extension of TANF expires in late March; I urge this Committee to pass a clean extension of TANF to ensure that there is no lapse in funding. I also would welcome a full reauthorization of TANF, both to make improvements in the program and to provide states with certainty regarding program rules and funding.

Outcome measures

There is increasing consensus that the effectiveness of public programs should be measured, as much as possible, by their effects on outcomes for the populations that they are designed to serve. In the case of TANF, the target population is low-income children and their parents and caregivers. States should be held accountable for the results of the programs they support for the families who are served. They should also be accountable for the choices they make related to the types of programs they support and the groups of potentially eligible families they decide to serve.

What do I mean by that? Imagine a state in which there are 500 families with children, and 100 of the families are poor. (That's slightly lower than the actual child poverty rate of 21.4 percent.) Let's say that 10 of those 100 poor families are receiving cash assistance. (In the real world, there are 9 states that provide assistance to less than 10 percent of the number of poor families with children.) Finally, let's say that 5 of these 10 families are working or participating in other countable activities for enough hours to be counted toward the TANF work requirements. Congratulations, this state is meeting the TANF work participation requirements. Do we really think that this state is doing better than another state where 40 of those 100 poor families are receiving cash assistance, and 15 of them can be counted toward the work participation rate, even though this second state has a lower work participation rate? Or a third state, where only 50 of the 500 families with children are poor? Isn't that what we really care about?

I recognize the challenges inherent in using these sorts of outcomes as performance measures. Several states are already using outcome measures internally to monitor the performance of contractors or county agencies and to guide policy development. Taking opportunity promotion and poverty reduction seriously as a goal will require the participation of a range of actors – public and private, federal, state, and local – not just TANF agencies, and resources well beyond that of the TANF block grant. But if the only thing we attempt to measure, and the only performance indicator we report, is the work participation rate, we're never going to be able to have a serious conversation about whether TANF is moving us in the right direction. As part of reauthorization, I urge you to ask HHS to collect and report on severe hardship among families with children, as measured by indicators such as poverty, deep poverty (income below 50 percent of the poverty line), homelessness, hunger, lack of adult supervision, and multiple housing, school, or child care moves in a year.

There are very few areas of social policy with as strong a history of rigorous evaluation as welfare. However, many of these evaluations are now 20 year old, or more, and were conducted in the context of a very different economic and policy environment than we face today. For example, programs focused on rapid job placement — work first— clearly increased employment rates in the context of a labor market where less educated single mothers were far less likely to work than their childless peers. It is not obvious that similar programs are achieving similar effects today, when single mothers are just as likely to be employed as their childless counterparts.[6]

States that are willing to be held accountable for the outcomes they achieve in their programs, such as employment entry, job retention, or poverty reduction, should be given the ability to opt out of the process-focused participation rate either for the entire TANF population or for groups participating in specific programs, such as career pathways initiatives, in exchange for rigorous evaluation of their efforts. Several states have specifically indicated their willingness to be evaluated in this way. For example, in an August 2011 letter, the Executive Director of the Department of Workforce Services in Utah wrote:

> "Utah has the desire to expend TANF dollars in the most efficient and effective manner supporting the kind of services and activities that promote initial employment, wage progression, and employment retention. Utah is willing to be held accountable for the positive employment outcomes resulting from the efforts of the Department of Workforce Services. A change in the approach away from narrowly prescribed priority activities to one of outcomes would relieve staffs from the burden of collecting data that is not relevant to the outcome of work, and hold staffs accountable for the employment outcome rather than the currently prescribed collection of participation data. As a state driven by data, DWS is anxious to discover the most effective activities that lead to employment. Waivers will allow experimentation in finding effective pathways."[7]

Whether such flexibility is provided through waivers or through new state options allowed under reauthorization, such experiments would help identify the most effective service models in the current environment. These pilots would also help to identify possibilities and pitfalls in moving from process measures to outcome based performance measures.

Work participation rate

Assuming that the work participation rate is not going away entirely, there are some modest changes that could significantly reduce the negative effects of the rate as currently designed.

First, the caseload reduction credit should be replaced by an employment credit. Under none of the stated goals of TANF is it plausible to consider someone who leaves assistance without any source of income a success. Even from the perspective of saving public money, this is a failure, as these families are likely to show up needing help in even more costly systems, such as child welfare and emergency shelters. Yet states receive just as much credit toward the work participation rate for someone who is sanctioned off or reaches the time limit without work as for someone who earns enough to no longer need assistance.

Second, the restrictions on the counting of education and training should be eased, preferably eliminated. The current rules encourage states to limit recipients to very short-term certification programs, such as those to become home health aides. However, these jobs pay low wages, and it is often difficult for workers to get enough hours of work to cover their bills. Allowing longer periods of education and training would allow recipients to train for higher paying jobs. Recipients who need basic skills courses in order to participate in training programs should also be allowed to take these classes. Under current rules, such classes are only countable when combined with 20 hours or more of "core" work activities. By contrast, we have been told by

financial aid offices that they rarely approve more than 10 hours per week of federal work-study funding, because they believe that more than that level of work interferes with student success.

Third, in order to address the needs of the most vulnerable families, those with the greatest barriers to employment, states should be given more flexibility with regard to "job readiness" and barrier remediation activities and should be given partial credit for individuals who participate for less than the full required number of hours. Individuals who are dealing with homelessness, domestic violence, severe mental or physical illnesses, and addiction often need more than four weeks' time to resolve these issues. Individuals who are complying with service plans mandated by transitional housing, child welfare, or justice systems should not be subject to contradictory requirements from TANF agencies.

Funding

Finally, I need to talk about money. While in the early years of TANF, states had significant new funds to invest in work supports and innovative programs, in recent years, most states have cut the services available to recipients. It is important to recognize that many of the changes that we all would like to see happen in TANF cost money. It is cheaper — at least up front— to hand people a phone book and tell them to start cold calling looking for jobs than to provide real services that meet people's needs.

In this context, it is important to ensure that TANF funds are being used effectively, and are not replacing state spending. As you know, states use TANF funds for a wide variety of activities. This flexibility has been a key part of TANF since it was created. There is a great deal of variation across states in how they use their TANF funds, and the data reported by states on use of funds obscures as much as it illuminates. In some cases, it appears that states have indeed used TANF funds to replace other state spending on low-income families. One possibility going forward might be to make the penalty for failure to meet desired outcomes, not a loss of federal funding but reduced flexibility in the use of funds.

Similarly, as states have become increasingly sophisticated in identifying the range of activities that can be claimed as "maintenance of effort" spending, reported MOE levels have risen even though there is little evidence that services have increased. In order to restore the effectiveness of the MOE requirement, only spending by governmental entities (including counties and other sub-state entities) should be countable. This would preserve the incentive for states to increase or maintain spending on low-income households, while not allowing them to take advantage of spending by private entities. A reasonable limit should also be set on the definition of "needy families" so that states may not claim expenditures on families earning well above the median income.

With the sequester scheduled to take effect tomorrow, I recognize that it is perhaps quixotic to talk about increased funding for TANF. However, since TANF was created, the real value of the basic TANF block grant has declined 32 percent due to inflation. Moreover, in FY 2012, for the first time since TANF was created, Congress did not fund the supplemental grants previously received by 17 states. The Contingency Fund also does not have enough funding to make the

full grants to qualifying states; in the last few years, it has run out of money midyear. It is not reasonable to continuously expect the states to do more and more with less and less funding.

Subsidized employment

One specific area where new funding could be particularly helpful is in creating a permanent source of support for subsidized employment programs. During 2009 and 2010, 39 states and the District of Columbia used the TANF Emergency Fund to operate subsidized employment programs, creating over 260,000 positions. In many cases, agencies used the subsidies to encourage employers to expand employment during the recession; in other instances, agencies targeted employers who were already hiring and used the subsidies to encourage employers to hire disadvantaged workers whom they would not otherwise have considered. These programs received bi-partisan support at the state and local level and helped both disadvantaged workers and employers who were struggling in the recession. This experience proved that there was sufficient interest to operate such programs at scale. In addition to the immediate benefit of wages, participants got real work experience, along with connections to employers and other workers.[8]

One approach to supporting subsidized employment would be to create a permanent contingency fund usable for basic assistance, short-term non-recurrent assistance and work activities, including subsidized employment. Such a program might include a sliding-scale schedule of matching rates so that the states with the highest unemployment rates are required to provide the lowest share of program costs. Another approach would be to provide dedicated funding for subsidized employment, either within TANF or the workforce system.

Conclusion

I appreciate the opportunity to provide CLASP's perspective, which is based on decades of experience of creating policy solutions for low-income people. We share the goal that welfare should be a bridge to self-sufficiency and economic security. While welfare has often been a subject of deep disagreements, I believe that it is possible to find common ground in improving the effectiveness of TANF in promoting work opportunity for low-income parents.

Thank you.

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[2] LaDonna Pavetti, Testimony before the House Ways and Means Committee, Subcommittee on Human Resources, Hearing on "State TANF Spending and its Impact on Work Requirements," May 17, 2102. http://www.cbpp.org/cms/?fa=view&id=3780
[3] Dani Indovino et al, The Flexibility Myth: How Organizations Providing MFIP Services are Faring Under New Federal Regulations, Hubert H. Humphrey Institute of Public Affairs, University of Minnesota, May 2008.
[4] See Elizabeth Lower-Basch and Mark Greenberg, "Single Mothers in the Era of Welfare Reform," in *The Gloves-off Economy: Workplace Standards at the Bottom of America's Labor Market,* A. Bernhardt, H. Boushey, L. Dresser, and C. Tilly, eds., Champaign IL: Labor and Employment Relations Association, 2008, pp. 163–190. Available at: http://www.clasp.org/admin/site/publications/files/0490.pdf
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[6] Danilo Trisi and LaDonna Pavetti, "Changing Employment Patterns Among Single Mothers Since Welfare Reform," WREC Presentation, Center on Budget and Policy Priorities, May 2012.
[7] Letter from Kristen Cox to George Sheldon, August 1, 2011, available at: http://www.scribd.com/doc/100023383/Utah-Administrative-Flexibility-Letter
[8] LaDonna Pavetti, Liz Schott, and Elizabeth Lower-Basch, Creating Subsidized Employment Opportunities for Low-Income Parents: The Legacy of the TANF Emergency Fund , Center on Budget and Policy Priorities and Center for Law and Social Policy, February 2011, http://www.clasp.org/admin/site/publications/files/Subsidized-Employment-Paper-Final.pdf

Chairman REICHERT. Thank you for your testimony.

Mr. Besharov.

STATEMENT OF DOUGLAS J. BESHAROV, NORMAND AND FLORENCE BRODY PROFESSOR, SCHOOL OF PUBLIC POLICY, UNIVERSITY OF MARYLAND, AND SENIOR FELLOW, THE ATLANTIC COUNCIL

Mr. BESHAROV. Chairman Reichert, Ranking Member Doggett, other Members of the Subcommittee, it is good to see you again.

What a time we are in. I appreciated the comments of the other panelists and Senator Hatch. My view is that this waiver—and I don't know anything about its legal basis, I know it wasn't intended when the bill was written by anyone on either side—my sense is that this waiver both goes too far and doesn't go far enough. And let me explain what I mean by that.

It goes too far because there was one lesson we learned very clearly through the lead-up to welfare reform, and this is something that Jason Turner and Senator Hatch talked about: The evidence was really clear. The best way, as the Europeans say, to activate welfare recipients, was to do work first, meaning to encourage them to look for a job, and help them look for a job. And job training had to be second or third at best.

I think that is right. I think the evidence from Europe, which I will talk about in a minute, is similar. But it is reinforced by the evidence in this country.

Next week, the House will take up WIA, the Workforce Investment Act. The sad truth is the evaluations of that program show that it is hardly effective for the low-income families it is meant to serve. So that is why I say this waiver goes too far. It seems to abandon work first, and it seems to put too much reliance on a failed policy, which is our current job training program.

But it also doesn't go far enough. And what I mean by that is we use the phrase, both sides use the phrase, flexibility, coordination, trying new things. But the new thing, the big thing, the needed waiver, the needed coordination is between TANF, which has now become something like a block grant, and a small one at that, and SNAP, UI, and the disability program. SNAP, UI, and disability now far, far outweigh what we spend on TANF. They provide an alternate route for government support. And each one of them separately has a minimum of Welfare-to-Work, work experience, job-first provisions.

A true waiver for flexibility would do something about all those programs. Now, I think I am here partly because, at the University of Maryland, I study programs in socialist Europe. And that includes now France and Italy, as well as Germany, the Netherlands and the Nordic countries. And they are all moving to the kind of combined work-first program that I am talking about.

If you look for a moment, I think you have a full-size picture of Figure 1. And this is part of the conversation we are having about the broader U.S. economy. And I don't for a moment want to say that it is only welfare or only disability that causes what is a striking decline in the labor force participation—excuse me, in the employment rate of America.

But if you look at this, the United States is in red, and you see a sharp decline at the time of the recession. While the Germans were increasing, the Dutch have held constant; the French are doing things to try to improve their labor force participation. What are most of these countries in Europe, whether led by conservative or socialist countries, doing? They are combining their recipient programs, the equivalent of disability, the equivalent of SNAP, the equivalent of unemployment insurance, into one program. They are housing those programs in the same office.

When someone applies for any one of those programs, those people are treated the same. The agency looks to see what the barriers are to employment and through a combination of work-first and other assists tries to help those people go to work.

That is why I say this waiver both goes too far and not nearly far enough. It goes too far because I think it undermines the original finding that led the Congress to pass TANF, which is that work-first works.

And, secondly, it doesn't go nearly far enough because this Administration, although it has said it supports broad waivers across programs, didn't use this opportunity to allow the States to combine their SNAP programs and their UI programs. And SNAP, at least, I know there is legislative authority they could have done.

Thank you very much.

[The prepared statement of Mr. Besharov follows:]

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Testimony

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

February 28, 2013

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

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

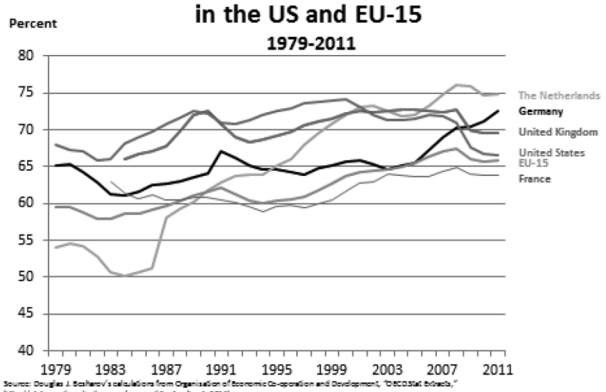
Today, I would like to discuss some of these policy ideas from other nations as they relate to work and work-related requirements (which include working, seeking work, or increasing

work-related skills) for recipients of the major American income-support and social welfare programs. My main point is that, while other developed countries are moving forward to add such requirements to their social welfare programs, we in the U.S.---the home of "welfare reform"---seem unable to even consider such program changes in a nonpartisan, open discussion, let alone adopt them. Instead, we are debating whether TANF's limited participation mandates should be waived at state discretion.

In the 1980s and 1990s, many member countries of the Organisation of Economic Co-operation and Development (OECD) experienced extended periods of high and persistent unemployment—often coupled by low or declining rates of labor force participation and increases in the number of recipients of government benefits (essentially unemployment, disability and social assistance). In response, over the past two decades, a number of countries introduced policy reforms aimed at "activating" those recipients apparently able to work, by requiring them to actively seek employment or to engage in other specified work or work-related activities in order to remain eligible for support. With the possible exception of social assistance (welfare programs), other OECD countries made more fundamental reforms to their labor activation policies than did the U.S.

Perhaps as a result, even before the current economic difficulties, the rate of the employed working age population was declining in the U.S. For example, from 2000 to 2007, the employment rate declined from about 74 percent to about 72 percent (and fell to 67 percent in 2011). In contrast, rates of employment in the EU-15 increased from about 64 percent to about 67 percent in that same time period (but fell to about 66 percent in 2011). Some EU countries registered much more substantial increases such as Germany, from about 66 percent to about 69 percent (and up to about 72.5 percent in 2011) (see figure 1). Lagging behind has been France, which increased from about 62 percent in 2000 to about 64 percent in 2007 (and remained at about 64 percent in 2011).

Figure 1
Employment/Population Ratios in the US and EU-15
1979-2011



Source: Douglas J. Besharov's calculations from Organisation of Economic Co-operation and Development, "OECD.Stat Extracts," http://stats.oecd.org/index.aspx (accessed September 1, 2011).

In July 2012, when I testified before this subcommittee, I described some of the broad trends in "labor activation" in Europe. Here is a brief summary of what is happening:

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

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

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

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

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

has made employers responsible for the first two years of disability payments. In addition, the Netherlands uses cash welfare block grants to the municipalities based on the national government's estimate of how many cash welfare recipients there should be in each municipality (taking into account economic and demographic factors). The municipality is allowed to keep any excess funds it does not spend on cash welfare, but must use municipality funds to cover any excess spending on cash welfare.

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

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

When reviewing what is happening in a continent as diverse as Europe, it is easy to highlight changes in one or two small countries and claim that they are more widespread than they are—or that they are directly applicable to the U.S. despite very different economic, social, cultural, and political situations.

With this caveat in mind, in my short time allotted, I would like to discuss two recent and related shifts in policy that seem generally applicable to the U.S.

(1) the introduction of work-related requirements for those receiving unemployment assistance, cash welfare, and disability benefits and, often, a reduction in the time before the requirements are imposed; and

(2) a consolidation of benefit streams, agencies, and local offices in an effort to increase the focus on labor activation as well as reduce recipients' marginal tax rates and bureaucratic overlap.

To a greater or lesser degree, they both have occurred in major European countries,

including France, Germany, and the UK. (More detailed discussions of these and other countries along with general recommendations for the United States can be found in our longer report, which is available on request.)

France. In 2009, France instituted a new cash welfare scheme that incentivizes work and adds work-related requirements, and also consolidated the provision of unemployment insurance and cash welfare into one agency.

France replaced its previous cash welfare scheme that had no incentives to work with the work-focused *Revenu de Solidarité Active* (RSA). The RSA emphasizes work and work-related activities through incentives and requirements. Under the previous cash welfare scheme, earnings above a certain threshold led to a complete loss of cash welfare benefits. Under the RSA, benefits are only reduced by 38 cents for each additional dollar earned up to a maximum monthly income of about 1,300 Euros for single parents with one child, and about 2,200 Euros for a couple with two children (a structure that is similar to the U.S. Earned Income Tax Credit).

New RSA recipients are now subject to work and work-related activities requirements. Recipients must meet with local government councils that are responsible for the training and support of RSA recipients for assessments on their ability to work. The local councils determine if the recipients are to be placed on the "employment path" or the "social path." The "employment path" is for those recipients who are deemed capable of work. They are assigned either to the local *Pole Emploi* (Public Employment Service) or to another organization that will provide them with activation services (such as job training). The "social path" is for those recipients who are deemed not ready for employment, and they are provided services to assist them in becoming ready for work (such as family counseling and mental health services).

Those recipients who are assigned to the *Pole Emploi* are obligated to search for suitable employment, with an increasingly restrictive set of rules on the jobs they may consider unsuitable and therefore refuse. In the first three months of assistance, recipients may reject employment opportunities that pay less than their previous jobs. Between three and six months, they may reject employment opportunities that pay less than 95 percent of their previous jobs. Between six and twelve months, they may reject employment opportunities that pay less than 85 percent of their previous jobs. After twelve months, however, they may only reject employment opportunities that pay less than their current RSA benefit.

If recipients fail to appear at the *Pole Emploi*, fail to accept suitable employment, or fail to meet the work-related requirements set by another organization to which they may be assigned, the local councils may either reduce or suspend the recipients' RSA benefits until they begin to comply.

In conjunction with the change to the RSA, France also consolidated the administration of activations services for unemployment insurance and cash welfare recipients which were previously administered in different agencies. Under the current system, both groups now receive services at the *Pole Emploi*. (There have been some reports that the *Pole Emploi* has had some difficulty in adjusting its services to accommodate RSA recipients as they may have different

needs than unemployment insurance recipients.)

According to reports from the French government, the process of implementation of the RSA's activation requirements and sanctions at the local level is still incomplete and program improvement efforts ongoing.

Germany. In the early-to-mid-2000s, Germany formally linked its unemployment insurance and cash welfare programs, added time limits, and created employment centers that jointly serve unemployment insurance and cash welfare recipients.

Prior to the "Hartz reforms" of the early-to-mid-2000s, Germany had two forms of unemployment benefits: unemployment insurance and unemployment assistance. Unemployment insurance was for workers who had paid into the unemployment insurance fund for a minimum of twelve months. Workers were eligible to receive benefits for up to thirty-two months at a replacement rate of 67 percent of their previous wages. Workers who reached the thirty-two month time limit were eligible to receive unemployment assistance which had no time limit but a replacement rate of 57 percent of their previous wages.

The Hartz reforms created a two-step and two-tiered program for unemployment and cash welfare benefits. Unemployed workers who have paid into the unemployment insurance fund may receive Unemployment Benefits I (UB I) for one year which replace about 67 percent of previous net income. After one year they are transferred to the Unemployment Benefits II (UB II) program where the benefits are means-tested and are about 40 percent lower than their UB I benefits. Able-bodied individuals who do not have an employment history and who were previously eligible for cash assistance also may receive UB II.

UB I and UB II recipients are required to enter into contracts with the local Job Centers that lay out the activation requirements that recipients must fulfill (such as searching for work, community service, or job training) to continue to receive benefits. Recipients are subject to partial benefit sanctions if they fail to accept suitable employment or to participate in the required work-related activity.

Prior to the Hartz reforms, the federal government provided services to unemployment assistance recipients and municipalities provided services to cash welfare recipients. Under the new framework, the federal government and municipalities have created joint Job Centers that provide activation services to both UB I and UB II recipients.

The Hartz reforms met opposition in many quarters and their implementation was slow and somewhat uneven. In some localities, implementation is an ongoing challenge.

United Kingdom. In 2010, the UK announced that in 2013, it would consolidate its myriad cash welfare streams into one benefit and that the activation requirements for that benefit would be administered through a single agency.

Hence, later this year, the UK will institute the Universal Credit, a combination of cash

welfare (including means-tested unemployment assistance, assistance for lone mothers, and assistance for the partially disabled), housing benefits, child tax credits, and working tax credits into one basic allowance stream. The purpose is to create a single phase-out rate for benefits, reduce the high marginal tax rate for workers, and radically reduce the duplication and complexity of previously existing benefit programs. The government estimates that combining these programs will result in a marginal tax rate of 65 percent, compared to marginal tax rates of between 75 and 96 percent under the previous set of programs.

Universal Credit recipients will be assessed to determine their work capabilities. Those who are considered capable of working will be assigned to the Work Programme which requires recipients to engage in work or in a work-related activity (such as job training or community service). Failure to participate may result in a full sanction of benefits for a defined period of time (in the most extreme case, up to three years).

The administration of the Universal Credit has been consolidated in the Jobcentre Plus agency. Staff at local Job Centers perform the assessments mentioned above, but the actual provision of the Work Programme services have been contracted out to private vendors (non-profit and for-profit).

The Universal Credit and the Work Programme have been met with public protests and criticism in the media, but the UK government has indicated that implementation will continue as planned.

Conclusion

Many Americans feel that the European experience is not applicable to the United States, either because of the deep economic crisis they face or because the Europeans are "socialists." I think that is wrong. There are many lessons to learn as long as we do not attempt to apply them blindly or with an ideological bias.

Thank you.

Chairman REICHERT. Thank you all for your testimony. We will now move into the question phase. I will ask Mr. Turner a question. But I noted a few comments by the panel that sort of struck a personal note with me. Mr. Turner's comment about free money without obligations results in bad social consequences; Ms. Lower-Basch, what activities are actually effective in helping people get jobs; and then Mr. Besharov, help people look for a job and the training could be second or third in the process.

And it just sort of reminded me of my childhood. I am the oldest of seven children. And my father had trouble a few times in his life finding work, especially when we moved from Minnesota to Washington State in the 1950s. We were on—I think they just called it State assistance back in those days or public assistance, or something like that and stood in a food bank line, which wasn't really a food bank back then; it was a place that you went to, one place in Seattle, where they gave you bags of, you know, paper bags of bulgur wheat and flour; the staples. And I remember my father really struggling with being on public assistance. His self-esteem was erased. There was no pride there. There was domestic violence happening at home, it created a lot of stress.

I don't know what happened. But eventually what he did is he turned to an activity, and the activity was he would walk—I know, you hear these stories all the time, "I walked 4 miles to school in the deep snow." So this is the story my father and my mother told me, that he walked to work, to a place where he thought he might get a job, and sat on the curb with his lunchbox for 2 to 3 weeks and asked the guard at the guard shack, "Do you know if there are any openings?" The activity was him walking to the place where he wanted to go to work, sitting down on the curb with his lunch bucket, and waiting. Eventually, somebody came out and said, "We know you are out here wanting to work. We will hire you." And he got a job.

And so was that an activity that led to employment? It is hard to define, isn't it?

I think the training then, of course, came second. He got the job and went in and became a steelworker, where they built railroad cars back then. Now it is Kenworth Trucking in Seattle.

But I am sure a lot of people in this room and on this panel or their family members can identify with those things throughout their lives. So we really want to try to fix this. We want to make sure that we get people back to work. And that is the challenge here.

Mr. Turner, today we have been discussing work requirements in the TANF program. Your testimony has provided a good summary of how Congress arrived at the current structure of work requirements in the TANF program. But TANF is only one program among many that are intended to help low-income families. Do other similar programs that provide help to low-income families have anything comparable to the TANF work requirements? If not, should these programs have activity requirements more like those in TANF?

I think, Mr. Besharov, you sort of touched on that a little bit.

Mr. Turner, comment, and then maybe Mr. Besharov could speak to it.

Mr. TURNER. Thank you, Mr. Chairman.

I will leave it to Mr. Besharov to comment on the specific programs.

But let me just say in response to that that work activation or work activity, even where private employment is not available immediately, has tremendous benefits to anybody in any circumstance receiving assistance. The benefits to staying active, such as you described in your family history, are immense. We know, for instance, that those who are engaged in a work activity may benefit by keeping active, by keeping social with other people, by making connections with prospective employers or other people that can help them find employment. We know that they stay healthier. We know that if you are not active, you tend to become isolated, and you stay at home. We know that your health declines. Depression increases. Isolation sets in. Substance abuse goes up. So the longer you are inactive, after having been employed, the more your prospects decline over time.

And so one of the things that work activation does, if you think of this as being a whole population of low-income people that are being served on welfare, a subset of that can be employed in the economy. And like an accordion, it goes up and down. The private economy takes more people and then takes less people. But you want to keep the entire population activated and doing something so that they are on the bench, ready to get off and go back into the football game.

So, in a sense, work activation is a program idea for all seasons, whether it is—whether the economy is strong or weak.

Mr. BESHAROV. Thank you.

Let me take SNAP, food stamps, as an example. It is a very large program now. Tomorrow, I am going to be speaking on a panel at the USDA on this question of how to activate food stamp recipients. An issue is that many of them, about 30 percent of all SNAP households, have earnings. But there is a substantial number of people who receive food stamps who aren't working. And the question, the challenge for the Congress is to make a distinction between those groups and find a way for the nonworking recipients to be activated, to use the European term.

And I really want to emphasize that even at this time of high unemployment, work first, job search works. The Europeans have done studies because they have higher unemployment rates than we do. And the reason I asked an economist about this, what is the fancy word, is because I am going to testify. And it is variance from the mean. That is a fancy way of saying that while some counties today have unemployment rates of 25 percent, other counties, other localities have unemployment rates of 5 percent. Some places have no jobs for aerospace engineers but loads of jobs, entry-level jobs. So we can't even use the unemployment rate as a reason for not encouraging work first. We just have to apply it in a reasonable and confident way.

I think that the TANF rules, as they were, tended to do that. We saw very few examples of people saying TANF has been unfair or the State agencies have been unfair during the recession. And I think that speaks well of the system that the Congress adopted now almost 20 years ago.

Chairman REICHERT. Thank you for your response.

Mr. Doggett, you are recognized for questioning.

Mr. DOGGETT. Thank you very much.

Ms. Lower-Basch, let me ask you a very hypothetical question. Let's suppose that we lived in a world in which a significant number of Members of Congress did not feel there was political advantage in building on old stereotypes of welfare Cadillacs, of members of our society devoting their days to using taxpayer money at liquor stores and strip clubs, of numbers of Americans who desired to just live on the dole instead of to work, and that instead of building on those stereotypes there was a genuine, broadbased, bipartisan interest in Congress to lift people out of poverty. And let's suppose we lived in a hypothetical world where an Administration was not afraid of being stereotyped itself and provided some bold leadership with the TANF law coming up for reauthorization to make recommendations about how we might get people out of poverty and that this law and this reauthorization could play at least a limited measure in doing that. What would you see in that hypothetical world as the key elements that we need to have in a law focused on lifting people out of poverty, reducing the underclass in this society?

Ms. LOWER-BASCH. Thank you. That is a big question. And, obviously, TANF by itself is not going to lift everyone out of poverty. Clearly, the other programs that Mr. Besharov mentioned are very important. The minimum wage, and the labor market as a whole. So, obviously, TANF is only going to be a piece. Within TANF, I do think it is engaging people in work activities, to the extent that they are able. I do think it is recognizing that some people are going to need to take the more indirect path, that, you know, if people are in the middle of being homeless, if their kids are about to go into foster care, that they need to focus on getting housing or resolving the problems that are putting them in crisis. If they are—do have mental health or substance abuse issues, they might get a job, but they are going to get fired from it, you know, if they are really in trouble. So they need to resolve those issues and then move to work.

At a Federal level, I do believe in providing flexibility to States in return for real accountability on their accomplishments; as I said, I think funding subsidized employment is—that is clearly, when the public, private sector jobs are not available, a great way to give people real work experience, real connections to the work. And it also helps the employers. We know a lot of small businesses benefited from that during the recession.

Mr. DOGGETT. Some of the testimony has indicated that the job training and educational opportunities really don't accomplish very much. And it does appear that some of these job training programs have not been very successful.

What is your assessment of the role in any reform we have of the outcomes we should require concerning education and job training programs.

Ms. LOWER-BASCH. Right. So let me start with the jobs evaluation, which is the study that did drive a lot of this belief that education doesn't work. And those programs clearly were not very effective. People were in very low-intensity programs. They didn't

get anywhere. We know now you need to have credentials that have value in the labor market. You need to be much more connected to what employers say they need and not just more classroom-based. We have learned a lot in the past 20 years. The economy has also, frankly, changed. The unemployment rate for people without a high school diploma is twice what it is for anyone else. And employers are increasingly unwilling to just hire the folks like your dad, who have a great attitude but don't have any of the skills. They want people ready to show up and do the job on the first day. So we need to give people access to that training.

Mr. DOGGETT. We have already let one program, the supplemental grants under TANF, expire. That was a benefit in Texas and a total of 17 States. What is the effect of losing that supplemental program and how should it be a factor in looking at further revisions or reauthorization of TANF.

Ms. LOWER-BASCH. Right. So, overall, the value of the TANF block grant has been fixed in nominal dollars since it was created in 1996. So it has lost about 30 percent of its value. In the 17 States that got supplemental grants, obviously, the cut has been even greater.

As we know, States do a lot of different things with their TANF block grants. So, in some cases, it is hard to pick specific things. But we know, in recent years, States have been cutting actually their Welfare-to-Work contracts; in many cases, providing less services. In many cases, child care has gotten cut back, which means that in some States, people are back to this crazy Catch-22, where you have to go on welfare in order to get a child care subsidy because the waiting list for child care for working poor is so long. All of these things happen when funding gets squeezed over time.

Mr. DOGGETT. I thank you and all the witnesses, Mr. Chairman.

Chairman REICHERT. Thank you, Mr. Doggett.

Mr. Kelly, you are recognized for 5 minutes.

Mr. KELLY. Thank you, Mr. Chairman.

Mr. Turner, I was really interested in your testimony. One of the things is the dissolution of the family. When I looked at the title of this, the Temporary Assistance for Needy Families, the key to that being temporary, again, being a bridge from one point to another. And when we look at all these programs, we look at what the intentions were and then how far we get away from some of those things.

But in your testimony, you talk—I think it is on page 1, about the dissolution of families. If you could just address that a little bit. Because I think the concern is—and coming from the private sector, I never, ever, in my lifetime ever regretted investing one penny in any type of a program that would train the people that worked for me in our dealership to get from where they were to where they could go, depending on their potential. But the key was we already had jobs for them. We had a market waiting for them. We had a way for them to rise from where they were.

I just look at some of these programs and I think, Ms. Lower-Basch, you just made a statement, we are so far away from what we intended originally.

Thanks for the variance in means. That is great.

And I have only been here 2 years. But the idea was a great idea. But we want it to be a bridge from where you are to where you want to be and where you can be and where you should be.

So, Mr. Turner, talk about this dissolution of family. Because I see in our culture right now, in our society, the basic family structure being broken down for many different reasons. A lot of it has to do with the economy. But you have to be able to take care of your own. You have to be able to take care of yourself. And you have to be able to dream that you can actually rise from where you started to wherever you want to go.

This is troubling, is it not?

Mr. TURNER. Yes, I think you are right. Absolutely, it is troubling. And the family is the original income transfer program, if you will, meaning, fathers, mothers, and children all transfer support to each other within the family unit. And once the family unit is dissolved, and fathers and mothers go their separate ways, it is very difficult for government to substitute as a parent or as an income source for the family.

What they found out in this experiment is that over time, in 3 to 5 years of samples, both blacks and whites, and to a lesser extent Chicanos, had marital dissolution effects that were significant.

We don't know precisely how that works. But we think that when there is an income that comes in that is not connected to the father or the mother's active employment and bringing money into the family, that the two parties tend to separate both psychologically and have different sources of income and, because they have an alternative source of income, tend to stop working and family breakup occurs.

Mr. KELLY. When you expand that and you look at different programs that are available, really it is that ability to stay together as a family to get through the hard times that makes it very, very real then that as you go forward, as a child, if you see your parents working that way and you know they depend on each other for the general good of the whole family, then it works.

I have noticed, at least in my lifetime—I don't have data to support this, this is just what I have noticed—I have noticed that those folks who really have that strong family bond, that nuclear family, tend to be able to get through hard times really well and then tend to duplicate those same experiences as they get older.

So I know these programs are all necessary. And I think that we want to make sure that they are reaching the goal that we intend for them.

So I want to thank you all for being here today. It is so important that we hear from you and that we continue this open dialogue to find out what we can do to really help our fellow citizens who need our help right now, but make sure that at the end, the end result actually gets to where we want it to be and we don't create some type of a model that leads to a further dissolution of the family and a further separation of those roles I think we consider so basic in our society.

I thank you.

And I thank you, Mr. Chairman.

Chairman REICHERT. Thank you, Mr. Kelly.

Mr. Davis, you are recognized for 5 minutes.

Mr. DAVIS. Thank you very much, Mr. Chairman.

And I, too, want to thank our witnesses for being here and for their testimony.

You know, as I listened to the discussion and as I thought about it prior to coming, Ms. Brown, am I correct when I recall that you indicated that since the creation of TANF, there have been very few requests for waivers from States?

Ms. BROWN. That is correct.

Mr. DAVIS. Do you have any idea why there may not have been any?

Ms. BROWN. Well, we have been talking about this. And I think one of the things to bear in mind is that in the early years after TANF was created, you know, States did have a great deal of flexibility, and they were experimenting in designing their own programs. And as time went on, the requirements for meeting their work participation rate and the constraints that States faced in meeting those work participation rates may have at that point increased some of the interest that we saw in more recent years asking for waivers. But beyond that, we know what was requested and we know what HHS said, but we have not done a lot of work on the reasons behind that.

Mr. DAVIS. And you have not had to do a lot of work on trying to determine whether you would or would not grant a waiver. If nobody is asking, then you don't really have to deal a great deal with that. Right?

Ms. BROWN. I see your point. Yes.

Mr. DAVIS. Ms. Basch, let me ask you, the Director of the Congressional Budget Office testified last week that the budget cuts in the sequester, which begins tomorrow, would reduce employment by 750,000 jobs by the end of the year.

How do you think this might affect or impact our efforts to take people from welfare and put them to work?

Ms. LOWER-BASCH. Obviously, as, you know—a few of the job losses from the sequester may directly impact low-income parents. Both—you know, some of them may work as school aids or something like that, that would be affected. But it is more likely that low-income people will feel the indirect effects of the overall economy and reduced job growth and reduced jobs. So, yes, it will make it harder for people to find work. Many low-income families will obviously be affected by the direct spending cuts, things like Head Start and WIC as well.

Mr. DAVIS. You know, I feel that there is a tremendous amount of myth that is projected, percolated about the willingness of people and the desire of individuals to work. I have lived in low-income communities all of my life, from the time I was born until even today. And many of those individuals had some difficulty. I was intrigued by the Chairman's story relative to his childhood because my family had pretty much the same experience. I can recall my father saying that he would rather drink muddy wine than stand in a line to get some food and sleep in a hollow log. I mean, that was his expression.

And so this notion somehow that there are these vast numbers of people who want to live off public help, I think is more myth than reality.

Are you aware of, Ms. Basch, programs that really help facilitate the entre of individuals into the workforce, and what are some of those?

Chairman REICHERT. Could you make your answer short? Time has expired. Go ahead.

Ms. LOWER-BASCH. I just want to say that, you know, we do think it requires both pieces; it requires the skills for the jobs but also the actual connection to the employers who are hiring. We know successful programs don't just train people up and then send them out in the world. They really make those direct connections from employers and, in some cases, give them the opportunity to demonstrate their work skills.

Mr. DAVIS. Thank you, Mr. Chairman.

Chairman REICHERT. Thank you, Mr. Davis.

Mr. Renacci, you are recognized.

Mr. RENACCI. Thank you, Mr. Chairman.

I want to thank all the witnesses for being here today.

You know, there was some discussion about labor and my colleague was talking about sequestration, maybe the loss of jobs. But, Mr. Besharov, we talked about in your testimony how a number of European countries have incorporated activity or Welfare-to-Work provisions into their social programs. Many of those countries have done so while dealing with high unemployment and other difficult labor market conditions. Based on your research in the area, what do you say or what have those European countries said to those who argue Welfare-to-Work policies cannot be effectively implemented or should be suspended during time of high unemployment?

Mr. BESHAROV. Well, that is the crucial question here. And I think the answer depends on the political system or the political party in charge in each country. There has been a real pushback in Germany and somewhat of a pushback in some of the Nordic countries. But in the countries run by liberal or socialist governments, such as France, there has been no pushback. Here is the argument: They look at that chart which I showed you, Figure 1, and they see something between 60 and 70 percent of the people who are eligible to work in the right age category working, but 30, 35 percent not working. And they see that number growing. And they don't think that they have a future, economically, when the number is decreasing, when there are fewer people working.

And so they take a deep breath and they say, we have to push as many people as possible into looking for work. When they do that, two things happen: Number one, people who otherwise were disenchanted or discouraged about finding work, some of them find work. And the other part that happens is because there are people looking for jobs, and there is a push and pull about this, because there is more supply of workers, especially low-income workers, employers are more likely to expand and hire people.

Now, this isn't a magic potion. And we are not going to eradicate unemployment. But we do have to use every means at our disposal to get the United States back in fighting shape. And this is one of the ways. One of the ways is to encourage everyone who is of the age to work and healthy enough to work to look for work.

Mr. RENACCI. Thank you.

Mr. Turner, Congress has spent years designing, reviewing, and modifying work requirements in TANF programs. And it is for that reason I strongly believe that any changes to requirements should be first handled by Congress through legislation. But I would ask, if this waiver is allowed to move forward, is it possible that States could maybe even want to go further with waiver programs like this?

Mr. TURNER. Well, what we know from good work programs is that even if there—even if somebody is not on unemployment, if he is engaged in a work activity that is creating something of value, it is a value to a recipient himself. For instance, in New York City, welfare recipients engaged in work in parks throughout the city, which has increased their level of cleanliness from 85 percent to 95 percent. So why is that important? Because those people going into the parks are learning important lessons about work habits, reliability, staying on the job, taking direction from supervisors. These are the things that employers say are most missing among the low-income population; work habits, as opposed to work skills. Okay.

So to answer your question, from that point of view, I think that once you get away from a program which offers an opportunity to actually provide work in a work-like setting and you do things like bedrest or staying in a remedial class, you are losing the opportunity to do what we call work hardening or getting organized around the idea that to take a job, you have to be prepared to keep the job, to stay on the job, and to get along with people. That is the main thing that you can learn outside of the labor force in a workforce setting.

Mr. RENACCI. Thank you.

Thank you, Mr. Chairman. I yield back.

Chairman REICHERT. Mr. Lewis.

Mr. LEWIS. Thank you very much, Mr. Chairman, for holding this hearing.

I want to thank all of the witnesses for being here today. Today the House is considering a bill to reauthorize the Violence Against Women Act, one of the most important life-changing bills Congress ever created. I don't know how many of you know that TANF is an important part of the puzzle in helping survivors of domestic violence get back on their feet. A *Huffington Post* article broke down the challenges facing poor parents in the State of Georgia, my State, and deterring applicants. In fact, the Georgia Coalition Against Domestic Violence gave up helping women apply for TANF benefits.

Mr. Chairman, I ask unanimous consent to submit the full article for the record.

Chairman REICHERT. Without objection.

[The submission of The Honorable John Lewis follows:]

HUFFINGTON POST

'Back At Square One': As States Repurpose Welfare Funds, More Families Fall Through Safety Net

By Peter S. Goodman
6/19/2013

STONE MOUNTAIN, Ga. -- Brianna Butler would prefer never again to see the inside of the DeKalb County welfare office. She is eager to work. This she says repeatedly.

But she is a 19-year-old single mother with no one to look after her 10-month-old daughter, making work essentially beyond reach. Reluctantly, she has turned to an alternative that might at least provide minimal sustenance: She is applying for monthly $235 welfare checks from the state of Georgia.

Butler is eligible for those checks. Officially, she is homeless and has no income. Most nights, she sleeps on the floor at her mother's house in this predominantly African-American suburb of Atlanta, where 1 in 5 people live in poverty. Her mother is out of work and behind on her bills. When Butler runs out of money for baby food, she gives her daughter nothing but "water or juice for a day or two," she says, "just to tide her over."

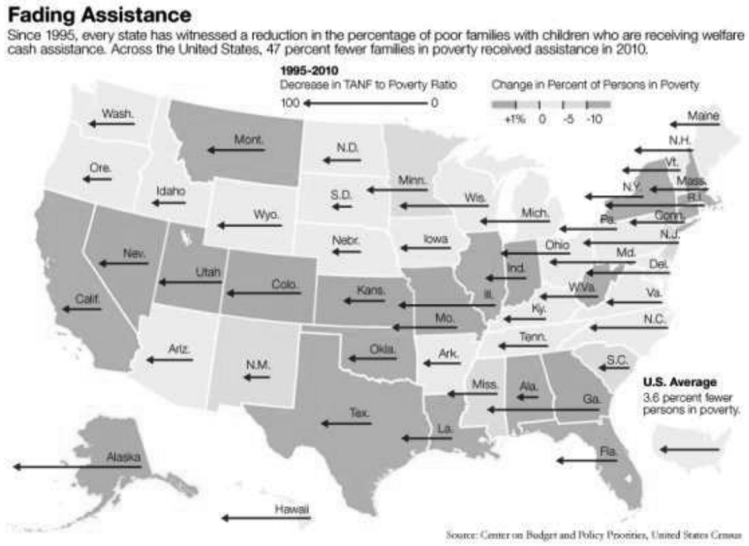
Without childcare, however, she cannot satisfy Georgia's requirements that she first attend four weeks of classes designed to teach her how to look for a job, how to write a resume, how to handle an interview. So, instead of a job or welfare, Butler has only a bitter sense of resignation that she must do whatever it takes to secure cash.

She calls up older men whom she meets on the bus, en route to the county welfare office, in the aisles at the grocery store, wherever -- men who have made plain their appreciation for her youthful looks, while offering their phone numbers. She negotiates transactions that stave off tragedy for another day: sex for diaper money; a night's companionship for a sum that buys frozen vegetables and infant formula.

"They want something and I want something," Butler says. "It don't feel good, but I don't put myself down, because I've got to do what I've got to do. It's easy to judge me, so long as you're not walking in my shoes."

Butler is among the millions of low-income Americans sliding into the ranks of a group experts call "the disconnected" -- people who are both out of work and not receiving welfare. Their desperate straits reflect the extent to which key components of the American social safety net have been substantially reduced in recent years, just as the worst economic downturn since the Great Depression has amplified demand for help.

In Georgia, as in many states, gaining cash assistance has become increasingly difficult since the landmark welfare reform signed into law by President Clinton in 1996. Nationally, the share of poor families with children that were drawing welfare cash benefits plummeted from 68 percent to 27 percent between 1996 and 2010, according to an analysis of federal data by the Center on Budget and Policy Priorities (CBPP). During the same period, the number of poor families with children grew from 6.2 million to 7.3 million.



Behind these precise data points lie messy stories of frustration over the seeming impossibility of navigating a bewildering welfare system that sometimes seems rigged for rejection; over mounting bills that can't be paid; over plans subject to constant renegotiation in lives ruled by scarcity. Like many states, Georgia does not track what happens to people who are eliminated from its welfare rolls. But in conversations with six women who have tried to gain cash assistance here, this is the picture that emerges: Vexation, fear and deepening trouble.

"When we weaken that support, we're moving people into very desperate situations," says LaDonna Pavetti, a welfare public policy expert at the CBPP. "They never know from one day to the next what life is going to bring."

Butler's experience provides a counterpoint to the narrative of self-sufficiency that was supposed to accompany welfare reform. Previously, a family could receive cash assistance for as long as they met eligibility requirements, which centered primarily on income and assets. But the reforms replaced that system with a new program, Temporary Assistance for Needy Families (TANF), under which the federal government delivers lump-sum grants to states and allows them to tailor their programs as they see fit. Many states have imposed time limits, along with requirements that recipients engage in so-called work-related activities: working, looking for work or attending classes.

Advocates for welfare reform embraced the emphasis on work as a curative for the dependency they said the old system had fostered. Clinton touted the reform as a historic opportunity for poor families to trade welfare checks for paychecks. The government was to aid this transition with key support programs, including subsidized childcare and public transportation.

But a weak job market has eliminated working opportunities, especially for those who lack college degrees. Budget shortfalls have pared the promised supports. The size of the federal TANF grants to states has stayed flat, but shrinking in inflation-adjusted terms. States are given discretion in allocating the grants, and most have diverted increasing slices of this money to plug holes in their budgets, leaving less for cash assistance.

The one feature of welfare reform that has endured, say experts, is the emphasis on slashing welfare rolls.

"It's basically disappeared in a lot of states," says Peter Edelman, the Clinton assistant secretary of social services who resigned his post in protest of welfare reform, arguing that it abandoned vulnerable families. "We have a huge hole in the safety net."

Nowhere has this dynamic been more pronounced than in Georgia. Over the last decade, the number of adult TANF recipients in the state has fallen from more than 29,000 to fewer than 4,000, according to federal data.

"Things happen in welfare offices where people make it very difficult to get on the rolls," says Pavett, the CBPP expert. "Nobody gets on in Georgia."

Between 1996 and 2010, the number of families with poor children nearly doubled within the state, reaching 274,000, according to the CBPP analysis. Yet during those same years, the percentage of Georgia's poor families with children who were receiving cash assistance dropped from 98 percent to just 8 percent.

"The things you have to go through to get it," says Butler. "It's like, 'Why am I even wasting my time?' Everybody in the state knows. You know how hard it is to get TANF."

'THE WORD HAS GOTTEN OUT'

Ann Carter, TANF unit manager at Georgia's Department of Human Services, looks at the plunge in her state's welfare rolls and declares progress. "It's good news," she says. "The goal is to remove them to self-sufficiency, and as soon as possible."

But the state does not know what happens to people who used to be on welfare and aren't anymore. "We don't have a program to follow them," Carter says.

Multiple indications suggest that what happens next is deeper poverty.

Since 2005, the rate of poverty among Georgia families headed by single mothers has climbed from 39.6 percent to 41.4 percent, according to Census data.

Yet even as poverty has expanded in Georgia, the number of people who merely apply for TANF has actually fallen. In 2004, when Georgia's unemployment rate was less than 5 percent, roughly 12,000 people a month applied for cash assistance in the state, according to data tracked by the federal government. Last year, with the state's unemployment rate near 10 percent, the number of applications for cash assistance had fallen by half.

"Once we explain the program, the majority of people are going to withdraw their applications because of the work requirements," says Carter. "Some of them just don't feel that it's worth the effort and the time. The word has gotten out. Georgia has done a great job in educating the community that you're not going to receive the cash benefit unless you participate in the work requirement."

Social service agencies say the message is reinforced inside county welfare offices, where staff actively discourage people from applying for TANF. The fewer people who draw TANF benefits, the more federal TANF money is left to be allocated to other parts of Georgia's budget.

The Georgia Coalition Against Domestic Violence used to deploy volunteers to county welfare offices to help poor women fill out TANF applications. No longer.

"They're not giving out TANF anymore," says Allison P. Smith, the coalition's director of public policy. "People literally were stopped before they were even given a paper application. They were dissuaded by any number of people working in the welfare office, who would say things like, 'We'll make you jump through a lot of hoops.' 'We'll make you get your tubes tied.' 'We'll be

more inclined to investigate you for child abuse or neglect, because this indicates you can't take care of your kids.' There was such a financial interest on the part of the state to keep the rolls down that they were willing to do whatever they needed to do."

In early March, Shadashia Gilbert arrived at the DeKalb County welfare office in the Atlanta suburb of Decatur to apply for TANF. She was living with her unemployed mother. They were behind on the rent and living day to day.

Brandon's father has been abusive, Gilbert says, and he was out of work, meaning she could not rely on him for child support. She hoped TANF would allow her to keep the lights on while she looked for work and continued college classes.

"This is so temporary," she says. "I'm going to finish my education and be financially stable and not depend on the government for anything."

She and Brandon arrived at the welfare office at about 8:30 a.m. They entered the low-slung brick complex and rode the elevator to the third floor. As soon as they stepped into the TANF department, she felt as if they had entered a space engineered for discomfort.

The windowless waiting room contained rows of blue vinyl chairs with prominent rips in the seats. More than a dozen women occupied the space, some with newborn babies in car seats. Toddlers wandered around, some screaming impatiently. The room had no toys, no play area, nothing to occupy the children stuck there for hours.

There they remained until 4 p.m., she said.

"You just sit in the room, with nothing to eat or drink," she said. "If you leave to go get something to eat, you lose your spot."

When their turn finally came, the caseworker treated Gilbert with contempt, she said.

"She told me, 'Why do you even want TANF?'" Gilbert said. "'You look like you make enough money. You don't want to be down here. You shouldn't want it. The $250, that's nothing. You shouldn't even want the money.'"

"They judge you," Gilbert said. "They make people feel bad. They interrogate you like you're a criminal. They look down on you because you're asking for help."

Gilbert eventually secured subsidized childcare, then got a job at a local pizza place, where she earns minimum wage. She has given up on cash assistance. She never even received a response to her application, she says.

"They didn't have to tell me," she says. "You just know. They are not going to give it to you."

FOREVER MEMORIES

In the rare moments when she can see past the struggles that shape her days, Brianna Butler imagines an alternate version of her life. She recalls how she was an honors student in elementary school, how she excelled in advanced trigonometry in high school, and how she had hoped to enroll in a local community college and pursue a career in law, maybe journalism.

"I really like debates," she says. "I used to love writing."

When she speaks in this vein, her eyes flicker to life, revealing her as the teenager she still is, despite her adult burdens. But advanced trigonometry has given way to the basic arithmetic of unpaid bills, a problem set rendered ever more challenging by unplanned motherhood.

She got pregnant in her senior year of high school, she says, after a late-night party and too many drinks. No one in her family was terribly surprised, least of all her mother, who had delivered Butler when she was herself only 18.

"She was just happy that I made it that far," Butler says.

Her mother was out of work and relying on food stamps, earning cash on the side by styling women's hair. She was looking after her own frail parents and left no doubt that caring for the baby would be Butler's sole responsibility.

"She made clear that it was my child," Butler says. "I was going to have to take care of my own child."

Kamiya was born on July 7, 2011. The baby's father was out of the picture by then, and he earned so little through occasional stints as an electrician that he was in no position to pay child support, Butler says. Two months later, still a high school student, she went to the welfare office and applied for TANF, securing a monthly check for $235.

A distant relative who runs a daycare business agreed to look after Kamiya for free while Butler completed high school. But when she graduated in January, the accumulated pressures of teenage motherhood landed with force. Her relative demanded full payment for daycare -- $165 a week.

Without a job, she could not pay. Without childcare, she could not even look for a job or make it to the work readiness classes the state required of her as a condition of maintaining her TANF check.

"I would have either had to pay for daycare out of pocket, and I didn't have the money, or pay my mother to watch her," she says. "I don't have the kind of family that helps you out unless they get something in return. I was basically stuck."

She applied for subsidized childcare through the state's program, but the welfare office in Decatur repeatedly mislaid her paperwork, she says. The office referred questions to the state Department of Human Services, which declined to discuss Butler's case, citing confidentiality rules.

Her mother had helped her establish herself in an apartment in a neatly maintained, low-income complex of brick townhouses called the Parc Chateau. She had aimed to get a job and then enroll in college classes. But once the welfare office noticed she was missing her classes, they cut her TANF check and she lost the apartment.

So ended the only time she can recall when she felt a sense of control.

"I like to just be by myself," she says. "I had a chance to think about what I wanted to do with my life. But when it came to paying my bills, none of that thinking done me any good."

The academic literature is lean on people who lose their welfare benefits, but what surveys exist paint a bleak portrait.

A 2000 survey of Iowa families that left TANF a year earlier found that roughly 1 in 10 was subsisting on monthly income of $500 or less. Compared to those surveyed with higher incomes, these families were more than twice as likely to have experienced hunger and three times as likely to have been homeless. They were also more likely to have lived without heat, electricity or a telephone -- factors that exacerbated their disconnection from potential jobs and aid.

An Urban Institute paper published in 2003 traced how such women coped with their circumstances: through a combination of food stamps, low-income housing programs, charity and the aid of friends and relatives.

In short, in a patchwork fashion.

When Butler lost her TANF check, she moved into a grey, one-story house that her mother had rented in Stone Mountain, where a sign on the living-room wall serves up intentional irony -- "Cherished Moments. Shared Joy. Forever Memories. Family."

What gets shared here, says Butler, is irritation and insufficiency, each reinforcing the other.

Her mother sleeps in one of the four bedrooms, along with her sister, Butler's cousin and Kamiya, who occupies a crib in the corner. Butler's grandparents take up two bedrooms, while her 18-year-old sister and her son fill the last.

Every night, Butler scrounges for her own space.

"I sleep on the floor of whatever room I feel like lying in," she says. "Whatever room where somebody don't mind."

Someone often does mind, and not just about the floor space she occupies -- blocking access to the lone bathroom -- but also about which of the groceries she has eaten. When Butler brings home her own food, she double-knots the bags and hides them in a storage closet.

Someone minds when she borrows clothing.

"I don't have my own clothes," Butler says, on this day wearing a pink- and grey-striped summer dress that her mother reluctantly lent her.

Someone often minds that she and Kamiya are in the way, which feels like a problem nearly every second her daughter is awake.

A rambunctious girl with a face so expressive that she seems almost adult, Kamiya is a rare source of happiness in Butler's life. "That baby's smart," she says. "That baby keeps you smiling so much."

That baby is also prone to doing what babies do, perpetually questing for this or that, climbing up on the living room sofa -- which Butler's mother has deemed off-limits -- and tearing into belongings that sit piled in the bedrooms. She works her vocal cords, demanding attention. Someone always seems to be hollering that Butler needs to come running and grab her. Someone always seems to be implying that she isn't doing enough for her child.

"There's too much arguing at my mother's house," she says. "Everybody in the house makes it clear -- this is not my house."

Butler hopes to move into a nearby motel that charges $198 a month for a room with a double bed, a microwave and a refrigerator.

"I won't have folks yelling all day," she says. "I've got my privacy. I don't have to worry about nobody touching my stuff."

But how can she manage that move when she doesn't have a job? And how can she get a job or any regular source of income, even a $235-a-month welfare check, when she has no one to look after her baby?

Any thought that starts off toward a better place tends to run into this thicket and stop cold.

"I wish I would have just waited to have a child," she says. "I've reached the point where I've wanted to give my baby away, 'cause I just can't do it."

She says this and her face contorts in pain -- because she cannot imagine a tenable life with Kamiya, and yet cannot imagine any life without her; because she wonders how her daughter is being shaped by her proximity to strife.

"I worry about her all the time," she says. "Every single day."

Butler's cellphone rings. The caller is a man who sweet-talked her at a train station on her way to the welfare office. He wants to get together, right now. She hangs up in disgust.

"He said he'd get me a phone, get me a room, what they all say they can do -- put money in my pocket," she says. "A lot of people tell me all the things they can do for me, and half of them ain't done it yet."

She doesn't need a phone. She needs infant formula for Kamiya, who has run through the free cans she gets every month from the federal Women, Infants and Children program. She can't get together now, because Kamiya's paternal grandmother has been taking care of her and is supposed to be dropping her off any minute.

Butler sifts through the day's mail and pulls out bills: more than $400 to cover the cleaning at her old apartment, plus late fees and rent; a $168 bill from the electric company.

"This junk is hard," she says. "I'm thinking about who I'm about to call to get some money."

A letter from the Department of Human Services tells her that her application for subsidized childcare has been "denied due to funding." What does this mean?

She calls the woman whose name is on the letter, and is told to disregard it.

Even if Butler successfully negotiates this bureaucracy, arranges childcare and then manages to attend her required classes and keep her TANF check, that would supply a grand total of $235 per month. Her mother is planning to move with her parents into a special home for the elderly, where she will be caretaker, meaning Butler will soon need to secure her own place to live. Her monthly check would hardly cover that.

The core objective of welfare reform was to end dependence on cash assistance. In that regard, it has been a stunning success: Few can depend on $235 a month. But TANF was also supposed to be a bridge to self-sufficiency. Butler's experience is the sort of story cited by those who argue that it has fallen short.

"I can't wait to get a job," she says constantly. But the jobs she has been applying for -- a sanitation spot at an aquarium, warehouse work, a hotel maid position -- pay no more than $9 an hour. They all require experience. Her resume ends after a part-time job serving food at a Chinese restaurant for minimum wage. She was recently rejected for a job at Wendy's.

"I'm not a stranger to work," Butler says. "I don't mind doing stuff out of my comfort zone, as long as it's honest. But as far as my experience goes, I don't see getting a job."

Here is what some experts cite as the fundamental flaw of welfare reform: It was launched in the mid-1990s, when the job market was so tight that even a single mother with little experience could land some sort of position, provided she was given the supports. Even then, however, the sorts of jobs she could expect to secure were unlikely to lift her out of poverty. Now, many women on TANF cannot reasonably expect to get any job at all.

Since the passage of welfare reform in 1996, the share of employed working-age women with high school degrees but no college education has dropped from about 54 percent to 46 percent, according to Labor Department data.

To be eligible for TANF today in Georgia, a family of three can have income of no more than $784 a month. Which means that a single mother who gets on TANF and winds up with a minimum-wage job without health benefits is counted in the ledgers as a success -- even as she remains officially poor.

"We've told everybody, 'You've got to get a job,' but the kinds of jobs that are available for both men and women, with or without children, are not family-sustaining jobs," says Randy Albelda,

an economist at the University of Massachusetts in Boston. "Employment is not the anti-poverty solution. That's the bottom line."

'THROW US TO THE WOLVES'

Butler had not wanted to bother with TANF again, not after losing her check in March. But her mother insisted that she seek cash aid as a condition of moving back in, so in April she applied and was again approved. Again, she was told that she would have to attend work-readiness classes every weekday for four weeks before she would receive her check. Again, she applied for subsidized childcare.

And now, again, she is sitting in the waiting room at the DeKalb County welfare office, waiting for her name to be called so she can ask why she has not received the paperwork she needs to establish subsidized childcare.

She has taken two trains and a bus to get here -- a two-hour journey -- using a farecard she borrowed from a friend. She has twice dropped off the required forms, she says, and is baffled as to why the welfare office still has not processed her file.

"There aren't a lot of reasons around here," she says. "The worst part is the waiting and the coming back and the having to start over all the time. They lose your paperwork like it's nothing."

She waits for an hour and is summoned to the front desk, where a clerk tells her that her caseworker is not here. She is off all week, so nothing can be solved today. Butler has missed another day of her required work-readiness classes, putting her check in jeopardy -- this, for nothing.

"This is crazy," she says. "I've got to do it all over again. They're going to end up closing my case. These folks don't care about us. They just give us paper and throw us to the wolves."

The next day, Kamiya's paternal grandmother is willing to watch her, so Butler goes to class. She and a dozen other women gather in a room tucked in a darkened wing of an aging Decatur shopping mall.

The classes only reinforce the futility of her situation, Butler says. The instructors constantly tell students they don't belong in the program.

"They tell you, 'Don't apply for TANF,'" she says. "The lady says, 'If you know you're not job-ready, then don't come.'"

"Job-ready" means having childcare and transportation, as well as being able to satisfy an office dress code. At class, Butler is wearing an oversized, fraying, white button-down shirt emblazoned with an eagle, the logo of a college football team in North Carolina. A guy gave it to her, she says. It's all she has to cover her black tank top, which would be deemed unacceptable. She's wearing her mother's black dress shoes, which are at least a size too small, and her feet are killing her.

These are not just her issues. One woman in her class is "much more homeless than me," Butler says. She's living out of her car, raising three small children. The baby's father is abusive and she has a temporary restraining order on him. How is she supposed to be job-ready?

But when people ask these sorts of questions in class, they get answers that seem dismissive.

"The lady who runs the class, she'll say, 'You find a way to do it,'" Butler says. "She'll tell you to figure it out. She'll say, 'I understand what you're telling me, but' -- there's always the 'but.' She's just following the rules. I learn not to get mad at stuff like that."

Here is the plainest product of Butler's experience with the welfare system, her practiced creativity in keeping Kamiya fed despite her lack of regular income.

"I have to ask people for money," she says. "A male friend. I call somebody and tell them my situation, and they give me an ultimatum: Hang out with them. Go out to eat. Go to their house."

Butler is not coy about what she expects from these encounters -- usually $40 or $50, though once she made $80. The guy took her to Waffle House for dinner, followed by drinks at his house, where she spent the night. She paid her mother $20 to take care of Kamiya.

She talks about this arrangement as if discussing, say, how one might apply duct tape to patch a crack in a window for lack of money to buy a new pane.

"I just got to keep trying to do what I've got to do," she says.

And yet it takes a toll. Reality seeps in.

"I try not to let it bother me none," she says. "I just hide everything. I just make it seem like everything's straight. But not everything's straight."

Back when she was in high school, she sometimes used to cut herself, she says. When she got pregnant, she stopped, feeling a sense of responsibility, an imperative to endure.

But she wonders how long she can keep it up, she says.

She feels herself sliding into despair.

"The other day, I thought about hurting myself," she says. "When this depression thing comes down, it comes down."

On a recent Friday, she goes into the welfare office to pick up her free bus pass for the following week -- the transportation component of the TANF program. Her caseworker comes out from behind a door to tell her that she has missed too many classes. Her file has been closed.

She is furious. She is confused. It is all so familiar.

"Now I've got nothing," she says. "Right now, I'm back at square one."

UPDATE: Many readers have written in asking how they may help Brianna Butler. She has created a PayPal account for those interested in sending a contribution. Her login is briannabutler32@gmail.com. In addition, several non-profit social service agencies assist mothers confronting issues explored in this story, and readers may wish to consider making a contribution. Among these groups are Dress For Success, which donates professional attire to working women in need, and Baby Buggy, which donates diapers, toys and other essentials for infants.

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Mr. LEWIS. Now, I happen to believe that poverty is a radical evil in our society. At one time, when we had full employment, unemployment was down to 4 percent, right? And we said we had full employment. There were still hundreds and thousands and millions of poor people. And we had the war on poverty. We had all these groups. Can any member of this panel suggest or tell me what should we do as a society, as a Nation, to maybe have a radical good, to abolish poverty from this land?

It is shameful, it is a disgrace. When you travel through America, in spite of all of the resources, there are still so many people left behind. You are right: They are black. They are white. They are Latino. They are Asian American. They are Native American. I travel and I have seen this country. If we had all the resources, if we had millions and billions of dollars, if we end the wars, stop spending so much money on bombs and missiles and guns and take care of our people here at home, what would you suggest that we do? What proposal? What plan?

Ms. LOWER-BASCH. As I said, you know, I think it is going to be a multi-tiered thing. One problem is there are an awful lot of people who are working, in many cases full time, year round, and they are still poor. Because we have an economy that has a lot of low-wage jobs. So there is a piece about both, you know, improving the labor market and providing supports for workers. There is a piece about, you know, people who have disabilities that really do prevent them from working. There are lots of different—there is no magic bullet. It is going to be 30 bullets, you know—I hate to use that metaphor. Let me not.

But it is going to be a lot of different pieces to the puzzle to put together. TANF is one of the pieces, and it has been a broken link. Let's take your example of Georgia. Georgia used to pay TANF caseworkers to go to domestic violence shelters to help women apply for cash assistance. They stopped doing that because they decided they did not want to make it easy for people to get cash assistance. You know, you don't want people to break up marriages when they are good marriages. But when there is a domestic violence situation, you want TANF to be that lifeline. And it is not always there. So, yes, it has been a broken piece in the puzzle.

Mr. BESHAROV. I am struck, Mr. Lewis, by the point you made and the point Mr. Kelly made. Because they are actually two parts of the same problem, which is the weakness of the family.

I was at a job training program in Newark, inner city Newark. And these were women, almost entirely minority, who had been practical nurses, and they were in a training program to become registered nurses. And this is automatic; you go from $25,000 a year to $45,000 or $50,000. It just happens—you know, there is no magic bullet. It is once they get the skills, whether it is the Affordable Care Act or whatever, there are jobs. So this is automatic.

And there were about 150 women in the room. And I said, "What is the biggest problem that you have?" And one of them got up and said, "Well, the man in my life just doesn't make it easy for me. One day I went home, all my furniture was in the street, and he had set fire to it."

Now, I said to myself, this is crazy. I am sure, I said, "How many other women have a problem like that?" Three hands. I said, "You mean exactly like that?" They said, "Yes."

Now, we have MDRC research from New York City when they did their program of job training and support for inner city women who wanted, volunteered, to go through job training and find a job. And what they found that was one of the major reasons why those women didn't make it is because the men in their lives did not support the idea of them becoming independent.

So some part of this, some part of this is about family relations. We may call it family violence. We may call it the broken family. But a part of this is getting these young—I am feeling this age issue—getting these young people to do it right.

Chairman REICHERT. Thank you.

Mr. LEWIS. Thank you, Mr. Chairman.

Chairman REICHERT. Thank you, Mr. Lewis.

Mr. Young, you are recognized for 5 minutes.

Mr. YOUNG. Thank you, Mr. Chairman, and Ranking Member, as well.

This is an important conversation. This really does fit into the larger picture of how we address poverty in this country. So I am glad that Mr. Lewis brought that up.

This is such a multifaceted challenge. Of course, the program we are here to discuss today plays a very important role in that puzzle. The weakness of the family. I have to say, before I get into the immediate concern of this hearing, I think if we could get the economy to grow a little faster, we would alleviate so much. I saw all heads nodding affirmatively on our panel when I said that. It would create more wherewithal so that we could fund these important programs, provide more hope and opportunity for people that—perhaps incentivize them to, if they are not already searching for work, to go out and search more actively, and just restore some hope and dignity and prosperity in this country. Because we know those on the margins of society who benefit from many of these important programs are most adversely hurt during a down economy. So reforming the Tax Code, the regulatory code and so on are things that we really need to do.

With that said, I know we are here today to discuss the implications of HHS' unilateral decision to waive work requirements from the TANF program. At a time when national poverty rates and welfare spending are very high, at least compared to recent history, Congress needs to ensure that those who need help are receiving TANF in a manner that provides a path to self-sufficiency, which includes ensuring that the job training programs that are out there are effective. But we must not waive requirements that have led to more jobs and earnings and also reduced poverty and welfare dependence. On that, I hope all of us can agree.

Now, before the 1996 Federal Welfare Law was signed into law by President Clinton, my home State of Indiana, under a Democrat Governor, Evan Bayh, created work requirements for Hoosiers who received welfare benefits. This ensured Hoosiers who were receiving benefits really got the benefits they needed. But we targeted this program toward those who needed the benefits most.

As former Governor Bayh later said, the bottom line was trying to make someone self-sufficient. We were trying to achieve two values: One was the notion of community, and also responsibility. So this is exactly, in my estimation, what the 1996 Federal Welfare Reform Law did, and is exactly what the Obama Administration is undermining through this unilateral decision by HHS.

So if HHS now claims they have the authority to waive work requirements, I am curious, and I will direct this question to Ms. Brown, I know GAO hasn't conducted a legal analysis about the authority to grant these waivers unilaterally, but did you indicate that you have reviewed documentation showing that there is no evidence the Administration has believed it had the authority in the past? So does this set us up on a sort of slippery slope here? What conceivably could HHS claim they could waive within the TANF program in the future?

Ms. BROWN. I am quite sure that our General Counsel will advise me that I have to be very careful with this question. I think——

Mr. YOUNG. Please don't. Just be candid and forthright.

Ms. BROWN. I think the issue is that what we saw when we looked at the records was a number of requests that States have made that were not necessarily grand redesigns. And during that process, HHS said, again and again, different people, different levels, we don't have that authority, we don't have that authority.

And then, as the President issued a memorandum telling Federal agencies to talk to States and locals about how to remove some of the burdens so that programs could work more effectively, they were hearing from States that they would like waivers. And HHS said they were beginning to think about whether—they were revisiting whether they had waiver authority. That is as much as I know.

Mr. YOUNG. That was a very carefully constructed response. But much appreciated. And I thank you very much for your testimony.

I yield back.

Chairman REICHERT. Thank you.

Mr. Griffin, you are recognized.

Mr. GRIFFIN. Thank you, Mr. Chairman.

Thank you for holding this hearing.

Mr. Besharov, I want to ask you, you talked about—Mr. Young was talking about the theory upon which the change was made. I want to know why it was made. Why would we take away the requirement that some sort of work—we have heard a lot about traditional work here. But I think that is a mischaracterization. I am looking at all the different combinations that one can engage in to fulfill the work requirement. There are all sorts of different things. And it seems to me the point of this is to get people engaged in productive work-related, work-type activities; not traditional work, necessarily. But why would the Administration do this?

Mr. BESHAROV. Well, let me just quickly follow up on what Ms. Brown said.

The authority the Administration is using to justify the waivers is quite a big gun. It is saying we have the authority to modify

what you, the States, have to report to us; therefore, we can waive any portion of TANF. It is not just this portion, based on that.

I have a feeling if the shoe was on the other foot, which is to say, if this were a Democratic House and a Republican Congress, we would have the same debate, only with different faces on the argument. This is a major expansion of executive authority if it is legal. If it is legal, it is because of quite a loophole; it is the teeniest little loophole that they are driving a truck through.

You asked the question, though, why might they want to do it? And it is because of the argument you are seeing here, which is, some people read the history and the current situation to mean the best way to get people into a productive job is for them to get into a productive job and increase their earnings and experience. Other people think the best way to do it is through education and training first. That is a big argument. It was not quite settled in 1996. But for a while, the work-first people had it; they were going with it. The people who are on the losing end of that argument are, in large measure, in the Administration. So they get now, as the President says, I won the election. So they are revisiting this argument about work-first versus job training. I think that is what it comes down to. I think they are wrong, but I think they—it is a longstanding argument.

One is never—I was trained as a lawyer—one is never supposed to ask a witness a question you don't know the answer to. But I believe, Jason, I believe it is the case that before you became Commissioner in New York, one half—one half of the women at City College were on welfare.

Mr. TURNER. Yes, that is actually true. And beyond that, Mr. Besharov, they didn't graduate.

Mr. GRIFFIN. We will save time for you to ask him questions.

Mr. BESHAROV. Sorry. I apologize.

Mr. GRIFFIN. My time is up.

It looks to me like education is a big part of combinations that I am looking at. For those of us who have spent a lot of time getting an education and had spent a lot of time working, I think we can do a good job assessing which is the best preparation for life. But, correct me if I am wrong, and I know that there was some sensitivity to getting into this by Ms. Brown, but the Administration was—they were opposed to, legally opposed to changing this before they were in favor of it. Is that fair? Could you speak to that? If she can't, can you?

Mr. BESHAROV. I think this was a new interpretation that reversed the opinion that HHS had for many years. It is clearly a new interpretation. And it gives them authority that many people, including HHS, didn't know it had before.

Mr. GRIFFIN. Thank you, Mr. Besharov.

Looks like I am out of time.

Chairman REICHERT. Thank you, Mr. Griffin.

Thank you all for your testimony today. I also want to thank the Members for being here at this important hearing. We have lots of work to do. Hopefully, we can come to an agreement so we can help those people out in our Nation who really need our help.

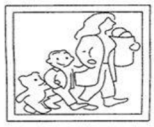
A reminder to all Members, if you have additional questions for the witnesses, they will be submitted in writing, please. And we

would appreciate receiving your responses when you get their questions in writing for the record within 2 weeks.

We now adjourn the meeting, thank you.

[Whereupon, at 10:30 a.m., the Subcommittee was adjourned.]

[Submissions for the Record follow:]



All Families Deserve

Chance Coalition

March 13, 2013

Dear Committee Members:

We encourage Congress to **oppose H.R. 890--the Preserving Work Requirements for Welfare Programs Act of 2013**. We encourage you to authorize the TANF waiver on the condition that states document improved employment outcomes, rather than defend adherence to mind-numbing overregulation that can stand in the way of helping parents find and retain jobs.

All of us would agree that a TANF (Temporary Assistance to Needy Families) success occurs when a parent who is able to work gets a job. Ideally, that job would pay enough for her to support her family. More likely, works supports like subsidized child care – currently subject to sequestration -- and the Earned Income Tax Credit would help her provide for her family's most basic needs.

Currently a Colorado mother and child would become ineligible for TANF, after a transition period, if she makes $8.50 per hour – or about $17,204 if she works 40 hours per week. The typical Colorado TANF recipient is a mother between 25-34 years old with a child under 6. According to the Self-Sufficiency Standard for Colorado 2011 report there is no county in our state where a mother and preschool age child can meet basic needs on $ 17, 204. The self-sufficiency standard cost of living range for this family composition is $24,032.76 to $59,407.91 and the highest cost driver is child care.

The 1996 Personal Responsibility and Work Opportunity Reconciliation Act may have intended to prioritize helping a parent obtain employment. Indeed, the federal law requires a "Work Participation Rate" (WPR) of 50% of all single parents on TANF, and 90% of all two parent families, which sounds good. However, the Work Participation Rate (WPR) is not a good measure of employment, or a good measure of a state's performance in the program, because it does not measure actual employment leading to economic self-sufficiency. The Federal Deficit Reduction Act of 2005 (DRA), also known as TANF Reauthorization, included changes to TANF WPR rules and required states to develop a work verification plan and monitor participants' engagement in work activities in order to verify hours of participation. The current list of "countable" work activities follows:

- Unsubsidized employment
- Subsidized private sector employment
- Subsidized public sector employment
- Work experience
- On-the-job training
- Job search and job readiness assistance (generally, up to 6 weeks a year)
- Community service programs
- Vocational educational training (up to 12 months, for up to 30 percent of those counting toward rates)
- Providing child care services to an individual who is participating in a community service program

But to move families from TANF and towards self-sufficiency and meet the needs of employers looking for skilled workers the following activities need to be incorporated:

- Job skills training directly related to employment
- Education directly related to employment
- Satisfactory attendance at secondary school or in a course of study leading to a GED.

Currently, each TANF parent is required to document at least 30 hours per week of "work activities". For parents of children 5 and under, the requirement is 20 hours per week. When we look closer at this "Work Participation Rate", it details exactly what kinds of activities are "countable" and "allowable". Instead of following the intent of the law which states that "work activities should help individuals develop the skills necessary to become job ready and go to work", the focus of states and counties has been on meeting the quotas listed, or risk losing TANF funding.

Having a GED increases one's ability to compete for a job. In Colorado, for example, 21% of those who lack a high school education are employed compared to 11% of those who completed high school, but have no college (State of Working Colorado 2012 p. 11, Colorado Center on Law and Policy, 2012). Under current requirements attending a GED class is allowable, but not countable. Parents must do 20 hours of "countable activities"—like a job or unpaid community service such as picking up trash or filing—before they can use the hours spent in GED preparation to count toward the rest of the 32 hours per week. Meeting, categorizing and documenting this weekly quota of activities preoccupies parents, case managers and human services staff. Parents must keep up activities to avoid sanctions. Staff focuses on these activities because they are the basis for funding.

This obsession for a weekly accounting of countable and allowable activities reduces the focus on obtaining and maintaining **actual paid employment.** In our current economy, those relatively few jobs available often require more education or different skills than parents on TANF have.

Many governors, as well as others who work with low income parents , and the parents themselves, would rather the **TANF program be judged by how well it helps low income parents obtain and retain jobs.** As Utah Governor Gary R. Herbert said in his waiver request: "Utah is very proud of the comprehensive work-centered approach we take moving adults from dependency to self-sufficiency. The cornerstone of Utah's philosophy is that all who can work should work, and that states are laboratories of innovation." As his office explained in a July 17, 2012 press release, "Utah's request for a waiver stems from a desire for increased customization of the program to maximize employment among Utah's welfare recipients –allowing for evaluation to be determined based on the State's success in placing customers in employment."

This was exactly what the proposed waiver- Memo #TANF-ACF-IM-2012-03-- would have required: That States could apply for a waiver to the work participation rate only if they agreed to other, more stringent, outcome measures **related to actual employment**. States were to be required to have performance measures and a stringent evaluation plan. H.R. 890 – Preserving Work Requirements for Welfare Program Act of 2013- removes the chance for states to try creative approaches towards job development, without burdensome government regulations, for a population that has already weathered the disadvantages of living in poverty.

Sincerely,

Brad Wood

Brad Wood, Legislative Chair
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Testimony Submitted for the Record
United States House of Representatives
Committee on Ways and Means
Subcommittee on Human Resources
Hearing on Waiving Work Requirements in the Temporary Assistance for Needy Families (TANF) Program
Submitted on March 12, 2013

Submitted by
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Testimony Submitted for the Record
United States House of Representatives
Committee on Ways and Means
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Hearing on Waiving Work Requirements in the Temporary Assistance for Needy Families (TANF) Program
Submitted on March 12, 2013

Mr. Chairman, Ranking Member, and Members of the Committee, on behalf of Goodwill Industries International, Inc., I appreciate this opportunity to submit written testimony on improving Temporary Assistance to Needy Families (TANF). Goodwill Industries® looks forward to working closely with Congress, the Administration and other stakeholders to improve the TANF program (TANF) through the reauthorization process.

Goodwill Industries is comprised of 158 independent, community-based Goodwill® agencies in the United States. Collectively, Goodwill's network of local agencies provided employment training, job placement services and other community services to approximately 5 million people last year. In addition, at least 190,000 people obtained meaningful employment as a result of Goodwill career services programs. In 2011, collectively, these employees earn $2.95 billion in salaries and wages and contribute to their communities as productive, taxpaying citizens.

Since TANF was created in 1996, Goodwill Industries has provided more than 1.5 million TANF recipients with pre- and post-employment services, including skills training, job search assistance, job retention support, and other career programs tailored to their needs. Goodwill career counselors seek to develop individualized career plans that aim to help people find jobs and move up the career ladder. Recognizing that it's not enough to just get a job, Goodwill agencies use a holistic "family strengthening" approach, and therefore provide or help provide access to a range of supportive services such as assistance with child care, transportation, and stable housing, The experience of our local agencies informs us that this strategy is very effective in helping people find a job, to remain attached to the labor force, and to advance in careers.

TANF does need to be reauthorized and improvements to TANF are needed. Careful consideration should be given to lessons learned, what has and has not worked in assisting families transition from welfare to work. The Information Memorandum released by the Administration on Children and Families provides an opportunity for states to test new approaches and collect evidence of the efficacy of the approaches used. Therefore, Goodwill supports TANF waiver authority or other approaches to provide additional flexibility to states to test work activities and other strategies to improve the employment outcomes and self-sufficiency of families that include a person with a disability.

Based on the experience of its network of local agencies in communities nationwide, Goodwill Industries International has the following recommendations:

Funding
A larger anti-poverty investment is urgently needed for the $16.5 billion block grant. Goodwill Industries appreciated the emergency TANF funding as it created incentives for states to aid more poor families. The TANF Emergency Fund expired on September 30, 2010 resulting in the dismantling of subsidized jobs programs and decreases in cash assistance. More resources are needed to increase access and reduce barriers at the state and local level and to raise sub-poverty benefit levels.

Congress should reinstate the TANF emergency fund and expand the Administration's proposal to assist more families who are living in extreme poverty. In addition, Congress should address some of the structural flaws within the program during reauthorization this year.

Access Barriers
Goodwill agencies provide support services – including financial skills strengthening and services for youth and families – that enable people from all backgrounds and walks of life to obtain and maintain economic independence and an increased quality of life. Many of these individuals – particularly individuals with disabilities, limited English proficiency, or limited literacy – turn to Goodwill because they are ineligible for TANF assistance or have found it difficult to enroll and maintain enrollment in the program.

Goodwill urges Congress to consider strategies to increase access and reduce barriers especially for populations that have a history of unemployment rates that are higher than the national average. In addition, Congress should consider extending the 60-month lifetime limit to some of these harder-to-employ populations or waive the lifetime limit during emergency circumstances.

Education, Training, and Employment
Goodwill agencies take a holistic approach to providing job-training and other supports to people with barriers to employment. Many Goodwills run local one-stop centers through the Workforce Investment Act (WIA) supported by the Department of Labor. States and localities have the option to include TANF programs in their centers and local Goodwills also offer these services, however more needs to be done to ensure that TANF is a true partner in the WIA system. As reported in a 2010 Government Accountability Office study, "several challenges including program differences between TANF and WIA and different information systems used by welfare and workforce agencies, inhibited state and local coordination efforts."[1] Goodwill is pleased to see the strides that the Department of Labor (DOL) and Health and Human Services (HHS) have taken to overcome these challenges.

Goodwills have been successful in working with TANF recipients in part due to strong ties within their communities. A Washington-based Goodwill agency provides a Community Jobs program funded through the Washington State Department of

[1] Government Accountability Office, "Support for Low-Income Individuals and Families: A review of Recent GAO Work" February 22, 2010, pg. 10.

Commerce. The Community Jobs program is a subsidized employment and training program for TANF recipients. Parents enrolled in the program are job-ready but still possess barriers to achieving independent employment in the community. Participation in the program involves 20 hours of work experience training at a nonprofit work site – Goodwill pays the participants' wages during their training and is reimbursed for wages through the contract. In addition, participants must also participate in 10 hours in a job-training or educational activities, (i.e. activities such as GED or basic computer classes), and 10 hours of barrier removal (i.e. going to court, domestic violence classes, doctor appointments, etc.). Goodwill's Community Jobs program is successful in part due to the strong community partnerships the agency has and the experience in providing other types of services to alleviate barriers to employment.

Goodwill recommends that TANF reauthorization include a focus on collaboration between DOL and HHS to share best practices and outcomes via the one-stop centers, TANF administrators, and other social service providers.

Research shows access to education is closely linked to economic security. Many community-based Goodwills are collaborating closely with community colleges to leverage their unique strengths and resources to develop and deploy local joint ventures that support career advancement, family and financial strengthening skills development with stackable credentials, and job placement with career navigation support.

Goodwill recommends that Congress maintain provisions that allow participation in post-secondary education to count as training.

Innovation and Capacity Building

Hard economic times have led to an increase in the number of families seeking assistance from Goodwill not only for employment assistance but also for low-priced clothing and household products. Goodwill agencies are innovative and sustainable social enterprises that support job-training, employment placement services, and other community programs. Goodwill sustains its services by selling donated clothes and household items at Goodwill retail stores and online, providing contract services, and securing grants and donations from private and public sources. Eighty-four percent of collective revenues raised go directly toward supporting and growing critical community-based programs and services.

A challenge for many nonprofits to address the rising need of individuals seeking assistance is related to the capitalization costs of expanding infrastructure. Congress recognized the potential for a system of capitalizing new Goodwill facilities in Section 413(h)(3)(A) of the Social Security Act, which allowed HHS to grant $10 million combined to two community-based Goodwills for the purpose of purchasing additional sites and the construction of new facilities. In exchange, the agencies were expected to demonstrate job placements for those leaving welfare to work with services funded by the proceeds from the new donated goods stores. A three-year evaluation of the grant showed that the agencies met and exceeded the placement quotas.

GII is requesting that Congress build on its success by capitalizing new Goodwill Job Connection programs in additional sites across the country. The purpose of the capitalization funds is to infuse capital into the network of Goodwills to accelerate its ability to build self-sustaining employment platforms in support of employment, training, and workforce development programs. Local Goodwills are established organizations with proven track records that have expressed their commitment to using federal capitalization funds to address the needs of their communities.

Goodwill believes that the capitalization model is an effective way for the federal government to address the immediate needs of communities in hard economic times through job training and placement programs while creating programs that will stand ready to address the changing needs of communities for the next 30 years and beyond.

Goodwill Industries urges Congress to support legislation that would allow self-sustaining social enterprises, like Goodwill, to continue to grow and meet the needs of their communities.

Conclusion

Thank you for taking the time to consider these recommendations. We look forward to working with Congress to consider changes to the TANF program that would result in providing improved supports for people who have low incomes. As our nation recovers from this economic downturn, Goodwill stands ready to leverage its existing infrastructure to supplement government programs that enhance the dignity and quality of life of individuals, families, and communities by eliminating barriers to opportunity and helping people in need to reach their fullest potential though the power of work.

Statement to be included in the record of the House Committee on Ways and Means, Subcommittee on Human Resources, February 28, 2013 hearing on "Waiving Work Requirements in the TANF Program"

Submitted by Linda Meric, Executive Director, 9to5

The federal TANF program's current work requirements create obstacles to reducing poverty for our nation's low-income families. The emphasis on "work-first" for participants and on meeting work participation requirements for states has meant that families often lose TANF support but continue to live in poverty.

States should be encouraged to test alternative approaches to improve employment outcomes for low-income parents and economic stability outcomes for low-income families. The U. S. Department of Health and Human Services should be allowed to grant waivers to states that have a plan to implement innovative strategies to help parents successfully prepare for, find, and retain employment.

The success of the TANF program should be measured by its effectiveness in reducing poverty by assisting low-income parents to succeed in stable, living wage employment. Currently, parents move from TANF to unstable employment with low wages and few, if any, benefits. Child and family well-being don't improve, and welfare leavers often suffer increased hardship.

More emphasis on education and training for stable long-term employment in living wage jobs with advancement opportunities is one critical strategy for moving families out of poverty. Parents who complete postsecondary education and training programs increase their earnings and employment at double the rates of parents in "work-first" programs.

Additionally, subsidized employment and training programs tested under the TANF Emergency Contingency Fund had positive results for participants moving from subsidized to good permanent employment. TANF also needs to provide adequate investment in the supports that parents need to be successful in employment – such as consideration for participants' caregiving responsibilities, child care, transportation, family violence services and protections, health and mental health services, education and training, career ladders for family-supporting jobs and protections for immigrant families.

States should be encouraged to invest in these types of alternative approaches to improve employment outcomes for low-income parents. They have shown positive results for moving low-income parents to family-supporting employment and their families to economic stability. The U. S. Department of Health and Human Services should be allowed to grant waivers to states that have a plan to implement these innovative strategies.

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Comments for the Record
United States House of Representatives
Committee on Ways and Means
Subcommittee on Human Resources

Hearing on Waiving Work Requirements in the TANF Program
Thursday, February 28, 2013, 9:00 AM

By Michael G. Bindner
Center for Fiscal Equity

Chairman Reichert and Ranking Member Doggett, thank you for the opportunity to submit comments on these issues. While this subcommittee has addressed this issue before, and will likely continue to do so until we can find a more satisfying solution to the problem of poverty in America, this topic yielded additional national attention in last Fall's campaign, due to its misuse. Hopefully, this hearing addressed rather than exacerbated the truth deficits on this issue.

As always, the Center for Fiscal Equity is available to brief the Subcommittee, individual Members and staff regarding this issue and our approach to it, which we have provided before. We await your invitation to talk.

Sadly, the Center believes that welfare reform has worked exactly as intended in far too many cases and it is only recent reforms which have mitigated the harm done to marginally skilled families. The current law is in drastic need of reform, although we do not expect the current majority to propose those reforms which would actually improve the lives of our nation's economically marginal families. Allowing the Secretary to issue waivers to force more people into dead end jobs when they are not even literate is not a step in the right direction.

We note that the Chairman referred to helping able-bodied recipients to find jobs. In this day and age, the challenge is finding able-minded ones.

The goal of using welfare reform to cut case loads and reduce budgets has led some states to cherry pick TANF participants, directing families in more need of assistance to the Social Security Disability program or other forms of assistance. This helps no one escape long term poverty. Further, lifetime benefit limits have pushed poorer women to use abortion services to preserve the economic health of their families. Poor women have been chosen to sacrifice their children for subsistence, just as ancient Israelites sacrificed their children to Baal for a good harvest. We can do better.

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

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

Increases to minimum wages and benefits, such as mandatory sick leave are, by far, the best incentive to get people to work. Mandatory sick leave would also help the prospects of health care reform, as parents would no longer be forced to resort to emergency room care because the doctor's office is closed during working hours, thus decreasing costs for all. I recently had a hospital stay for chest pains. The lobby was full of families with children needing care for the flu who could not get it during the day or from a normal doctor.

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

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

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

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

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

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

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

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

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

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

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

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

The Center for Fiscal Equity applauds any state which uses excess MOE credits to provide decent income and training to participants without requiring that they work in substandard jobs. We challenge those who support the current law to produce any success stories of workers who started in low wage jobs through TANF and have now entered the middle class. We expect that there are less such stories than the number of children aborted due to life-time benefit limits under this program.

Thank you again for the opportunity to present our comments. Again, we are always available to members, staff and the general public to discuss these issues.

Contact Sheet

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Hearing on Waiving Work Requirements in the TANF Program
Thursday, February 21, 2013, 9:00 AM

All submissions must include a list of all clients, persons and/or organizations on whose behalf the witness appears:

This testimony is not submitted on behalf of any client, person or organization other than the Center itself, which is so far unfunded by any donations.

Waving Work Requirements in TANF Program

Submitted by: Richard Franke
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This requirement was put into this program to encourage persons to seek employment. Without them you would be encouraging recipients to do nothing to better themselves and would increase the burden upon working law abiding citizens. Encouraging government sustenance is to be avoided by any means available. It is not for the citizens to support families that can sustain themselves.

I would suggest that BOTH parents of these families be required to sustain them and provide for them. They created them and should therefore have the responsibility to maintain and provide for them. Too often only one of the parents is responsible and that needs to be corrected.

There have been programs in the past, CCC comes to mind, that would aid in providing for a family. Why is this not being used now? At least then the country would be getting something for their money instead of nothing but more on the welfare rolls. Too many families have become full time recipients of welfare for generations. Personally, I am sick of sustaining them. It is time for this administration to do the needed things to resolve this problem and removing this requirement is NOT one of them!

Additionally, the benefits have been entirely too generous. Allowing cell phones for supposed job searches have been abused.

Hearing on Waiving Work Requirements in the
Temporary Assistance for Needy Families (TANF) Program
February 28, 2013

Written Testimony

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

On behalf of the Consortium of Citizens with Disabilities (CCD) Temporary Assistance for Needy Families (TANF) Ad Hoc Task Force, we thank you for holding this hearing and appreciate the opportunity to submit written testimony. This testimony is being submitted on behalf of the Task Force by Co-Chairs Sharon McDonald, National Alliance to End Homelessness and T.J. Sutcliffe, The Arc of the United States.

CCD is a coalition of national disability organizations working together to advocate for national public policy that ensures the self-determination, independence, empowerment, integration and inclusion of children and adults with disabilities in all aspects of society. Since 1973, the CCD has advocated on behalf of people of all ages with all types of disabilities. CCD has worked to achieve federal legislation and regulations that assure that the nearly 57 million children and adults with disabilities are fully integrated into the mainstream of society. The CCD TANF Ad Hoc Task Force works to promote the employment and employment-readiness of parents in families that include a parent or a child with a disability who receive, or are eligible to receive, TANF assistance.

CCD strongly supports TANF waiver authority or other approaches to provide additional flexibility to states to test work activities and other strategies to improve the employment outcomes and self-sufficiency of families that include a person with a disability.

In his opening remarks, Chairman Reichert stated, "Americans consistently believe welfare should primarily serve as a bridge to self-sufficiency, empowering able-bodied recipients with the tools to secure a job, lift oneself out of poverty, and provide for one's families." Like other citizens, people with disabilities also believe that welfare benefits should primarily serve as a bridge to self-sufficiency, empower recipients with the tools to secure employment and ability to meet their families' needs. This should also be the goal for families that include persons with disabilities. The current structure of the TANF program does not provide the right tools to

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achieve this and instead hinders the ability of states to appropriately serve families that include a person with a disability.

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) introduced significant shifts to the provision of assistance to poor families. PRWORA instituted work requirements, time limits, and additional supports for families transitioning from cash assistance to employment. In the years immediately following the passage of PRWORA, cash assistance caseloads declined dramatically and employment among single mothers, aided by a strong economy, the expansion of the earned income tax credit and welfare reform, increased. However the increased employment was short lived – employment among single mothers with children has been declining since 2000.

The reduction in the number of families receiving TANF assistance contributes to the widespread perception that welfare reform is a success. And yet evidence emerged quite early that a subset of families were not well served. While the number of single-parent families with employment rose, so too did the number of single-parent families without income from employment or any forms of government cash assistance. The number of families living in deep poverty, with incomes below one-half of the poverty level, began to increase and then sharply accelerated when the unemployment rate began to creep up.

TANF Work Participation Rate Structure Disadvantages People with Disabilities

Among the families not well served by welfare reform are families that include a person with a disability. In large part, this is due to the inflexibility in the work participation rate and the narrow array of activities that states can count toward the work participation rate. These activities, and the hours that are required in order for families to be counted toward the work participation rate, are too rigidly defined to match the needs and potential of many families that include a person with a disability. The rigidity of this approach does not allow states to use all available options to create bridges to self-sufficiency for families dealing with a disability.

There is an array of challenges persons with disabilities may experience when trying to access TANF services. Families that include a person with a disability are often subject to the same pre-application requirements (e.g. job search) for assistance as other applicants, which may make it hard for them to access TANF assistance in the first place. Once enrolled, if appropriate screening or assessment tools are not in place, parents with disabilities may not be identified or linked to services that could help them succeed. As a result, families that include a person with a disability may be subjected to work requirements they are simply unable to meet. These families are at risk of sanctions - a partial or full reduction of cash assistance benefits - because they were unable, not unwilling, to meet the work requirements.

It is not surprising, therefore, that research has demonstrated that families that include a person with a disability are disproportionately represented among families who have been sanctioned. The challenge in accessing, and maintaining, connections to the TANF program for persons with disabilities can mean that many of the families most at-risk of chronic poverty are disenfranchised from the very program that should help them increase their self-sufficiency.

Families that include persons with disabilities who are able to sustain a connection to TANF programs may not receive appropriate services and supports to help them achieve greater self-sufficiency because the services they require, or the numbers of hours they can participate in

work activities, cannot be counted toward the work participation rate. Families with multiple and severe barriers to work, including disabling conditions, may require services that cannot be counted toward the work participation rate, or can only be counted for a small amount of time – less than what the families may require to achieve greater self-sufficiency. An example is rehabilitative services, which can only be counted for up to six weeks, or the equivalent number of hours, a year. This is simply insufficient for many families.

In addition, families' engagement in work activities can only be counted toward the work participation rate if they fulfill **all** of the required number of hours in a work activity – 20 hours a week for single parents of children age 6 and under and 30 hours for single parents of children over the age of 6. Some families that include a person with a disability can meet the expected level of work hours in work activities appropriately tailored to their needs. Other families require accommodation. Due to their own health needs, or their child's, some parents may only be able to participate in work activities 5 or 10 hours a week. The effort of parents who meet some, but not all, of the required hours in work activity cannot be counted toward the state work participation rate.

States are required to appropriately serve and accommodate families that include a person with a disability under the Americans with Disabilities Act and Section 504 of the Rehabilitation Act. This requirement can come into direct conflict with states' primary goal of meeting the federal work participation rate.

States that do not meet the federal work participation rate are subject to financial penalties. As a result, states are under enormous pressure to invest in work activities, and in families, that can be counted toward the work participation rate. Too often, the services and accommodations that families that include a person with a disability require to succeed are not countable. And yet, states are mandated to provide appropriate services and accommodations to people with disabilities.

This can become a no-win situation for states. States can chose to provide families that include a person with a disability "activities that matter" regardless of whether the activity or the family can be counted toward the work participation rate if it helps families transition to greater economic self-sufficiency. These states may place themselves at risk of financial penalties when they are subsequently unable to meet the work participation rate. In order to avoid the penalties, states might choose to focus exclusively on activities, and families, that can be counted toward the work participation rate, leaving families that include a person with a disability without access to opportunities to improve their self-sufficiency. These states may be found in violation of the Americans with Disabilities Act and Section 504 of the Rehabilitation Act for failing to make appropriate accommodations to people with disabilities.

The true victims of the inflexible work participation rate are families who face challenges accessing appropriately tailored services that could help them achieve greater economic self-sufficiency. If eligible families that include a person with a disability are fortunate enough to receive TANF assistance, they often are exempted from work participation activities. While some exemptions are necessary, it can deny families who could benefit from appropriately tailored supports, such as rehabilitative services, the opportunity to realize their full potential. Exemptions may minimize the risk that the families will be sanctioned and lose access to income supports, but it can also means they are at heightened risk of languishing on state caseloads without ever been afforded the services that can help them escape poverty and increase their

income from employment. These families are disproportionately likely to reach time limits and lose benefits at that point.

It is unfortunate that the work participation rate as it is currently structured emphasizes adherence to monitoring compliance with regards to the activities and hours performed as opposed to whether those activities and hours are having its intended effect of moving families to greater self-sufficiency. States receive credit toward the work participation rate when the number of families receiving assistance declines, whether they have transitioned from welfare to greater self-sufficiency or have simply transitioned off of assistance and sunk into deeper poverty. Similarly states are evaluated solely on whether they are engaging the required number of families in the required number of hours, in narrowly defined work activities. The important questions of whether these interventions matter and whether they make a difference in helping families move toward greater self-sufficiency, are viewed as irrelevant under programs that are largely designed to meet the federal work participation rate and take advantage of credits for caseload reductions.

Previous Bipartisan TANF Reauthorization Proposals Recognized Need for Reform

A "Tripartisan Agreement" crafted by Senators Hatch, Breaux, Rockefeller and Jeffords to reauthorize TANF in 2002 put forward reforms that would have greatly improved how the TANF program serves families that include persons with a disability. While increasing the proportion of families on TANF assistance expected to meet the work participation rate, the Tripartisan Agreement also proposed improving services to families that include a person with a disability by:

- Extending the amount of time that parents could engage in rehabilitative services and be counted toward the work participation rate to six months to help parents with disabilities combat barriers to employment;
- Requiring TANF agencies to review Individual Responsibility Plans prior to imposing sanctions to reduce inappropriate sanctions for families unable to comply with work requirements; and
- Providing partial credit toward the work participation rate for families who are able to meet some, but not all, of the required number of hours in approved work activities.

The Personal Responsibility and Individual Development for Everyone (PRIDE) bill, which received bipartisan support in the Senate Finance Committee in 2005, also increased the proportion of a state's TANF caseload that was expected to engage in work activities, and slightly increased the number of hours parents were required to work. At the same time, the PRIDE bill also expanded the work activities families could participate in that could be counted toward the state's work participation rate, including allowing families engaged in rehabilitative services to be counted toward the work participation rate for up to six months, with a possibility of extension, to combat barriers to employment. PRIDE also would have provided states with partial credit for families meeting some, but not all of the work hours in work activities. PRIDE also instituted mechanisms to prevent the inappropriate application of sanctions on families unable to meet work participation requirements. PRIDE further proposed providing credit to the work participation rate for states that showed gains in improving the *employment outcomes* of families on TANF as opposed to providing a credit for reducing the number of families TANF agencies serve.

Ultimately, the TANF program was reauthorized in the Deficit Reduction Act of 2005. This reauthorization provided none of the improvements to the TANF program identified above to make it easier for states to serve people with disabilities. Instead, reauthorization had the impact of reducing state flexibility to use TANF and MOE resources to assist people with disabilities. The recalculation of the state credit for caseload reductions required states to engage more families on the TANF caseload and the activities that could count as work were more narrowly defined by the U.S. Department of Health and Human Services. While some modifications have been adopted, including allowing some parents providing care to a disabled family member to be exempted from the work participation rate calculation, the program provides limited tools to states to appropriately serve, and receive credit for serving, families that include a person with a disability.

Improvements to TANF Are Needed

TANF does need to be reauthorized. A thoughtful reauthorization of TANF must involve careful consideration of what has and has not worked in helping families make the transition from welfare to work. It must include a thorough exploration of how well the program is functioning as a safety net when less than half of families believed to be eligible are accessing assistance – including less than half of homeless families seeking emergency shelter. This means families without the ability to take care of their most basic needs are not being helped by the TANF program. More evidence is needed about what are the most effective strategies to help particularly vulnerable subsets of families make the transition to work – including families that include a parent or a child with a disability.

The Information Memorandum released by the Administration for Children and Families provides an opportunity for states to test new approaches that can be used to assist families that many states are currently overlooking. Importantly, the Information Memorandum requires that states adopting a waiver collect evidence of the efficacy of the approaches used – which can provide valuable information for TANF reauthorization that can better serve all poor families with children in today's economy.

Congress can also take action and pass legislation that conveys to states the expectation, and the flexibility to meet that expectation, that all families will be provided the tools they require to achieve greater self-sufficiency through participation in the workforce and that all families with children are protected from deepening poverty.

Cover Sheet/Supplemental Contact Information

Hearing on Waiving Work Requirements in the
Temporary Assistance for Needy Families (TANF) Program
February 28, 2013

Written Testimony

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

February 28, 2013

Submitted by:
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On behalf of the:
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LEGAL
momentum
The Women's Legal Defense
and Education Fund

Statement of Legal Momentum

Submitted to the House Committee on Ways and Means to be included in the record of the Subcommittee on Human Resource February 28, 2013 hearing on
"Waiving Work Requirements in the TANF Program"

Prepared by:
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Chairman Reichert called this hearing in response to HHS' announcement last summer[1] that it was willing to grant states permission to apply different work rules than the rules specified in the TANF statute to allow states to test alternative approaches that might be more effective in improving employment outcomes for TANF recipients. In his announcement of the hearing, Chairman Reichert expressed his opposition to the HHS policy on the ground that alternative work rules might decrease single mother earnings and increase single mother poverty.[2] However, the reality is that the TANF statute's work rules help perpetuate single mother poverty by preventing single mothers from obtaining the education that is the surest pathway out of poverty to a living wage. Single mother poverty could be reduced if states were allowed to apply work rules that would foster educational opportunity.

There is a strong correlation between educational attainment and the risk of poverty. The poverty rate is about 50% for single mothers who lack a high school degree, compared with about 30% for single mothers with a high school degree, about 20% for single mothers with an Associate degree, and about 10% for single mothers with a Bachelor's degree.[3]

40% of TANF recipient parents have not completed high school and only 5% have attended college even for a day.[4] Despite the obvious desirability suggested by these figures of allowing and encouraging TANF parents to improve their educational attainment, the TANF statute has continuously embraced a "work first" approach that discourages participation in education and training. States are penalized unless a specified percentage of recipients participate in federally countable activities. High school attendance generally counts as full participation only if the parent is under age 20, and college attendance as full participation only

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[1] HHS Information Memorandum TANF-ACF-IM-2012-03 (July 12, 2012), available at http://www.acf.hhs.gov/programs/ofa/resource/policy/im-ofa/2012/im201203/im201203.

[2] Chairman Reichert's announcement is available at http://waysandmeans.house.gov/news/documentsingle.aspx?DocumentID=320621. About 90% of parents receiving TANF are single mothers.

[3] Poverty rates calculated by Legal Momentum using the U.S. Census Bureau Current Population Survey Table Creator at http://www.census.gov/cps/data/cpstablecreator.html.

[4] U.S. Department of Health and Human Services, *Temporary Assistance For Needy Families, Eighth Annual Report To Congress*, at Table 10-25, (2009), available at http://www.acf.hhs.gov/programs/ofa/data-reports/annualreport8/ar8index.htm. This HHS report indicates that 4.6% of adult recipients had "more than 12 years" education but does not indicate how many had obtained either an Associate or Bachelor 's degree.

if the program of study qualifies as "vocational education" and then only for 12 months. In 2008, fewer than 2% of adult recipients were counted as participating based on high school/GED attendance, and only about 4% were counted as participating based on attendance in vocational education.

Work first reinforces women's employment in unstable, no-benefits, low-wage "women's work." When they leave TANF, single mothers overwhelmingly enter low wage jobs in low wage industries and occupations dominated by women with typical wages of between $7 and $8 an hour.[5] Twelve of fifteen federally funded studies of parents who had left TANF ("TANF leavers") found that average earnings in the quarter after leaving TANF were less than the poverty level for a family of three.[6] Most TANF leaver jobs lack basic benefits such as health coverage, sick leave, pensions, and vacation.[7] Many of these jobs are unstable, with the percentage of TANF leavers employed in all four quarters after leaving TANF ranging from a low of 35% to a high of only 58% in five state studies.[8]

Due to low wages and unstable employment, TANF leavers often experience severe hardship. In state TANF leaver surveys, the percentage of leavers reporting "moved or evicted" ranged from 5% to 21% (11 states); "needed medical care but couldn't get it" from 13% to 54% (8 states); "had a time when no way to buy food" from 13% to 44% (8 states); "electricity cut-off" from 2% to 36% (6 states); and "phone cut-off" from 22% to 48% (6 states).[9]

Among single mothers, those with a high school degree have much higher wage rates and employment rates than those without a high school degree. In 2009, single mothers with a high

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[5] Lower-Basch, Elizabeth & Mark Greenberg, *Single Mothers in the Era of Welfare Reform*, at 175-6 (2008), available at http://www.clasp.org/admin/site/publications/files/0490.pdf.
[6] Committee on Ways and Means, U.S. House of Representatives, *Background Material and Data on the Programs within the Jurisdiction of the Committee on Ways and Means 2008* (popular name "Greenbook'), at 7-85 – 7-86 (2008), available at http://democrats.waysandmeans.house.gov/sites/democrats.waysandmeans.house.gov/files/documents/tanf.pdf.
[7] *Single Mothers in the Era of Welfare Reform*, *supra* n.5.
[8] Devere, Christine, *Welfare Reform Research: What Do We Know About Those Who Leave Welfare*, at 14, (2001), a Congressional Research Service report for Congress, available at http://assets.opencrs.com/rpts/RL30882_20010313.pdf.
[9] *Id*. at Table 2.

school degree had an employment rate of 57% and average earnings of $29,352 when working full-time, year-round; single mothers without a high school degree had an employment rate of only 37% and average earnings of only $21,764 when working full-time year-round.[10]

Similarly, single mothers with a college degree have much higher wage rates and employment rates than those with only a high school degree. In 2009, single mothers with an Associate degree had an employment rate of 70% and average earnings of $38,677 when working full-time, year-round; single mothers with a Bachelor's degree (or more) had an employment rate of 76% and average earnings of $59,392 when working full-time, year-round.

The TANF statute's work rules creates a roadblock to the educational opportunity that is a real path out of poverty and into stable, living wage employment. HHS should be allowed to grant waivers to states who wish to test alternative approaches.

[10] Employment rates and average earnings calculated by Legal Momentum using the U.S. Census Bureau Current Population Survey Table Creator at http://www.census.gov/cps/data/cpstablecreator.html.

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Submission to the Ways and Means Subcommittee on Human Resources
regarding Waiving Work Requirements in the TANF Program

Abstract

Single mothers living in poverty within the United States have marked increases in psychological and physiological disparities compared to mothers in other income brackets due a lack of support systems. Women who are at or below the federal government poverty line or are of low income status work more hours, receive lower wages and receive little to no "entitlement" benefits, such as healthcare or paid leave compared to other non-poverty groups. This marginalization of single mothers impacts the women and their offspring creating a cyclical pattern that is "imprinted" on the child or children creating a long term trend which may perpetuate into future generations.

Single mothers living in poverty within the United States have marked increases in psychological and physiological disparities compared to mothers in other income brackets due a lack of support systems. It is estimated that there are 85.4 million mothers living in the United States, 10 million are single mothers. Of all single-headed families living in poverty, 86 percent were headed by women compared to married-couple families living in poverty at 5.3 percent (Dinitto & Cummins, 2005). In order to better understand why this demographic sees higher rates of psychological and physiological disparities compared to mothers in other income brackets it is necessary to review other reputable entity's research as well as the various issues that these women and their children face.

A report using data from government agencies, social scientists and researchers worldwide provides useful information regarding single mothers in poverty. The report shows that single mothers in the United States are employed more hours and yet have much higher poverty rates than their peers in other "high-income" countries ("This Week in Poverty – U.S. Single Mothers" 2012, Kaufman). Employment is not moving women and their children out of poverty. Income for the majority of single mothers in the United States is significantly lower compared to other high income countries such as, Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Spain, Sweden, Switzerland, and the United Kingdom (Kaufman, 2012). Further, Coontz & Folbre (2002), state that "In Canada and France, single mothers -- and children in general -- are far less likely to live in poverty. Sweden and Denmark, with higher rates of out-of-wedlock births, have much lower rates of child poverty and hunger than does the United States" ("*Marriage, Poverty and Public Policy"*). Within other industrialized countries the poor and vulnerable, namely single mothers and their children, are not faced with the same levels of financial disparities that single mothers

living in the U.S. are faced with. These financial disparities leave single mothers in the U.S. disenfranchised and create feelings of hopelessness. What does this say about how the United States culture views one of its most vulnerable demographics?

In a poll conducted by the Pew Research Center evidence shows that the majority of Americans believe that single mothers are "bad for society." The research study states that, "nearly 7 in 10 Americans think single mothers are a bad thing for society" ("In defense of single mothers," 2012). Are single mothers truly "bad for society"? Do other industrialized nations view their single mothers in a similar way?

In France, social services distributes not only cash assistance to those in need, but also housing, child care assistance, mediation if needed and single parents receive help in obtaining child support from an estranged partner. According to a recent report by the Caisse nationale des Allocations familiales (the family branch of the French social security services), "Local family benefit funds have a total 29 million people on their files, including spouses, co-habiting partners and children, – nearly half the French population"(" Caisse nationale des Allocations familiales", 2012). The people of France support early childhood benefits with 75% being "satisfied" with current services provided to families living in impoverished states. The French government supports all family systems and views single parents and their children as "vulnerable populations in need of assistance." In 2010 the French secretary of state for family and solidarity, Nadine Morano, launched a series of workshops on the conditions of vulnerable children in France. The workshops came from an interdisciplinary approach and involve local officials, government partners and professionals working in the field of child protection ("France launches workshop", 2010). The workshops were designed to help eradicate the stigma that is

often associated with living in poverty and being in a single parent household as well as promoting inclusion.

The U.S. was also striving to make changes in regards to how the nation was addressing the issues around poverty. In the 1990's the United States federal and state aid to needy families began its transformational process. In an attempt to get single mothers into the labor work force a law was passed that replaced the Aid to Families with Dependent Children (AFDC) which allowed single mothers cash assistance was replaced with the Personal Responsibility and Work Opportunity Act (PRWORA) at the Federal level and the Temporary Assistance for Needy Families (TANF) at the state level (Farley & Haaga, 2000, p. 215). Many critics argue that the PRWORA negates what the program was initially set up to do, place those in poverty back into the labor work force. According to London (2005) the welfare reform outcomes for the those who qualified was a great contradiction and showed little if any empirical evidence of bolstering recipients finances stating that, "nearly half of welfare recipients lack basic education and the minimum qualifications necessary to gain good-paying jobs that would enable them to stay off of welfare" (As cited by Kim, 2012, p.70). Those who are fortunate enough to receive a college education, regardless of marital status, have better earning power than those with a high school diploma, GED, or some college education without a degree. This is especially true for women and those who find themselves in the role of single mother head of household. Research shows that women who are highly educated are more likely to be employed compared to an uneducated woman due to higher wages and increased job interest, in other words the highly educated woman has greater opportunity afforded her due to her higher education in obtaining and maintaining a position of employment that is both meaningful and interesting (England, Gornick & Shafer, 2012, p.1). Further, higher education attainment by single mothers has positive

influences on their children as well. A study of single mothers attending college in Australia found that women and their children showed marked increases in positive feelings,

> As a result of their educational experience, single mothers reported that they were more understanding of people, better communicators and problem-solvers, more tolerant and open, more interesting, more interested in others, more enthusiastic, more sympathetic to others, and less defensive. Accompanying these changes, single mothers reported that their children were more respectful, were more likely to ask them for help, became more resourceful, were less sexist, and had expanded their own interests and aspiration (Van Stone, Nelson and Niemann, 1996, p. 2). The study further stated that these women often had higher achievement standards than that of single or married women and were more likely to rely on faculty and staff for support. On the other side of the educational attainment spectrum those who are unable to receive a college degree experience higher levels of negative self concept due to higher than average hours and decreased wages at exceptionally higher rates. According to Timothy Casey and Laura Maldonado (2012),
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>> U.S. jobholders have an exceptionally high rate of low-wage employment (25%) compared to jobholders in comparison countries, and jobholding U.S. single parents have an exceptionally high rate of low-wage employment (around 40%) compared to other U.S jobholders (p.7).

Casey and Maldonado also state that U.S single parent households are the worst off due to the barriers that this demographic faces, such as a lack of paid-time-off-work benefits, having little to no health coverage, high costs of daycare and a lack of higher education. Furthering the blow comes in the form of tax credits. Most tax credits provided by the United States Federal government such as the Earned Income Tax Credit (EITC) benefit those who are married,

working and are receiving low to moderate incomes. Bear in mind the income must be "earned" according to the federal guidelines. The Internal Revenue Service website states that in order to qualify adjusted gross income (AGI) must each be less than:

- $45,060 ($50,270 married filing jointly) with three or more qualifying children
- $41,952 ($47,162 married filing jointly) with two qualifying children
- $36,920 ($42,130 married filing jointly) with one qualifying child
- $13,980 ($19,190 married filing jointly) with no qualifying children ("2012 tax year", 2012). The report does not show the EITC as being beneficial to other types of family systems residing in the United States such as single parents or single mothers- head- of- household. In 2009 the median income for single mother families living in the United States was roughly $25,172 ("Harder times for single mothers and their children", 2011). If income is based on scholarships, student loans, grants and the like the IRS does recognize this as "earned income" and persons who fall under this income type will not qualify for the EITC. In other words those who choose to attend a college or university full-time and raise their child or children will not receive benefits in the form of tax credits. However there is some conflicting evidence that the EITC is in fact beneficial to those that it was intended to serve and bears mentioning. In a study from the Center on Budget and Policy Priorities states that the EITC is proving to be effective in reducing poverty and is successfully getting single mothers employed. In regards to the study Meyer and Rosenbaum stated that, "EITC expansions instituted between 1984 and 1996 were responsible for more than half of the large increase in employment among single mothers during that period" (As cited by Charite,

Ghupta and Marr, 2012, p.2). The report also states that millions of people, including children, are being moved above the federal government poverty line. I think that it is important to note that the study does not reflect the current state of single mother-head-of-household family systems or those who fall under this category and who are attending college or university.

How are single parents, namely single mothers fairing? The current state of the United States economy and the "sequestration" says they are not and forecasts for this demographic looks fairly dismal. Cuts to needed programming such as, Women Infants, Children (WIC) will negatively impact this program. WIC is a highly effective nutrition program for millions of low-income women and children in the United States. According to Neuberger, "575,000 to 750,000 eligible low-income women and children will be turned away by the end of the fiscal year if sequestration, which took effect on March 1, remains in place" ("Sequestration could deny nutrition support", 2013). The article further states that WIC will begin reducing caseloads in April 2013.

Negative stigma associated with being a single mother needs to be addressed with great immediacy. Often, for women who choose to leave their marriage it is a matter of choice however there are special circumstances such as being widowed, babies being born out of wedlock by choice or in the case of teen pregnancy and in more extreme cases domestic violence. Domestic Violence is still prevalent in the United States and is considered to be a global phenomenon. Control of a woman and/or her children through aggression is influenced by cultural norms within a community or society. Aggression in the context of domestic violence can be defined as, "any act or behavior that intentionally hurts another person, either physically or psychologically" (Matsumoto & Juang, 2008, p. 395). I would also like to add

sexually. Sexual aggression toward an intimate partner, regardless of whether a person is married is rape. Domestic violence from an intimate partner is considered to be one the most inhumane acts that plagues our world, it is an act against women's rights and therefore is an act against human rights. There is still a cultural influence within the United States in which male dominance over women and children is acceptable. In the United States a woman is beaten every 15 seconds in her own home, at least 25% of victims of domestic violence are beaten while pregnant. Further, "femicide" the murder of women is thought to occur at the hands of partners with whom these women shared their daily lives (Mananzan et al., 1996, p. 40). In these instances entering into single motherhood is a means to survival. The shame experienced by those who are victimized by acts of violence is insurmountable. Feelings of shame can lead to negative self concept leading to poor psychological and physiological health.

Depression in single mothers with children due to chronic stressors and poverty are significantly higher than mothers who are married. A research study by Hall & Sachs (1992) designed to examine the effects of welfare reform in a sample of 1,602 single mothers with children between three and six and one-half years and who reside within the United States shows that, "49% of the mothers had high levels of depressive symptoms as measured by the Center for Epidemiologic Studies Depression Scale (CES-D). Depressive symptoms in this population persist over time" (As cited by Hatcher et al., 2008, p. 91). Depression alters one's mood often leaving them feeling sad, hopeless and isolated leading to negative self concept, apathy the desire to hide or worse suicidal thoughts. Single mothers often have intense feelings of shame, suffer from insomnia and can become easily agitated. There is some evidence suggesting a correlation between depression in women and physical pain. A research study suggests that this form of comorbidity is increased in women who are considered to be

financially disadvantaged, "Chronic pain and psychiatric illness are associated, and this association remains consistent across race, nationality, and sex. Women are more likely than men to report emotional distress associated with their pain" (Poleshuck, Giles & Tu, 2006, p.183).The study further states that both chronic pain and depression increased significantly in women who were experiencing poverty.

The prevalence of depression among single mothers impacts both women and their children. Often single mothers due to the nature of their circumstances combined with depression, social isolation and a lack of support systems have little tolerance for "misbehavior" and place abnormal expectations on their children. According to James (2002), "The most common emotions that a parent projects onto their family members are depression and aggression…depressed mothers are very liable to deal with their irritability and self hatred by inducing it into their children"(p.70). This behavior is projected onto a child who then takes over the role of the absent parent. Through a parent's fearful anxieties and over-control their children often become fearful themselves making it difficult for a child to progress and mature. Often this type of parenting is carried into the adult child's life in the form of passive aggressive manipulative behavior from the parent. Susan Forward, PhD.(2002), refers to this parent as the "helper" in which the parent continues to attempt to control their now adult child by creating situations that are "well-meaning but unwanted assistance" (p.56). The cycle is often repeated unknowingly by the now adult child to their own children. It is a form of imprinting that needs changing.

Single mother heads of households were and will continue to be a type of family system on a global scale and need to be looked upon in a manner that both nurtures and provides meaningful support through an interdisciplinary approach. We need to move away from

societal norms that punish people for not fitting into perceived notions of what it means to come from a place of normalcy and remove labels that conjure negative images in the forms of stereotyping and generalizations. Sociologists refer to this as "labeling theory" which explains how labeling a specific demographic within society can alter assumptions among the general population creating prejudicial outcomes toward the specified demographic. In order to move toward the removal of stigma against single mothers and their children sociologists and other fields related to human studies who research family systems need to promote their work publicly regarding positive outcomes for single mothers and their children.

Government, at the federal and state levels should look to other countries such as France who are seeing positive outcomes through social service programs that are in place and through reform. Government and institutions of higher education need to reach out to this demographic by creating opportunities such as work study with benefits, onsite counseling, onsite daycare (especially for those institutions that provide degrees within the childcare sectors such as child education), scholarships, and assistantships at both the undergraduate and graduate levels. Further, government entities at the federal level need to provide tax benefits for all and discontinue penalizing those families who are single heads of households or are attending school full-time without receiving an "earned income." Debtedness after college for those of low income poverty status is punishment enough.

The time for change is now. The current state of the economy suggests that our most vulnerable populations, namely single mothers and their children, residing within the United States are at even greater risks than ever before. Who, if not society, is going to help them navigate single motherhood when they are not equipped with the appropriate tools?

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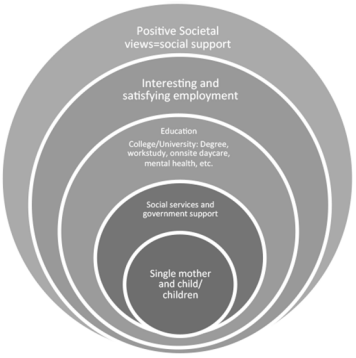
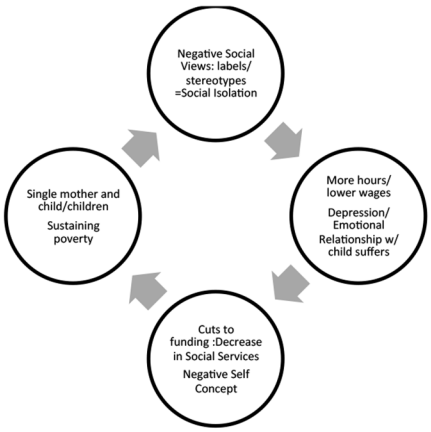
Appendix A



The chart above emulates Urie Bronfenbrenner's Theory of Ecological Systems. The Circles embrace the mother and her children creating feelings of hope and positive self concept.



The chart above shows the perpetual cycle of single mothers and their children living in poverty.