

**SECOND IN SERIES ON WELFARE REFORM: WORK
REQUIREMENTS ON THE TANF CASH WELFARE
PROGRAM**

HEARING
BEFORE THE
SUBCOMMITTEE ON HUMAN RESOURCES
OF THE
COMMITTEE ON WAYS AND MEANS
HOUSE OF REPRESENTATIVES
ONE HUNDRED SEVENTH CONGRESS

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**SECOND IN SERIES ON WELFARE REFORM:
WORK REQUIREMENTS ON THE TANF CASH
WELFARE PROGRAM**

TUESDAY, APRIL 3, 2001

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

The Subcommittee met, pursuant to notice, at 3:02 p.m., in room B-318 Rayburn House Office Building, Hon. Wally Herger (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
March 27, 2001
HR-2

CONTACT: (202) 225-1025

Herger Announces Hearing Series on Welfare Reform

Congressman Wally Herger (R-CA), Chairman, Subcommittee on Human Resources of the Committee on Ways and Means, today announced that the Subcommittee will hold the second day in a hearing series on welfare reform issues. This hearing will focus on work requirements in the Temporary Assistance for Needy Families (TANF) cash welfare program, as well as other means-tested benefits programs. **The hearing will take place on Tuesday, April 3, 2001, in room B-318 of the Rayburn House Office Building, beginning at 3:00 p.m.**

In view of the limited time available to hear witnesses, oral testimony at this hearing will be from invited witnesses only. 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:

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193), commonly referred to as the 1996 welfare reform law, made dramatic changes in the Federal-State welfare system designed to aid low-income American families. The law repealed the former Aid to Families with Dependent Children program, and with it the individual entitlement to cash welfare benefits. In its place, the 1996 legislation created a new TANF block grant that provides fixed funding to States to operate programs designed to achieve several purposes: (1) provide assistance to needy families, (2) end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage, (3) prevent and reduce the incidence of out-of-wedlock pregnancies, and (4) encourage the formation and maintenance of two-parent families. Associated changes included individual time limits and work requirements intended to reinforce the new focus on work and independence for families needing assistance.

The TANF program's focus on work has played an important role in helping more than two million individuals enter the workforce or avoid the welfare rolls altogether. This hearing will examine the lessons learned from the history of American social policy regarding work and programs that expect work in exchange for benefits. The hearing also will examine specific work requirements in TANF and other programs. Finally, the hearing will consider whether work requirements should be modified to send an even stronger pro-work message to current and would-be beneficiaries.

In announcing the hearing, Chairman Herger stated: "When President Franklin Roosevelt spoke about welfare before Congress in 1935, he said *'To dole out relief in this way is to administer a narcotic, a subtle destroyer of the human spirit. . . . It is in violation of the traditions of America.'* FDR was right. Yet for too long providing benefits without promoting or requiring work reinforced a cycle of dependence. That was how welfare operated prior to 1996. Now under welfare reform we have begun to set our social policy back on course. This hearing will examine past

approaches, and consider our next steps to promote work so all parents can support their families.”

FOCUS OF THE HEARING:

The focus of this hearing is on work requirements in TANF and other anti-poverty programs. The Subcommittee will seek information on prior efforts to require work in exchange for benefits, and also consider the record of current programs that promote work.

DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:

Any person or organization wishing to submit a written statement for the printed record of the hearing should *submit six (6) single-spaced copies of their statement, along with an IBM compatible 3.5-inch diskette in WordPerfect or MS Word format, with their name, address, and hearing date noted on a label*, by the close of business, Tuesday, April 17, 2001, to Allison Giles, Chief of Staff, Committee on Ways and Means, U.S. House of Representatives, 1102 Longworth House Office Building, Washington, D.C. 20515. If those filing written statements wish to have their statements distributed to the press and interested public at the hearing, they may deliver 200 additional copies for this purpose to the Subcommittee on Human Resources office, room B-317 Rayburn House Office Building, by close of business the day before the hearing.

FORMATTING REQUIREMENTS:

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

1. All statements and any accompanying exhibits for printing must be submitted on an IBM compatible 3.5-inch diskette in WordPerfect or MS Word format, typed in single space and may not exceed a total of 10 pages including attachments. **Witnesses are advised that the Committee will rely on electronic submissions for printing the official hearing record.**

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

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

4. A supplemental sheet must accompany each statement listing the name, company, address, telephone and fax numbers where the witness or the designated representative may be reached. This supplemental sheet will not be included in the printed record.

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

Note: All Committee advisories and news releases are available on the World Wide Web at “<http://waysandmeans.house.gov>”.

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

Chairman HERGER. The subject of today's hearing is work requirements and welfare reform. At our first hearing, we heard that welfare reform has had a number of positive effects. Caseloads are down 50 percent, incomes are up, and more than 2 million children have been lifted out of poverty nationwide. There are many factors behind these impressive results, but none more important than work. Since States started reforming welfare and the 1996 law took hold, a new ethic of work has swept over America's welfare system and the families who had come to depend on it. The best measure of this change is what happened among low income workers, especially women. Today single mothers are more likely to work than even married mothers, with working never-married mothers close behind. That is a dramatic shift from the early nineties when fewer than half of never-married mothers worked.

The result? According to the Urban Institute, mothers, even in the bottom two-fifths of income earners, have gained ground. How? Because they are working and so earning more. And in place of welfare, they are earning new benefits like the earned income credit which rewards work.

The purpose of today's hearing is to help us better understand this renewed work ethic, the implications for former, current and would-be recipients, and what this all means as we take a look at more reforms in the coming year.

First we will hear from practitioners and beneficiaries in cities and States around the country. They will tell us how the most aggressive work programs have changed the lives of beneficiaries and entire communities. Next, we will hear how the business community has stepped up to help put former recipients in jobs. Then we will get some perspective on moral issues involved in requiring work for benefits. And finally, we will hear from experts about work requirements, both under the new cash welfare block grant and related programs.

Considering the changes we have seen and our hopes for future progress, this is an exciting topic. We thank all of our witnesses for being here today to explore these issues with us. Without objection, each Member will have the opportunity to submit a written statement and have it included in the record at this point.

[The opening statement of Chairman Herger follows:]

Opening Statement of the Hon. Wally Herger, a Representative in Congress from the State of California, and Chairman, Subcommittee on Human Resources

The subject of today's hearing is work requirements and welfare reform.

At our first hearing, we heard that welfare reform has had a number of positive effects. Caseloads are down 50 percent, incomes are up, and more than two million children have been lifted out of poverty nationwide. There are many factors behind those impressive results, but none more important than work.

Since States started reforming welfare and the 1996 law took hold, a renewed ethic of work has swept over America's welfare system and the families who had come to depend on it. The best measure of this change is what happened among low-income workers, especially women. Today single mothers are more likely to work than even married mothers, with working never-married mothers close behind. That is a dramatic shift from the early 1990s, when fewer than half of never-married mothers worked.

The result? According to the Urban Institute, mothers even in the bottom two-fifths of income earners have gained ground. How? Because they are working and so earning more. And in place of welfare they are earning new benefits like the Earned Income Credit, which rewards work.

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Considering the changes we have seen and our hopes for future progress, this is an exciting topic.

Chairman HERGER. Mr. Cardin.

Mr. CARDIN. Thank you, Mr. Chairman. I want to thank you for convening this hearing and I also want to compliment you on the panels that we have before us today. I am pleased that we are focusing today on the most important component on welfare reform: That is work. Enabling people to make the transition from welfare to work is the first critical test of any welfare reform initiative. I believe the 1996 welfare law is passing that test. In fact, the employment rates for poor single mothers with young children increased 23 percent between 1996 and 1999.

However, our enthusiasm about these results should be tempered by three facts: First, we still have about one-third of people that are leaving welfare and are not going into the work force. We don't have much information about this group. We should find out what is happening to them. Second, there is a growing proportion of people that are currently on the caseload that have severe barriers to finding employment. They lack high school diplomas, they have, in some cases, drug addiction problems, they have poor work history and have sometimes mental or physical disabilities.

So I think we need to understand that we have to devote the necessary resources to deal with the people that remain on cash assistance.

And third, Mr. Chairman, there is the uncertainty of our economy and what impact that will have on our work with welfare reform.

The second major test of welfare reform is whether former recipients are keeping their jobs and whether they are moving up the employment ladder. In this regard, we are not able yet to give a grade to the 1996 law as to whether it has been successful or not. We just don't have enough information.

As the Congressional Research Service told us during our last hearing, most welfare leavers are not increasing their income when they leave welfare for work. If this trend continues, the final legacy of welfare reform will be that we replaced a generation of welfare poor with a generation of working poor. We can and must do better than that.

There are several remedies for this problem: Some are outside jurisdiction of the Subcommittee such as increasing the earned in-

come tax credit or improving our Nation's educational system or expanding investments in inner city neighborhoods. But other reforms are directly relevant to this panel's reauthorization of TANF. First, Mr. Chairman, I would suggest we must maintain the Federal financial commitment to TANF. Let us make sure that the dollars that we are currently making available to our States are retained to deal with these problems.

Second we should help individuals take advantage of some of the positive steps taken by most States under welfare reform, namely, raising the so-called earnings disregard so that we can increase the income for people that are in the work force. And we should adopt a national policy of work-stops-the-clock so that a person is not under a disincentive to take advantage of higher earnings disregards.

Third, we must do a much better job ensuring that individuals who are leaving welfare for employment are receiving the work supports that they are entitled to such as food stamps, Medicaid and child care. Fourth, the restrictions on training and education contained in the 1996 law must be revisited. And finally we should encourage States to consider the impact of TANF policy on poverty.

I have talked about this before, but we should encourage our States to be more aggressive in not only getting people off of cash assistance and dependency on Federal support, but also getting people out of poverty.

Before I conclude, let me quickly comment on the issue of Workfare, which is one of issues that this hearing will focus on. The goal of work experience programs should not be to discourage needy families from obtaining assistance nor to provide a source of cheap labor for city or State projects. Work programs should be specifically designed to help individuals make the transition into wage-paying jobs. Furthermore, recipients of work programs must be treated with dignity and respect as well as being afforded all the protections provided to other workers.

Mr. Chairman, I look forward to hearing our witnesses and working with you so that when we reauthorize TANF, we certainly maintain the focus on employment, but also deal with the problems that we have identified in getting people out of poverty and making sure that they are able to succeed in the workplace.

[The opening statement of Mr. Cardin follows:]

**Opening Statement of the Hon. Benjamin L. Cardin, a Representative in
Congress from the State of Maryland**

Mr. Chairman, I am pleased that we are focusing today on the most important component of welfare reform—work. Enabling people to make the transition from welfare to employment is the first critical test for any welfare reform initiative. I believe the 1996 welfare law is passing this test. In fact, the employment rate of poor single mothers with young children increased 23% between 1996 and 1999.

However, our enthusiasm about these results should be tempered by three facts. First, about a third of those of exiting welfare are not going into work, and we have very little research about their well-being. Second, a growing portion of the current welfare caseload has more severe barriers to employment, such as the lack of a high school degree, no work history, problems with substance abuse, and mental or physical disabilities. These problems will demand more attention and more resources if this population is expected to make the transition from welfare to work. And third, the current uncertainty about the economy raises particular risks for those who have recently left welfare for work.

The second major test of welfare reform is whether former recipients are keeping their jobs, and whether they are moving up the employment ladder. The 1996 law has not yet made the grade in this area.

As the Congressional Research Service told us during our last hearing, most welfare leavers are *not* increasing their income when they leave welfare for work. If this trend continues, the final legacy of welfare reform will be that we replaced a generation of welfare poor with a generation of working poor. We can and must do better.

There are several remedies for this problem. Some are outside the jurisdiction of the Subcommittee, such as increasing the earned income tax credit, improving our Nation's educational system, and expanding investment in inner city neighborhoods.

But other reforms are directly relevant to this panel's reauthorization of TANF. First, we must maintain the Federal financial commitment to TANF so that States can invest not only in job placement, but also in job retention and wage progression. Second, we should help individuals take advantage of one of the positive steps taken by most States under welfare reform, namely raising their so-called earnings disregards, which allow recipients to subsidize very low wages with a partial welfare benefit. One way to pursue this goal would be to establish a National policy of "work stops the clock," meaning that periods of employment do not count against an individual's five-year time limit on TANF.

Third, we must do a much better job of ensuring that individuals who are leaving welfare for employment are receiving the work supports they are entitled to, such as food stamps, Medicaid and child care.

Fourth, we should evaluate the restrictions on training and education contained in the 1996 law to ensure that we are not limiting the future earning potential of welfare recipients.

And finally, we should encourage States to consider the impact any TANF policy has on poverty.

Before I conclude let me quickly comment on the issue of "workfare," which is one of the issues this hearing will focus on. The goal of work experience programs should not be to discourage needy families from obtaining assistance, nor to provide a source of cheap labor for State or City projects. Work programs should be specifically designed to help individuals make the transition into wage-paying jobs. Furthermore, recipients in work programs must be treated with dignity and respect, as well as being afforded all of the protections provided to other workers.

Mr. Chairman, I look forward to hearing the testimony of the witnesses. Thank you.

Chairman HERGER. Thank you very much, Mr. Cardin. And now we will have our first panel, please. First we will hear from Julia Taylor, the executive director of the YWCA of Milwaukee, who is accompanied by Dorothy Taylor a former welfare recipient who is now working. Next will be Jason Turner, commissioner of the New York City Human Resources Administration. He is accompanied by Lisa Falcocchio. Then we will have Doug Howard, director of the Michigan Family Independence Agency. And our last witness of this panel is Rodney Carroll, who is president and chief executive officer of the Welfare to Work Partnership, and he is accompanied by Takia Roberts, who has gone to work with the help of the Welfare To Work Partnership. Would our first panel be seated, please. Thank you.

Ms. Taylor.

STATEMENT OF JULIA TAYLOR, EXECUTIVE DIRECTOR, YWCA OF GREATER MILWAUKEE, ACCOMPANIED BY DOROTHY TAYLOR, EMPLOYEE, GENERATION 2 PLASTICS, MILWAUKEE, WISCONSIN

Ms. JULIA TAYLOR. Good afternoon, Chairman Herger and Members of the Subcommittee on Human Resources. Thank you for the opportunity to speak today. I am Julia Taylor, chief executive offi-

cer of YW Works and president of the YWCA of Greater Milwaukee. I am pleased to be here to respond to the Subcommittee's request for information on work requirements of TANF and to share with you our experiences while operating Wisconsin's TANF programs, W-2, since 1997. We knew that implementing W-2 would be an awesome responsibility as well as a challenge to operate a program that meets the vast range of needs of our customers. The resources provided by the Federal Government are essential in our efforts to move people toward self-sufficiency. Your commitment to supporting TANF and other antipoverty programs is critical to our customer's success and it is greatly appreciated.

W-2 funded through TANF provides cash assistance case management job placement and retention services. Additionally, the Food Stamp and Employment Training, known as FSET receives TANF dollars. Currently, there is very little funding for the FSET program, which serves primarily men. It serves a large percentage of homeless individuals. Under the current work and education programs for the FSET program, it is mandated by the State of Wisconsin, the Federal Government does not match the amount of food stamp benefits an individual receives with the amount of work they are required to do, thereby creating a disincentive to participation.

The services that YW Works provides is delivered through a comprehensive one-stop job center model. It is designed to meet the needs of employers searching for skilled workers in training and education and employment needs of the community. In 2000, we served over 27,000 customers, 703 attending job clubs, 12,378 utilizing our job net, and 1,258 attending on-site employer recruitments and 1,359 assessments.

When the AFDC programs ended in Wisconsin in the fall 1997, there were 34,650 cases statewide. At that time at YW Works, we served 2,420 customers. Our average starting wage at placement at that time was \$6.87. As of February 2001, there were 10,853 cases statewide, of which almost 76 percent remain or are in Milwaukee County.

We currently serve 909 customers in our program with an average starting wage of placement of \$7.45.

Those figures demonstrate a significant drop of individuals on welfare. However, they also show that the vast majority of the remaining customers reside in one area of Wisconsin, Milwaukee County, and we are also witnessing that these remaining customers have increased barriers to successful employment, including lower education and literacy levels, mental and physical health issues, alcohol and drug abuse and criminal records that make it difficult to secure a job. With the dynamics of a caseload constantly changing, our programs must continue to evolve to meet the demands of the customers we serve.

We believe that the work requirements are beneficial to our efforts getting people engaged in work is the first step in self-sufficiency, and our program has been successful in placing customers in jobs. From January 2000 to February 2001, we have helped 2053 customers secure employment with an average wage of \$7.54. In order to build upon this requirement and improve our customers' ability to retain employment, we have created specialized work settings that provide customers with assessment, soft skills, and on-

the-job training and support services that go hand in hand with the work requirements. Creative Workshop is a workplace that creates wearable art, and Generation 2 Plastics is a plastic injection molding company with an emphasis on recycling. These training workplace environments ensure that our customers receive ongoing training, intensive and specialized job coaching, supportive services on site and sustained case management. Both Generation 2 Plastics and Creative Workshop offer the training and sustained social support needed by many customers with multiple barriers such as lack of transportation, child care, alcohol, drug abuse and mental health issues.

In order to strengthen the TANF program, we recommend that service providers be offered increased flexibility within the first year of a customer's participation to concentrate on intensive education and training needs. In addition, the funds need to be set aside for work force advancement that can provide education and training opportunities for individuals currently in lower paying jobs. The hours for the FSET program also need to be incorporated with short-term training and supportive services that will address the barriers experienced by the specific population.

In addition to the programs already mentioned, YW Works offers other programs that increase our customers ability to gain employment. The State of Wisconsin has secured money from the U.S. department of Labor to focus on services for non-custodial parents and hard-to-serve W-2 customers. YW Works Welfare To Work program serves the non-custodial parent in those hard-to-serve W-2 customers. We have enrolled and served the most Welfare to Work customers in Milwaukee County. Out of 387 enrolled customers, 36 percent were referred to alcohol and drug treatment. 259, or 60 percent, were placed in jobs of which 156 percent had completed job training programs—or 156, I am sorry, 60 percent.

Of the employed customers in Children's First, a court ordered support program for non-custodial parents and Welfare to Work, 42 are now paying child support, many for the first time. These customers participate in the same intensive case management and training as our W-2 customers and also part split in the Fatherhood program, which teaches dads how to be good fathers and increase their involvement with their children. There are many more challenges ahead and as we continue to meet the needs of our communities, such as bridging the digital divide, providing business with a skilled and trained labor force, assuring affordable housing, education and training for career advancement of low income individuals currently in the work force, continuing support for fathers, and getting employers more involved, the TANF programs in Wisconsin have been successful in engaging people in the work force, and we believe there is still a lot more to do.

We strongly encourage you to support the TANF reauthorization which is making a significant difference in people's lives. This Federal program has helped thousands of Wisconsin residents to enter the work force and to begin to break the cycle of poverty.

Once again, we thank you for the opportunity to share with you our experiences. I would like to introduce Dorothy Taylor to share with you her story.

[The prepared statement of Ms. Julia Taylor follows:]

Statement of Julia Taylor, Executive Director, YWCA of Greater Milwaukee

Good afternoon Chairman Herger and members of the Subcommittee on Human Resources. Thank you for the opportunity to speak today. I am Julia Taylor, Chief Executive Officer of YW Works and president and CEO of YWCA of Greater Milwaukee. I am pleased to be here to respond to the Subcommittee's request for information on the work requirements of TANF and to share with you YW Works' experiences while operating Wisconsin's TANF program—W-2—since 1997.

We knew that implementing W-2 would be an awesome responsibility as well as a challenge to operate a program that meets the vast range of needs of our customers. The resources provided by the federal government are essential in our efforts to move people toward self-sufficiency. Your commitment to supporting TANF and other anti-poverty programs is critical to our customers' success, and is greatly appreciated.

W-2, funded through TANF, provides cash assistance, case management, job placement and retention services. Additionally, the Food Stamp and Employment Training (FSET) Program receives TANF dollars. Currently, there is very little funding for this program, which serves a large percentage of homeless individuals. The current work and education requirements under FSET mandated by the federal government do not match the amount of food stamp benefits individuals receive, thereby creating a disincentive to participation.

Another service that YW Works offers is a comprehensive One-Stop Job Center. It is designed to meet the needs of employers searching for skilled workers and training, education, and employment needs of the community. In 2000, we served over 27,000 customers, 703 attending job clubs, 12,378 utilizing job net (electronic job search program), 1,258 attending onsite employer recruitments and 1,359 assessments.

When AFDC programs in Wisconsin started in Fall of 1997, there were 34,650 cases statewide. At that time, we served 2,420 customers. Average starting wage at placement was \$6.87. As of February 2001, there were 10,853 cases statewide of which almost 76% (8,199) were in Milwaukee County. We currently serve 909 customers in our program with an average starting wage of \$7.45.

Those figures demonstrate a significant drop in individuals on welfare. However, they also show that the vast majority of the remaining customers reside in one area of Wisconsin—Milwaukee County. We are also witnessing that these remaining customers have increased barriers to successful employment including: lower education and literacy levels, mental and physical health issues, alcohol and drug abuse, and criminal records that make it difficult to secure a job. With the dynamics of the caseload constantly changing, our programs continue to evolve to meet the demands of all of the customers we serve.

YW Works believes that the work requirements are beneficial to our efforts. Getting people engaged in work is the first step toward self-sufficiency, and our program has been successful in placing customers in jobs. From January 2000 to February 2001, we have helped 2,053 customers secure employment with an average wage of \$7.45. In order to build upon this requirement and improve our customers' ability to obtain and retain employment, we have created specialized work settings that provide customers with assessment, soft skills and on-the-job training, and support services that go hand-in-hand with the work requirements. The Creative Workshop is a workplace that creates wearable art and Generation 2 Plastics is a plastic injection molding company with an emphasis on recycling. These workplace environments assure our customers ongoing training, intensive and specialized job coaching, supportive services on site and sustained case management. Both Generation 2 Plastics and Creative Workshop offer the training and sustained social support needed by many customers with multiple barriers such as lack of transportation and child care and alcohol and drug abuse and mental health issues.

In order to strengthen the TANF program, we recommend that service providers be offered increased flexibility within the first year of a customer's participation to concentrate on intensive education and training needs. In addition, funds need to be set aside for workforce advancement that can provide education and training opportunities for individuals currently in lower paying jobs. Furthermore, the work hours required under FSET should be reduced or eliminated and replaced with short-term training and supportive services that will address the barriers experienced by this specific population.

In addition to the programs already mentioned, YW Works' offers other programs that increase the customers' ability to gain employment. The State of Wisconsin has secured money from the U.S. Department of Labor to focus on services for non-custodial parents and hard-to-serve W-2 customers. YW Works' Welfare to Work Program serves the non-custodial parent and those hard-to-serve W-2 customers. YW

Works has enrolled and served the most Welfare to Work customers in Milwaukee County. Out of 387 enrolled customers 36% were referred to AODA treatment and 259 or 60% were placed in jobs of which 156 or 60% had completed job-training programs. Of the employed customers in Children's' First (a court ordered child support for non-custodial parents) and Welfare to Work, 42% are now paying child support. These customers participate in the same intensive case management and training as our W-2 customers and also participate in the Fatherhood Program, which teaches dads how to be good fathers and increase their involvement with their children.

There are many more challenges ahead as we continue to meet the needs of our communities such as; bridging the digital divide gap, providing business with a trained and skilled labor force, assuring affordable housing, educating and training for career advancement of low-income individuals currently in the workforce, continuing support for fathers, and getting employers more involved. TANF programs in Wisconsin have been successful in engaging people in the workforce and we believe there is a lot more to do. We strongly encourage you to support the TANF reauthorization, which is making a significant difference in people's lives. This federal program has made helped thousands of Wisconsin residents' break the cycle of poverty.

Once again, thank you for the opportunity to share with you our experiences.

Ms. DOROTHY TAYLOR. Good afternoon, Chairman Herger and members of the Subcommittee on Human Resources. Thank you for the opportunity to speak to you today. My name is Dorothy Taylor. I am 40 years old. I have three children, two grandchildren. I work at Generation 2 Plastics in Milwaukee, Wisconsin where I drive a forklift, operate plastics machinery. I am here today because of the W-2 program. I spent 10 years of my life on welfare, taking odd jobs here and there, until W-2 came around.

I didn't think much of W-2 a couple of years ago until my last unemployment check ran out. I thought to myself, I have got to feed these kids. I went through the whole program at the YWCA including the pre-Academy, the Academy of Excellence, Creative Workshop and Generation 2 Plastics. I worked hard and was offered a full-time job at Generation 2 Plastics. I took the job. Now I have benefits, medical insurance, and a pension.

It is important for me to have this chance and to have people behind me. Excuse me, I am kind of nervous.

Chairman HERGER. You are doing great.

Ms. DOROTHY TAYLOR. I am going to show everyone that I am not going to fail. If I hadn't joined W-2, I would probably be homeless, walking the street, going to churches to eat. I see a lot of that. Some people just don't want to try anymore.

Some people blame their situation on W-2, but it is not W-2. It is them. I tell them you can't get something for nothing. I tell them to get up and get what W-2 has to offer. And it does have a lot to offer.

There is training and help to get you your GED. You need an education. I tell my children that you need an education just to sweep the sidewalk. I am working on my GED. I am almost ready to start taking my tests. I want to wait just a little while longer because the one thing I hate is failing on the first try. But if I can get my GED, I can keep my kids on track so they don't wind up like the old me. Maybe some day I will take some college courses. If I wind up doing that, I will know I have done my best.

My 14-year-old son is proud of me. I was interviewed by the Los Angeles Times and some other newspapers. They took my picture.

My son has my picture up on his wall. You don't know how much this means to me, that my 14-year-old son is so proud of me.

I tell my children that it is not necessarily what you learn in school that helps. It is how you use what you learn in everyday life that means something. W-2 isn't like AFDC. You can't just sit at home and keep having babies. W-2 stopped that and that is the best thing. It used to be that kids as young as 12 years old were pregnant. That was alarming. And those girls weren't going to school. If I had the resources, I would have helped those girls. W-2 got those people back to work and got their children well cared for.

Keep the program going. If the program helps me, it can help a whole lot of other people. If the program stops, it will hurt all the little people. It will hurt our children. If the programs don't keep going, a whole lot of people are going to suffer. Thank you.

Chairman HERGER. Dorothy, thank you. We want you to know not only is your 14-year-old very proud of you, but we are all very proud of you as well for what you are doing.

[The prepared statement of Ms. Dorothy Taylor follows:]

Statement of Dorothy Taylor, Employee, Generation 2 Plastics, Milwaukee, Wisconsin

Good afternoon Chairman Herger and members of the Subcommittee on Human Resources. Thank you for the opportunity to speak today. My name is Dorothy Taylor. I'm 40 years old and I have three children and two grandchildren. I work at Generation 2 Plastics in Milwaukee, Wisconsin where I drive a forklift and operate plastics machinery. I'm here today because of the W-2 program. I spent 10 years of my life on welfare, taking odd jobs here and there, until W-2 came around.

I didn't think much of W-2 a couple of years ago, until my last unemployment check ran out. I thought to myself, "I've got to feed these kids." I went through the whole program at the YWCA, including the pre-Academy, the Academy of Excellence, Creative Workshop, and Generation 2 Plastics. I worked hard and was offered a full-time job at Generation 2 Plastics. I took the job. Now I have benefits, medical insurance and a pension.

It's important for me to have this chance and to have people behind me. I'm going to show everyone that I'm not going to fail.

If I hadn't joined W-2, I'd probably be homeless, walking the street and running to the churches to get something to eat. I see a lot of that. Some people just don't want to try anymore.

Some people blame their situation on W-2, but it's not W-2 that's the problem. It's them. I tell them you can't get something for nothing. I tell them to get up and get what W-2 has to offer. And it does have a lot to offer.

There's training and help to get your GED. You need an education. I tell my children that you need a GED just to sweep the sidewalk at some job. I'm working on my GED now. I'm almost ready to start taking my tests. I want to wait just a little while because the one thing I hate is failing on the first try. But if I can get my GED, I can keep my kids on track so they don't wind up like the old me. Maybe some day I'll take some college courses. If I wind up doing that, I'll know I've done the best with my life.

My 14-year-old son is proud of me. I was interviewed by the *LA Times* and some other newspapers. They took my picture. My son has my picture up on his wall. You don't know how much this means to me, that my 14-year-old son is proud of me.

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children. If the programs don't keep going, a whole lot of people are going to suffer. Thank you.

Chairman HERGER. And with that, next is Mr. Jason Turner, Commissioner of the New York City Human Resources Administration. And he is accompanied by Lisa Falcocchio.

Mr. Turner.

STATEMENT OF JASON A. TURNER, COMMISSIONER, NEW YORK CITY HUMAN RESOURCES ADMINISTRATION, ACCOMPANIED BY LISA FALCOCCHIO, DIRECTOR, WORK EXPERIENCE PROGRAM, NEW YORK CITY PARKS DEPARTMENT

Mr. TURNER. You got her name right. That is really good. It took me a while to do that myself. Thank you very much, Mr. Chairman. I am pleased to have this opportunity to present before the Committee, and representing Mayor Giuliani. At the onset of his administration in 1994, Mayor Giuliani decided he wanted to have two emphases, one on crime reduction and the other on welfare reform. Today, tens of thousands of individuals who are temporarily receiving welfare are engaged in work activity, contributing to the city and making a difference in their own lives.

Although work while on welfare was not—although, work while on welfare for those not in the private sector was one of the central goals of the PRWORA legislation, this Committee may be interested to know that there is—it is not a significant component of what most people do during the day. What I mean by that is the caseloads have gone down and private employment has gone up. Most of those are the central successes of welfare reform to date.

But of those who are not working in the private sector at the moment, very few are working in the work experience programs. And it is, I believe, very important for us as a country to create work opportunities while individuals are waiting to go into the private sector. And Lisa will talk about how we operate our parks deputy program in just a moment.

Actually, only 4 percent of the entire welfare caseload of 2.1 million adults is engaged in work activity right now who are not in the private labor market. Since welfare reform, there has been only an increase from about 35,000 to 78,000 people in work activity nationwide. Clearly, States as a group have exercised their option under the TANF caseload reduction credit to focus their attention on other aspects of the program. A major management commitment is necessary to mount a large and ongoing work experience program for a high proportion of recipients. And in New York City, and in Wisconsin, they each run programs which share the aspiration to have a fully work-based system. What that means is that those people who are not privately employed, a 35-hour simulated workweek is created, which is a blend of actual work in the Parks Department, or it could be in a welfare office or a nonprofit facility of three days a week, and usually two days is dedicated to other related things like helping look for private employment, or maybe getting a GED or going to ESL class.

So what we like to do in New York and in Wisconsin is the same in many respects, is blend—create a real workweek but blend that

workweek between actual work and skills upgrading. And it is those two things, actual work which is practicing the skills and habits of showing up to work on time and getting your children to school, and the skills upgrading which allows you to use some of the education or ESL training that you have got in an actual work site.

Those two things together create the best opportunity for people with very, very low work histories to move up into the labor force. But that is not happening. It really isn't happening on a very large scale. What we believe should occur, is that work experience play a larger role in most State's welfare operations. As it relates to what our recommendations are for this Committee, is, number one, we should increase the proportion of TANF recipients participating in work experience. We believe that every State should be required to have a substantial proportion of its caseload engaged in real work activity on an ongoing basis, if they are not privately employed while they are on welfare.

We all agree, if you are working part-time and you are still receiving welfare, leave you alone. Because you are doing the right thing and we hope you increase your hours and get off of welfare. But if you are doing nothing and you are able-bodied, you should be engaged in work activity, and that is not currently the case.

Second, we should enforce the provision of the TANF law that requires sanctions for non participation applied on a pro rata basis. Let me explain what that means. When the Congress passed welfare reform in 1996, it said they wanted the welfare benefit to act like a wage so that just like if you show up at your work site and you only show up half of the time, you take home half of the paycheck, they wanted welfare benefits to operate in much the same way so that people would get used to going to a work site and earning their benefits.

Actually the way the Clinton administration interpreted that law, they didn't enforce it so that at the moment in many States, including New York, California and many other States, if you don't go to your work assignment, very little—there is very little benefit change.

Currently in New York City, for instance, we have 40,000 people actively participating in work activities, but an equal number, about 40,000 who have been asked to come in and participate in work activities who are sitting at home and not doing anything, and there is very little that we can do to encourage them to come in because we don't have—they are still receiving almost their entire welfare check. That provision should be enforced.

Third, States should be able to merge their work obligations under Food Stamps and those under TANF. And since Food Stamps is not a program responsibility of this Committee I won't spend too much time on that. But finally, the constraints imposed on work experience programs by Federal regulations should be lifted through legislative clarification. And what I mean by that is that the Clinton administration, in its regulations, imposed the requirements of the Fair Labor Standards Act and other requirements, such as OSHA, on those individuals who are in a work experience activity where they clearly don't apply.

Let me give you an example of how that can be harmful. For instance, the minimum wage provisions of Federal law, mean that you could be working almost at a schedule of 35 hours a week and be in a simulated work environment. But if the provisions of the Fair Labor Standards Act were invoked, the individual participant would have to work far fewer hours and not get that practice.

Finally the promise of welfare reform has been achieved to a far larger degree than was anticipated, but we should be concerned that States are not developing the work programs and infrastructure necessary to constructively engage those who remain on assistance. It is often asked what will happen when the economy declines. What will happen to welfare reform. The right answer is that work experience should act like an accordion and absorb people who are temporarily out of the private labor market, while keeping their work habits and skills moving forward so that when the economy improves, they can move right back.

And now I would like Lisa to talk a little bit about how we run a very large work program in the Parks Department.

[The prepared statement of Mr. Turner follows:]

Statement of Jason A. Turner, Commissioner, New York City Human Resources Administration

I am pleased to have this opportunity to present to this Committee information on how work requirements in TANF are being carried out in the country's largest local welfare program, and what our experience means for reauthorization in this area. The specific subject of my remarks revolve around the provision of PRWORA requiring states to engage recipients not in private employment in work experience.

At the onset of his administration in 1994, Mayor Giuliani made welfare reform and crime reduction the central aspects of his new administration. Specifically, for welfare he set out to create a large program to allow recipients the opportunity to practice work while returning valuable services to the city while receiving benefits. In New York this is called "WEP," or the Work Experience Program. The Mayor's program was set in motion fully two years before being required under PWRORA.

Today, we have seen the merit of work experience on a large scale. Caseloads have dropped by more than half since their peak in March of 1995, while follow-up surveys show high rates of employment and retention. Moreover every day New York City employs tens of thousands of welfare recipients in work activities which help them get ready for private employment, while benefiting all New York citizens in the form of improved city services.

Work Experience Today

Work experience is defined as unpaid work activity by adults receiving benefits who are not generally employed in the private economy. Work experience can have one or more of the following objectives.

1. Increasing the employability of participants by offering opportunities to practice work and to learn the habits and social skills necessary to succeed in entry level employment;
2. Reducing welfare dependency by improving employment prospects and by altering the work/leisure tradeoff;
3. Fulfilling a social and moral obligation of recipients to contribute to society in exchange for benefits;
4. Attacking the culture of poverty, which is related to the notion of social obligation above, but is not the same.

Although work while on welfare for those not privately employed was one of the central goals of PRWORA, it is not now a significant component of the welfare reform programs that most states offer. Given the goals of TANF, this is a surprising and important fact which is not widely recognized and to which we will return.

Congressional expectations regarding the inclusion of work experience under TANF were much higher than in the earlier JOBS program

The authors of TANF clearly intended that work, even while still receiving benefits, should transform the meaning of temporary assistance, and they signaled this

by setting high levels of weekly work levels and participation rates. In addition, the TANF authors took special care to observe the lessons from past failed attempts to legislate work requirements, for instance that unless clearly defined, states would not actually require work. Notwithstanding the flexibility otherwise inherent in the TANF block grant, the work requirements and measurements are very specifically spelled out. By contrast with earlier federal legislation, especially in light of the disappointing Job Opportunities and Basic Skills Training Program (JOBS) created by the Family Support Act in 1988, TANF drafters attempted to lock in higher work levels. They did so in four ways:

First, they insisted on honest counting. The participation standards written into the earlier JOBS program had been beset by the phenomenon of the “shrinking denominator,” or the ability of states to exclude large numbers of individuals from being counted as available for work-related activities. Thus states were allowed to announce work participation rates which were misleadingly high. TANF helped resolve this by keeping a broad definition of who is available for work, including nearly all adults minus only those cases with a child under age one (at state option for a period of up to 12 months per family) and those cases in sanction status (for no more than three months within the preceding 12 months). Thus, few cases can be removed from the denominator of the ratio of those actually working.

Second, the TANF statute defines precisely what counts as work (in the numerator of the calculation), rather than leaving this definition to the states. The definition of work under TANF conforms to the common sense meaning of the word, rather than absorbing into it education, training, and other assorted activities.

Third, the legislation includes substantial required participation rates, beginning with 25 percent of the caseload in 1997, and increasing to 50 percent by 2002 (and higher for two-parent families). Required hours also increase over time, rising from 20 hours per week in 1997 to 30 hours in 2000 and thereafter. Penalties assessed to states for non-compliance with the above standards were set at a realistically low level (5 percent the first year increasing by 2 percentage points for each consecutive year of failure). This was intended to increase the probability that the penalty would actually be imposed and collected (thereby signaling that program adherence is expected), rather than blocked in Congress by home state members.

Fourth, TANF imposes more severe financial penalties (sanctions) against participants who do not comply with program requirements.

Surprisingly, there is a very low rate of usage of work experience by states.

With all the attention paid to work participation standards by the drafters of TANF, a provision was included in the bill which made achieving high work rates less imperative than it seemed at the time the legislation was enacted. This provision is the caseload reduction credit, which reduces the participation rate requirement by one percentage point for each percentage point a state's welfare caseload falls below 1995 levels. Thus, if a given state's caseload were to fall by 25 percent between 1995 and 1999, the TANF work requirement would fall from the required 1999 level of 35 percent to 10 percent (35 percent – 25 percent = 10 percent). Since many states already have well over 10 percent of their caseload combining private employment with welfare, states such as the one in this example would not need to have any welfare recipient in a work program to meet the 35 percent work standard.

Not surprisingly, given the caseload reduction credit, national data for 1999 show that the typical state had very few welfare recipients in a work experience program. Although over 40 percent of the adult caseload in the average state is involved in some required activity, nearly 70 percent of these are in unsubsidized employment; i.e., they are collecting welfare while working at a regular job. By contrast, under 10 percent of all adults who are participating in any activity while receiving welfare benefits are in work experience of any kind. This figure translates to just 4 percent of the entire caseload of 2.1 million adults. Thus, the number of adults on TANF who participate in work experience is exceedingly low by any standard. Even the Family Support Act enrolled an estimated 20,000 to 35,000 in work experience on an average monthly basis in 1994, as compared to 78,000 now.

Clearly, states as a group have exercised their option under the TANF caseload reduction credit to focus management attention on other parts of the program. The significant efforts which would be necessary to organize state programs around a substantial commitment to work has evidently not been generated by TANF as it is currently configured.

How one views this development depends partly upon one's judgment as to the relative value of maximizing state program flexibility as compared to that of requiring full engagement in work activity as a primary goal of welfare reform. Our view

is that real reform means that, for those unable to work in the private economy, work in exchange for benefits is the next best alternative.

A major management commitment is necessary to mount a large and ongoing work experience program for a high proportion of recipients, and although the policy makers who drafted the TANF program may have anticipated that most recipients would be involved in actual work, implementation by states has simply not produced this result.

Running a Work Experience Program: Lessons from New York City and Elsewhere

New York City and Wisconsin each run programs which share the aspiration to have a fully work-based welfare system, which means that for those not in private employment, work-experience makes up the greater part of a full-time simulated work-week, with other activities such as job search and education included as lesser parts. The work obligation applies to all adults with almost no exceptions, and substantial management attention is devoted to attendance, tracking, and monitoring of sites. In order to assure suitable work assignments for those of all capabilities, provisions for specialized work sites are made which incorporate vocational rehabilitation. Taken together, Wisconsin and New York's work experience programs offer guidance as to what might be expected as a result of a more extensive national program, as reflected in the observations below.

Work experience should constitute genuine practice for private employment.

While empirical evidence is lacking, certain features of work experience appear to make it more effective in preparing people for actual jobs.

- The program should operate on a standard full-time workweek which conforms to the expectations of private employment. This allows participants to practice organizing their lives around a realistic work schedule of eight hour work days and five day work weeks;

- Real work must be accomplished. Nothing is more dispiriting to those expecting to work than to remain idle on the job or worse, ignored. By contrast, the pride and satisfaction of successfully mastering work tasks often results in a big psychological lift and translates into confidence in the search for private employment;

- Third party medical review must be available to determine work capability. Medical reviews are essential for the health and safety of participants, and to maintain a uniform work standard not subject to "doctor shopping";

- Work assignments must include close supervision and regular feedback. Those who lack work histories are often not familiar with workplace norms of professionalism and conduct, and frequently find it difficult to submit to supervisory authority or get along with co-workers. Good supervisors who agree to make part of their task the acculturation of participants play a large role in the success of their charges;

- There must be swift consequences for non-attendance without cause. Consequences can be a new experience for those used to being involved in a bureaucratic welfare system in which not much changes. Thus, the importance of reliability must be taught, and for this to occur benefits must be closely tied to attendance.

Work experience is the operational component which best allows for the goal of replacing cash assistance with work. Work experience expands or contracts to accommodate the ebbs and flows of the private economy like an accordion. It is always there to absorb those outside of the labor force while keeping work habits and skills in good repair. As compared to other work related component activities such as grant diversion or public service employment, work experience has these characteristics: it can be operated on a large scale; can constitute the major part of a full-time program week (e.g. 35 hours); can accommodate participants who remain in the component for extended periods; and provides an immediate and ever-present work option for individuals rotating into and out of assistance.

Work experience probably exerts its greatest net caseload impact at the time of enrollment. Where work experience has been required of applicants who do not find private employment within a certain period of time, the number of actual slots used by participants is almost always far fewer than anticipated. Fewer slots are necessary because individuals who know they must work in exchange for benefits frequently elect not to enroll in the program in the first place. Instead, they find immediate employment or increase their hours of part-time jobs. In other instances they rely on alternatives which were already present, such as combinations of unreported work, doubling-up, help from relatives, and help from friends.

The phenomenon of lower than expected work experience usage was much in evidence in the transition from the AFDC entitlement program to the completely work-based W-2 program in Wisconsin. There, of the 26,000 AFDC families with an adult head who were obligated to enroll in the new W-2 program in which near full-time

work-experience was required, 45 percent elected not to transfer and closed their case. Another 16 percent accepted W-2 case management services but did not wish to engage in work experience in order to receive cash benefits.

Universal work programs require work slots for individuals of all capabilities. In New York, excluding child-only cases in which there is no adult, fully 87 percent of the TANF caseload is deemed “engageable,” meaning that they are ready for some kind of work assignment. Having a near-universal expectation of work helps change the culture of the system and channels the energy of recipients in a constructive direction away from attempting to qualify for exemptions.

A work experience program which aspires to have close to universal applicability must also have an inventory of assignments suitable for participants of varying ability levels. Both New York City and Wisconsin provide for a “ladder” of work options which provide real work for adults with all levels of experience and job readiness. Standard work assignments range from outdoor physical work to office jobs in government or non-profit agencies. For adults with mild disabilities, vocational rehabilitation agencies such as Goodwill can provide work in specialized settings. In New York City, roughly one third of the mildly disabled who enroll in work rehabilitation have orthopedic limitations such as back weaknesses, another third have mental health problems, especially depression, and the balance have mostly asthma or cardiovascular limitations.

The incremental costs of running a work experience program are manageable, particularly in light of increased resources available as a result of significant recent caseload reductions. The research organization, Manpower Demonstration Research Corporation (MDRC), studied early work experience programs and found the annual costs per filled slot in work experience programs to range from \$700 to \$8000. In New York City, the incremental cost of running its large-scale program is within the lower part of the range found by MDRC. Total 1999 expenditures on work experience were about \$43.1 million or about \$1400 annually per filled slot excluding child care (because each slot turns over multiple times per year, the cost per participant is lower than the annual amount). Of the \$1400 cost, 67 percent goes to payments to other government agencies for direct costs, including timekeepers, coordinators, and field supervisors as well as tools and equipment (non-profit agencies that host work experience participants often absorb these costs). Another 24 percent of costs go for third party medical assessments. The remaining nearly 10 percent is used for welfare agency administrative costs.

There can be significant benefits to participating agencies which offset some of the costs, and can provide real improvements in the services delivered by government and non-profits. Most New York city agencies were reluctant to take on the responsibility for managing large numbers of work experience participants until Mayor Giuliani himself made it clear that work opportunities for welfare recipients was a city priority. Once set up to accommodate work experience participants however, these same agencies came to see significant improvements in the level of service they were able to provide the public. To take one example, immediately prior to the introduction of large numbers of work experience participants, the city’s parks had an “acceptable cleanliness” rating of 74 percent. Largely as a result of the additional labor available beginning in 1995, which peaked at more than three thousand full-time worker equivalents, the acceptable cleanliness rating of the city’s parks climbed to 95 percent. More recently the sharp caseload declines have resulted in fewer work experience participants for Parks, prompting the department to request an increase in referrals from the city welfare agency.

The productivity of work experience participants as compared to regular employees was estimated in MDRC’s 1993 evaluation of work experience programs. MDRC surveyed supervisors, who overall said work experience participants were as productive, or nearly as productive, as regular employees. Based on our New York City experience, it seems likely that productivity is somewhat lower than that of regular employees because of higher turnover, more frequent absences, and a tendency for welfare recipients to bring at-home problems to the worksite.

Sanction policies play a large role in achieving high levels of participation. High non-participation rates are a feature of most mandatory programs. In Wisconsin, where the W-2 program pays cash benefits only to those who first participate in work activities, compliance by definition is high. However, in states like New York that do not use a version of full-check sanction for non-participation, a large proportion of families may accept a lower TANF payment rather than engage in work. In a high intensity program, the number of recipients who accept sanctions to avoid work can actually exceed the number of recipients who meet the participation requirement. For instance, in New York recently there were 17,000 active TANF work experience participants, along with 15,000 engaged in other primary activities, for a total of 32,000. At the same time, there were 17,500 individuals in sanction status

for non-participation, with an additional 17,000 in the sanction determination process, for a total of 34,500, or a number slightly higher than those properly engaged in work experience.

However, even strong sanction policies will not encourage all potential participants to meet their work obligation. In order to reach greater numbers of non-participants, New York City contracted with several faith based organizations to make home visits to counsel and assist families with problems in an atmosphere of greater trust. Church counselors say that they are usually welcomed into these homes and develop positive relationships with recipients. However, a minority of those they encounter have remained isolated at home for such long periods that they lack minimal will and confidence to enter the program. Many of these adults believe that even if they did participate in work experience, they would fail. For this subset, a longer period of relationship building combined with special interventions, perhaps with non-government counselors, may be beneficial.

High turnover rates present management problems but lower the number of required work slots. In addition to high initial no-show rates, work experience turnover rates are high for those who do enroll. In New York, for those who begin a work experience assignment, the 1996 TANF drop out rate was 38 percent after one month, 53 percent after two months, and 61 percent after three months. Since 1996 the turnover rate has increased even further as the system has approached near universal enrollment and the caseload has declined further.

The high turnover rate has at least two causes. One cause is that those who reliably participate in their work assignments, even for short periods, find they can obtain private employment (experience shows that private employers like to receive attendance information and recommendations from work experience supervisors and take them into account). Fully half of all individuals who participated in New York's work experience program for any period during the first quarter of 2000 found employment the same calendar year. In addition, normal caseload dynamics in which recipients leave the rolls, further increases turnover.

The high work experience turnover rate means that far fewer actual slots are needed to run a universal program than would otherwise be required. For its TANF caseload of 161,000, of which 128,000 have an adult in the household, New York City is able to run a mandatory universal work program with only 17,000 slots, (with the caveat that many are not participating even though required to do so), with an additional 15,000 slots for other primary activities such as high school, post-secondary education or training, and initial-stage substance abuse treatment. An additional 10,000 work experience slots are sufficient for a general assistance caseload of 75,000.

Considerations for Reauthorization

The analysis of work experience presented in this paper, combined with our experience in administering these programs, leads us to make several recommendations to Congress as it pursues welfare reform reauthorization over the next two years.

Increase the proportion of TANF recipients participating in work experience. First and foremost, we strongly recommend that Congress take action to increase the proportion of adult welfare recipients who are subject to a work experience requirement. The level of work experience participation should be increased simply by requiring a higher percentage of the caseload to meet the work requirement so that work becomes an expected standard for those receiving benefits. Every state should be required to have a substantial proportion of its caseload, say 35 percent to 45 percent, in a work program.

Enforce the provision of TANF requiring that sanctions for non-participation be applied as a pro-rata reduction of family benefits. The statutory text of the TANF program requires that full-check sanctions be applied to cases in which there is a complete failure to participate without good cause. In the case of partial participation, the legislation requires reductions equal to the portion of hours of activity missed without good cause. This interpretation of the term "pro rata" (see Section 404(e)(1)(A) of the Social Security Act) was made explicit in the conference report for the 1996 welfare reform legislation. However, in its regulations HHS chose to permit states wide latitude in interpreting the provision, even to the extent of ignoring the provision entirely and retaining the sanction provisions of the former AFDC program.

As a result, several states, including large states like New York and California, do not as a practical matter require participation in work activities for those who elect to opt out and accept slightly lower benefits. For work to become a meaningful and integrated part of receiving welfare, the original intent of the TANF provisions must be restored so that all states will be required to terminate cash benefits for recipients who refuse to participate in work requirements.

States should be able to merge work obligations under the Food Stamp program with those under TANF. TANF made several important changes to the Food Stamp law in order to make administration of the two programs more compatible. For instance, the "Simplified Food Stamp Program" option is intended to allow states to have greater procedural flexibility in the process of determining benefits, so that there is greater compatibility with TANF. Other provisions of the new law allow for greater compatibility with TANF's work program. However, these statutory changes have been interpreted narrowly by the Department of Agriculture, and the statutory changes themselves do not go far enough.

Constraints imposed on work experience programs by Federal regulations should be lifted through legislative clarification. The interpretation of various federal statutes bearing on work experience programs, issued by both the Departments of Labor and Health and Human Services, interfere unnecessarily with the operation of these programs and should be clarified by legislation. Among the workplace laws which, according to departmental regulations, can have applicability to work experience programs, are the Fair Labor Standards Act (especially the minimum wage); Occupational Safety and Health Administration rules; Unemployment Insurance (at certain non-government sites); the Americans with Disabilities Act; titles VI and VII of the Civil Rights Act; the Age Discrimination in Employment Act; and the Equal Pay Act. With the TANF program being in its early life and with work experience not heavily used, many of the above provisions have not yet generated litigation, but experience predicts that litigation can be expected.

The minimum wage provisions of the Fair Labor Standards Act, which constrain the number of hours recipients can be required to participate in work activity, is being averted in states which have deemed work experience a training activity. Other states are restricting the scheduled hours of work experience. However, this rule, after a court test, may constrain work experience in every state because the courts may not agree that work experience is training. Because, as we have argued, work experience is most powerful when it parallels a full-time work schedule of 35 hours per week, these rules on allowable hours of work directly reduce the program's effectiveness.

The current federal interpretation of the applicability of workplace law is out of place in the context of state run work experience programs under TANF. Participants in work experience are already covered by the same program standards and protections afforded those in side-by-side activities such as job search, training, and education. Applying federal employment laws to these program operations was clearly not intended under the TANF statute, and opens up a whole range of new conflict and litigation based on decades of overlapping laws, regulations, and legal precedents which may have nothing to do with welfare-to-work programs. The Family Support Act, which preceded TANF, had specific exemptions from several requirements of labor law. These exemptions, which were originally included in the Community Work Experience Program (CWEP), specified that AFDC benefits were not to be construed as compensation for work performed. The logic of this provision was that work experience assignments for those receiving welfare payments are intended to be educational in the sense of preparing adults to take private employment. Congress should revert to its earlier explicit exemption of work experience from employment law.

Conclusion

The promise of the welfare reform law has been achieved to a far greater degree than was anticipated by most of its critics. Its most distinctive achievement, as shown by the papers in this volume, has been to greatly increase the number of single mothers who are working in the private economy and who have brought their families out of poverty. Ironically, the large number of mothers who have left welfare has served to reduce the need for states to maintain high levels of participation in work experience programs because of the caseload reduction credit. We should be concerned that states are not developing the work programs and infrastructure necessary to constructively engage those who remain on assistance and those who are sure to return in the next business cycle. For those not able to move to work quite yet, work experience remains the next best alternative. It can transform the meaning of welfare and may even be capable of affecting the larger culture of poverty, yet the low level of participation in this important activity means that this part of the promise of the welfare reform revolution remains unfulfilled.

CITY OF NEW YORK PARKS & RECREATION

WORK EXPERIENCE PROGRAM PROCEDURES MANUAL FOR CREW CHIEFS

RUDOLPH W. GIULIANI, MAYOR

HENRY J. STERN, COMMISSIONER

WORK EXPERIENCE PROGRAM PROCEDURES

ISSUED: January 3, 1995
 REVISED: May 15, 1998, October 1, 2000
 PROCEDURE: #1

District Orientation

New WEP participants report to Borough Orientations every other Monday (Tuesday when there is an official City holiday). Participants listen to a three hour information session on topics such as Time Limits, Park Policies, Procedures, and Safety in the Workplace. Participants are then assigned to the District to which they are expected to report the following day—Tuesday (Wednesday, if Monday was an official City holiday).

When WEP participants first report to their district, the Crew Chief is responsible for providing them with a comprehensive District Orientation based on an orientation script (see Appendix A for District Orientation Script).

The District Orientation should cover the following topics:

- ◆ Rules & Regulations of the District
- ◆ Chain of Command & District Contact Information (Phone and Pager Numbers)
- ◆ Medically Limited (EII) Participants (see Procedure #8)
- ◆ All WEP Participants will be treated Equally and Fairly (see Procedures #11 and #12)
- ◆ District Work Policy (see Procedure # 2)
- ◆ Issue Uniforms and Demonstrate Tool Use (see Procedure #6)
- ◆ Safety in the Workplace (see Procedure #13)
- ◆ Getting Help In Finding A Job (see Procedures #20 and #21)
- ◆ Awards (see Procedure # 19)
- ◆ Question/Answer session

WORK EXPERIENCE PROGRAM PROCEDURES

ISSUED: 1989
 REVISED: May 15, 1998, October 1, 2000
 PROCEDURE: #2

Work Policy

The following work policy is enforced at Parks. Crew Chiefs must ensure that participants:

- ◆ follow their work schedule
- ◆ work their assigned amount of hours within the two week period
- ◆ notify their supervisor if they will be late or absent
- ◆ arrive to work drug and alcohol free
- ◆ complete their assigned duties
- ◆ provide *original, dated documentation* on letterhead when absent
- ◆ **do not** operate Parks motor vehicles

WORK EXPERIENCE PROGRAM PROCEDURES

ISSUED: January 3, 1995
 REVISED: May 15, 1998, October 1, 2000
 PROCEDURE: #3

Crew Chief Responsibilities—Chronological Daily Checklist

The following is a checklist to help Crew Chiefs keep track of their daily responsibilities.

- Confer with Park Supervisors or Principal Park Supervisors for daily district assignments.
- Set up time sheets for participants to sign.
- Monitor sign-in to verify time of arrival.

- Return time sheets to file.
- Transport workers to sites as required.
- Assign locations and work duties to participants.
- Sign out all tools, supplies, and garments accordingly (see appendix for sample Uniform Sign-Out sheet).
- Give clear instructions and demonstrate how to perform assigned work duties.
- Schedule lunch breaks (see Procedure #4).
- Perform duties along with participants and supervise activities.
- Report any accidents or problems to a supervisor (worker's compensation, fights, etc.).
- Collect and sign-in all tools, supplies, and garments accordingly.
- Transport participants back to districts as necessary.
- Observe sign-out of each participant.
- Document successful clean-ups.
- Return logs of work completed to Park Supervisors and/or Principal Park Supervisors.
- Follow all time-keeping procedures (see Procedure #4).

WORK EXPERIENCE PROGRAM PROCEDURE

ISSUED: 1989

REVISED: May 15, 1998, October 1, 2000

PROCEDURE: #4

Work Schedules, the Concurrent Workweek, and Time Regulations (Page 1 of 3)

WORK SCHEDULES:

◆ When arranging work schedules, Crew Chiefs must keep in mind that participants may not work more than eight hours per day.

◆ Crew Chiefs must assign WEP participants they **supervise only to work the** days that they are scheduled to work. Crew Chiefs may not assign participants to work on their own Regular Day Off (RDO).

◆ When participants are scheduled to work **more than four hours** a day, a **lunch break** must be scheduled for a minimum of 30 minutes and a maximum of one hour.

◆ Participants may be scheduled to work **weekends, but not when it** conflicts with a religious observance (unless the participant agrees to work). *Note: Any questions regarding religious observance should be brought to the Borough WEP Coordinator.*

◆ *Participants with children on their public assistance case (FA/ADC) may not be required to work weekends when HRA only provides child care money Monday-Friday.*

JOB SEARCH & THE CONCURRENT WORKWEEK:

◆ Be aware that many participants are engaged in a concurrent workweek. In addition to their WEP assignment, they are assigned to a job search program. This requirement can be fulfilled either through the Parks run Job Assistance Center (JAC) Program (see Procedure #21) or another non-Parks affiliated job search program (e.g. Goodwill Industries, Americaworks).

◆ A participant must bring in a letter stating what days they are engaged in job search. *A Crew Chief may not schedule a participant to work on the days the participant is assigned to job search.*

◆ *The Crew Chief is not responsible for timekeeping related to job search. Job Search does not take the place of a WEP assignment but is in ADDITION to the WEP assignment.*

WORK EXPERIENCE PROGRAM PROCEDURES

ISSUED: 1989

REVISED: October 1, 2000

PROCEDURE: #4

Work Schedules, the Concurrent Workweek, and Time Regulations (Page 2 of 3)

JOB SEARCH & THE CONCURRENT WORKWEEK continued:

◆ *Participants who are enrolled in a job search program must complete their WEP assigned hours as they appear on the timesheet.*

◆ *Note: A participant can be terminated for not attending his/her job search program even if s/he continues to complete his/her WEP hours. Crew Chiefs should call*

their Borough Coordinator's Office if they have any questions about a participant who is attending a job search program.

◆ Participants may be scheduled to work on City holidays unless they have children on their case. However, if a participant is scheduled to work a holiday, s/he must be allowed a different day off during that bi-weekly period.

TIME SHEETS:

Time sheets must be carefully and accurately completed. They serve as the only documentation of the hours worked by each WEP participant. Any partially or incorrectly completed time sheet may jeopardize a participant's benefits and unnecessarily decrease our head count. It is vital that time sheets are completed and returned on time.

Only WEP Supervisors (PRMs, PPSs, PSs, APSWs, and Crew Chiefs) are permitted to sign participants' time cards unless otherwise noted by the borough Supervisor of WEP (Chief of Operations and/or Chief of Administration).

The accuracy and timeliness of timesheets will contribute to Crew Chiefs performance evaluations.

While timesheets should be stored in a secured location to prevent fraud, timesheets should also be available when the Crew Chief is not in.

Crew Chiefs are required to submit a timesheet for all WEP participants assigned to their district—even those who never reported to the District. The Crew Chief should note zero hours worked/excused and sign off on the timesheet for any participant who did not show up during the biweekly.

WORK EXPERIENCE PROGRAM PROCEDURES

ISSUED: 1989

REVISED: October 1, 2000

PROCEDURE: #4

Work Schedules, the Concurrent Workweek, and Time Regulations (Page 3 of 3)

DOCUMENTATION:

Documentation for excused absences must be attached to the time sheet for the period in which the absence occurred. If documentation arrives after time sheets have been submitted, inform the Borough WEP Office.

The following absences are excused, and do **not require** documentation:

- ◆ Observed City holidays
- ◆ Religious holidays

The following absences are excused, but **require** original (not photocopied), dated documentation:

- ◆ Illness—doctor's note on letterhead
- ◆ Jury Duty—jury summons
- ◆ Job Interview—business card/note from company with name of the interviewer
- ◆ Family Emergencies—note from appropriate agency
- ◆ Day Care/Day Camp closings (FA/ADC only)
- ◆ School Closings (FA/ADC only)

WORK EXPERIENCE PROGRAM PROCEDURES

ISSUED: 1989

REVISED: October 1, 2000

PROCEDURE: #5

Time Sheet Checklist

To ensure that time sheets are maintained properly, Crew Chiefs should follow this checklist when organizing and completing time records for WEP participants. These procedures are arranged in order of importance. Crew Chiefs must:

- Confirm that they have a time sheet for each worker on the roster (see appendix for sample Time Sheet).
- Notify the Borough WEP Office if they did not receive a time sheet for a participant.
- Note: Every active participant should have a time sheet. Notify the borough WEP office if the participant does not bring/ have a time sheet. If directed by the WEP office, create a time sheet for any participant who reports without one.
- Ensure that time sheets are accessible each day for signing-in and out.
- Be present during sign-in and out times to monitor the accuracy of time sheets.
- Keep all time sheets organized and in a secure location to prevent loss or falsification.

- Verify that all hours, working or excused, have been recorded on the time sheets and totaled properly.
- Attach documentation of absences to the time sheets.
- Submit a timesheet for all assigned WEP participants—even if they did not report to the District.
- Submit all time sheets accurately and on time to your Borough WEP Office. Crew Chiefs should check with the Borough WEP Office to confirm when time sheets are due.

Note: Late timesheets can result in unnecessary termination of participants from Parks WEP.

WORK EXPERIENCE PROGRAM PROCEDURES

ISSUED: 1989

REVISED: May 1, 1999, October 1, 2000

PROCEDURE: #6

WEP Uniforms (Page 1 of 2)

All participants should be provided with the mandatory WEP uniform for identification purposes during the workday. The uniform includes:

- ◆ summer or winter hats
- ◆ green or orange vest or WEP T-shirts
- ◆ pair of gloves

The WEP uniform must be worn at all times by working participants. A participant has an option of wearing either a WEP vest, WEP T-shirt, or WEP coat. However, s/he must wear one of these two items. *Note: If a WEP participant is working near vehicular traffic, s/he must wear an orange vest.*

In times of inclement weather, the following items may also be distributed:

- ◆ winter jacket
- ◆ pair of overboots
- ◆ raincoat or rainsuit

WEP participants are only allowed to take home hats and T-shirts. All other uniform items must be signed-in and out every day.

Jackets may be labeled with removable tape or adhesive nametags for WEP participants who have worked at Parks for an extended period and wish to wear the same jacket each day. Each Crew Chief may, at his/her discretion, decide on a policy to assign jackets to those participants. Worn-out gloves may be returned to the supervisor and exchanged for a new pair.

WEP participants should be offered personal protective equipment if asked to perform relevant tasks.

Note: WEP uniforms should be used exclusively by WEP participants. They should not be worn by any Parks employees. WEP participants should be advised to not wear their uniform when they are off duty. Issue WEP uniforms accordingly.

WORK EXPERIENCE PROGRAM PROCEDURES

ISSUED: 1989

REVISED: May 1, 1999, October 1, 2000

PROCEDURE: #6

WEP Uniforms (Page 2 of 2)

UNIFORM DISTRIBUTION PROCEDURE:

When uniform items are distributed, Crew Chiefs must:

- Fill-in their name, borough, district, and the date at the top of the Uniform Sign-Out Log (see appendix).
- Print the WEP Participant's name in the first column of the Uniform Sign-Out Log.
- Check the appropriate boxes for the uniform items borrowed.
- Ensure that WEP participants sign their name in the "OUT" column, acknowledging receipt of the uniform items. ID Cards may be collected as collateral for the borrowed uniform items.
- At the end of the day, the Crew Chief must collect all uniform items, with the exception of the hats and T-shirts. The Crew Chief must sign his/her name in the "IN" column, acknowledging the return of the borrowed uniform items.
- Store the WEP uniforms in a safe area overnight.

WORK EXPERIENCE PROGRAM PROCEDURES

ISSUED: January 3, 1995
 REVISED: May 15, 1998, October 1, 2000
 PROCEDURE: #7

Termination

WEP participants can be terminated for any of the following reasons:

- ◆ Not working their total number of assigned hours
- ◆ Poor work performance or leaving the work site without authorization
- ◆ Falsifying time sheets, medical documentation or other documents
- ◆ Consistently being late or absent without informing their supervisor in advance
- ◆ Not providing written documentation for absences
- ◆ Vandalizing Parks property
- ◆ Verbal or physical abuse of another person
- ◆ Appearing to be under the influence of alcohol or illegal drugs
- ◆ Loss of uniform items

If a Crew Chief believes a participant should be terminated for any of these reasons, s/he should fill out a "Termination Request" form (see appendix for sample Termination form), and submit it to the Borough WEP Coordinator immediately. The Coordinator will take the appropriate action.

The Human Resource Administration (HRA) will terminate, at the end of a two-week period, any participant who does not work the full number of hours and does not provide proper documentation for missed hours. When a participant is terminated for this or any other reason, the participant will receive a notice of conciliation to discuss the termination and its effect on the participant's benefits. If the hearing is not found in favor of the participant, a participant will be sanctioned and will not receive any cash assistance, Medicaid and/or Food Stamp benefits (depending upon the type of sanction received).

WORK EXPERIENCE PROGRAM PROCEDURES

ISSUED: August 4, 1997
 REVISED: May 15, 1998, October 1, 2000
 PROCEDURE: #8

Participants with Medical Limitations (Page 1 of 4)

If a participant presents a completed Physician's Assessment of Client's Employability (EII) form at either their Borough or District Orientation, s/he should be assigned to appropriate tasks as prescribed by the HSS doctor. **These tasks are to be considered light duty.**

When assigning light-duty work, Crew Chiefs should use their judgement and take into account the specific medical condition of each participant.

Crew Chiefs should:

- ◆ Note the working environment (weather, temperature, etc.)
- ◆ Ensure that the medically limited participants take sufficient breaks, have access to water, and are not on their feet for too long.

If a Crew Chief is unsure as to what tasks to assign, it is best to assign a medically limited participant to a task that is less strenuous.

APPROPRIATE TASKS FOR WEP PARTICIPANTS WITH MEDICAL LIMITATIONS:

- ◆ *Outdoors* (Only acceptable in moderate weather conditions):
 - ◆ Sweeping playground areas
 - ◆ Bagging and stabbing litter
 - ◆ Reporting dangerous conditions and defective equipment
 - ◆ Touch-up painting jobs
 - ◆ Simple gardening work
- ◆ *Indoors/Maintenance*:
 - ◆ Wiping down, cleaning walls or flat surfaces
 - ◆ Dusting and polishing furniture and fixtures
 - ◆ Sweeping and mopping floors
 - ◆ Replacing restroom supplies
 - ◆ Emptying small waste baskets

WORK EXPERIENCE PROGRAM PROCEDURES

ISSUED: August 4, 1997
 REVISED: May 15, 1998, October 1, 2000

PROCEDURE: #8

Participants with Medical Limitations (Page 2 of 4)

◆ *Indoors/Clerical:*

- Organizing and maintaining time cards
- Answering phones, reception
- Typing, faxing, copying
- Assisting in after school programs, summer school, seniors' activities
- Sorting mail
- Assisting in translation for non English speaking participants
- Assisting in inventory of supplies
- Replacing and sorting office supplies

If a Crew Chief is unsure whether a participant is medically limited or what duties to assign a medically limited participant, s/he should immediately contact his/her WEP Borough Coordinator for further guidance.

WORK EXPERIENCE PROGRAM PROCEDURES

ISSUED: August 4, 1997

REVISED: May 15, 1998, October 1, 2000

PROCEDURE: #8

Participants with Medical Limitations (Page 3 of 4)

DOCUMENTATION AND MEDICALLY LIMITED WEP PARTICIPANTS:

Crew Chiefs must create files for participants with medical limitations which include the:

- ◆ EII forms or Doctor's note
- ◆ Copy of Duty Description form

Crew Chiefs must make sure that they receive from their Borough Coordinators the EII and assignment forms for every WEP participant with medical limitations. **Duty Description forms must be filled out by Crew Chiefs and a copy must be sent to their Borough Coordinator within 24 hours of the participant's arrival in the District.**

Crew Chiefs must note participants' EII status on all biweekly schedules and time sheets so that substitute supervisors are aware of medically limited participants' conditions. Once it is determined that a participant is medically limited, the classification will appear on each participant's time card.

WORK EXPERIENCE PROGRAM PROCEDURES

ISSUED: August 4, 1997

REVISED: May 15, 1998, September 1, 2000

PROCEDURE: #8

Participants with Medical Limitations (Page 4 of 4)

WHEN A PARTICIPANT CLAIMS TO BE MEDICALLY LIMITED:

If a participant claims to be medically limited after arriving in the District, the following procedures must be followed:

◆ *If the participant presents a completed EII form, s/he should be assigned to appropriate tasks according to his/her HSS doctor and the Appropriate Duties for Medically Limited Participants form.* Crew Chiefs must immediately send a copy of the EII form to the Borough Coordinator.

◆ *If a participant presents a private doctor's note, but does not have an EII form, the Crew Chief must immediately contact the Borough Coordinator for further guidance and send him/her a copy of the documentation.*

◆ *If the participant does not present any documentation, but s/he claims to be ill, the Crew Chief should send the participant home and give him/her 24 hours to present a doctor's note to the Borough Coordinator.*

◆ *If the participant is not able or refuses to obtain a doctor's note, the Crew Chief should immediately contact the Borough Coordinator.*

Crew Chiefs must announce the Parks policy on medical limitations at District Orientations. At these orientations, Crew Chiefs must ensure that they have all participants' medical limitation documentation.

The proper documentation from a doctor must be printed on letterhead and have the doctor's signature. It must state the participant's medical condition in detail and give the date that s/he will be able to work without any limitations. This note must be dated within the last 30 days.

Crew Chiefs must read all Assignment forms, including the comment section of these forms, to make sure that they have a record of all participants with medical limitations.

If at any time during the workday, a participant suffers from an illness, nausea, dizziness, heat stroke, etc., the Crew Chief should be sure to take all necessary precautions to help the participant. For example: move the person out of the sun, get the participant water, call an ambulance, send him/her home.

WORK EXPERIENCE PROGRAM PROCEDURES

ISSUED: February 14, 1995;
 REVISED: May 15, 1998, October 1, 2000
 PROCEDURE: #9

Participant Injury on the Job

If a participant sustains an injury on the job, the Crew Chief must:

- Ensure that the participant gets proper medical treatment immediately (call Central Communications and 911).
- Inform Central Communications, the District Supervisor, and the Borough WEP Coordinator, of the incident as soon as possible.
- Travel with the participant to the hospital (if the participant requires medical attention) and stay there until his/her status is known. If the Crew Chief is unable to accompany the participant, s/he must make arrangements for another Parks employee to go with the participant to the hospital.
- Complete the Worker's Compensation C2 form and addendum (see appendix for sample Worker's Compensation C2 form).
- Submit the original C2 form and addendum to the Borough WEP Office. The Crew Chief should retain a copy of the forms for his/her own records.
- Complete the participant's time sheet, recording the date and nature of the incident.
- Keep the Borough WEP Coordinator informed of the participant's status following the incident.
- Submit a Parks Incident Report to the Borough WEP Office (see appendix for sample Parks Incident Report form).

WORK EXPERIENCE PROGRAM PROCEDURES

ISSUED: February 14, 1995
 REVISED: May 15, 1998, October 1, 2000
 PROCEDURE: #10

Participant Illness on the Job

If a participant becomes ill on the job (i.e. suffers a seizure, or passes out), the Crew Chief must:

- ◆ Ensure that the participant gets proper medical treatment immediately (call Central and 911).
- ◆ Inform the Central Communications, the District Supervisor, and the Borough WEP Coordinator of the incident as soon as possible.
- ◆ Travel with the participant to the hospital (should the participant require medical attention), and stay there until his/her status is known. If the Crew Chief is unable to go with the participant, s/he must make arrangements for another Parks employee to go with the participant to the hospital.
- ◆ Complete the participant's time sheet, recording the date and nature of the incident.
- ◆ Keep the Borough WEP Coordinator informed of the participant's status following the incident.
- ◆ Submit Parks Incident Report to the Borough WEP Office (see appendix for sample Parks Incident Report form).

WORK EXPERIENCE PROGRAM PROCEDURES

ISSUED: January 3, 1995
 REVISED: May 15, 1998, October 1, 2000
 PROCEDURE: #11

Fair Treatment Policy

The work rules and standards of conduct that Parks employees follow also apply to WEP participants. A successful working relationship with WEP participants is achieved when they feel like they are a part of the Parks team. Crew Chiefs should stress that participants' contributions are valuable and enhance the quality of life in New York City. Crew Chiefs should keep the following things in mind:

- ◆ Participants are not to be assigned to perform tasks alone; they must be assigned as a team of at least 2.
- ◆ WEP participants should follow the same work and break schedule as Parks employees.
- ◆ All participants should be provided with the proper tools and equipment to perform their duties safely.
- ◆ Work assignments should not be hazardous or endanger participants' health.
- ◆ Participants are expected to achieve the same levels of performance as Parks' employees.

WORK EXPERIENCE PROGRAM PROCEDURES

ISSUED: January 29, 1996
 REVISED: May 15, 1998, October 1, 2000
 PROCEDURE: #12

Discrimination/Sexual Harassment Prevention (Page 1 of 2)

It is the policy of Parks & Recreation to provide a work environment free from discrimination and sexual harassment. This policy is not designed to regulate or interfere with voluntary social relationships between fellow employees, but it does prohibit those actions and behaviors that are unwanted and unwelcome, and/or create an intimidating and hostile work environment.

Granting professional benefits or favors on the basis of race or creed or to an employee who has accepted sexual advances is as much an act of misconduct as refusing to grant such benefits on the basis of race or creed or to an employee who has resisted such advances.

Anti-discrimination protection applies to all of the terms and conditions of employment, including, but not limited to:

- Recruitment
- Testing
- Hiring
- Salary and Benefits
- Work Assignments
- Performance Evaluations
- Promotions
- Transfers
- Discipline
- Termination
- Working Conditions
- Training Opportunities

It is unlawful to discriminate on the basis of:

- Age
- Alienage or Citizenship
- Color
- Creed
- Disability
- Gender
- Marital Status
- Race
- Prior Record of Arrest or Conviction
- Religion
- Sexual Orientation
- National Origin

WORK EXPERIENCE PROGRAM PROCEDURES

ISSUED: January 29, 1996
 REVISED: May 15, 1998, October 1, 2000
 PROCEDURE: #12

Discrimination/Sexual Harassment Prevention (Page 2 of 2)

Sexual harassment is any repeated or unwelcome sexual advance, request for sexual favors, or other verbal or physical conduct of a sexual nature. The federal Equal Employment Opportunity Commission (EEO) defines such conduct as sexual harassment when:

- ◆ Submission to such conduct is made, either explicitly or implicitly, a term or condition of an individual's employment.

- ◆ Submission or rejection of such conduct by an individual is used as a basis for employment decisions affecting such individual, or such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile or offensive work environment.

- ◆ Any Crew Chief who is aware of active discrimination, sexually intimidating or hostile work environment, should take immediate action to correct such situations. The Crew Chief should keep a written record of the situation and the proposed solution. If the solution fails to address the matter to the satisfaction of the people involved, the Borough Coordinator should be contacted. Contact the Parks Borough Office to find out the name and number of the appropriate EEO Coordinator.

- ◆ All complaints of sexual harassment made either to a Crew Chief or to an EEO Officer will be addressed with confidentiality, and immediate and appropriate action will be taken.

- ◆ Harassment and retaliation against those who press charges of discrimination or harassment is unlawful. Any employee who retaliates against another employee for filing a discrimination or sexual harassment complaint, or for cooperating in the investigation of a complaint, will be subject to disciplinary action.

WORK EXPERIENCE PROGRAM PROCEDURES

ISSUED: June 26, 1996

REVISED: May 15, 1998, October 1, 2000

PROCEDURE: #13

Safety Procedures for Hazardous Materials

While Borough WEP Orientations cover the procedures for safely dealing with hazardous materials, Crew Chiefs must reinforce these rules to their crew. Hazardous materials may include, but are not limited to:

- ◆ Drugs or drug-related paraphernalia
- ◆ Weapons, including knives or blades of any sort

If hazardous materials are encountered on the job site, the following steps should be taken:

- ◆ WEP participants are not to pick up or handle hazardous materials.
- ◆ Any WEP participant discovering a hazardous object should immediately notify his or her Crew Chief or any other Parks employee or call 1800-201-PARK.

- ◆ The Park Supervisor or Crew Chief will "flag" the area using either a small red flag or cone (provided at each location) and call Central Communications at (718) 383-6363 and provide the following information:

- Park where "flag" is located
- Nearest landmark
- Object being flagged
- Caller's name and title

- ◆ Central Communications will then notify the nearest trained sector mobile crew to respond and dispose of the material. "Flagging" is done to prevent children or other workers from coming in contact with the material. The Borough Health and Safety Manager should be contacted if a particular site does not have flags or cones.

WORK EXPERIENCE PROGRAM PROCEDURES

ISSUED: August 4, 1997

REVISED: October 20, 1999, October 1, 2000

PROCEDURE: #14

Inclement Weather

EXTREME WEATHER CONDITIONS:

- ◆ Only the Chief of Operations can authorize participants to go home early in extremely hot/cold weather conditions.

- ◆ If any WEP participants are excused due to inclement weather, it must be noted on their time sheets and they will be given credit for all hours which they

were scheduled to work that day. Crew Chiefs must note the credited hours in the hours worked column on the time sheet. Participants who report to work will receive a full day's carfare.

◆ Participants are not expected to work in conditions under which other Park employees are not expected to work.

INCLEMENT WEATHER WORK PLANS:

◆ All Crew Chiefs must have inclement weather work plans that can go into effect when it rains or snows, or when the weather is particularly hot or cold. The following is a list of possible indoor assignments.

- Cleaning indoor facilities
- Cleaning bathrooms
- Taking inventory of materials
- Washing windows
- Painting trash barrels
- Servicing mechanical equipment
- Being trained in the use of mechanical equipment by Crew Chiefs

◆ WEP participants who are suitably dressed for inclement weather (rain gear or winter clothing) may also be assigned to outdoor work on cold and rainy days. However, participants should be given ample breaks from work in such harsh weather.

◆ On hot days, water should be readily available. Crew Chiefs should also make certain that participants take sufficient breaks in shady areas.

◆ If, after implementing inclement weather work plans, there are still participants who cannot be utilized, the Chief of Operations can authorize a Crew Chief to excuse them for the day.

WORK EXPERIENCE PROGRAM PROCEDURES

ISSUED: May 15, 1998
 REVISED: October 1, 2000
 PROCEDURE: #15

Authorized Inspections

A WEP site may be visited at any time by inspectors from:

- ◆ Parks & Recreation
- ◆ Human Resources Administration
- ◆ Other City, State or Federal Agencies

If an inspection of your site occurs, inform your Borough WEP Coordinator immediately. You should work with your Borough WEP Coordinator to comply with any requested follow-up action.

WORK EXPERIENCE PROGRAM PROCEDURES

ISSUED: August 29, 1997
 REVISED: May 15, 1998, October 1, 2000
 PROCEDURE: #16

Unauthorized Site Visits

The following procedures are to be observed when any unauthorized representative visits a WEP site.

Note: The Crew Chief should call Central Communications and inform them of the visit.

The Crew Chief should inform the representative that s/he may only speak to WEP participants during times not scheduled for work. These times are:

- before their assigned reporting times
- at official break times
- after their tour of duty

If the representative refuses to leave, inform him/her that the Parks Enforcement Patrol (PEP) will be called to escort him/her off the premises. If the representative does not leave, call Central Communications at (718) 383-6363 or (800) 201-PARK to have PEP dispatched to the site. Crew Chiefs should call their Borough WEP Coordinator and Chief of Operations immediately afterwards to report the incident.

Note: You should direct members of the press or anyone else seeking extensive information to the public information office (212) 360-8311.

WORK EXPERIENCE PROGRAM PROCEDURES

ISSUED: November 28, 1995, May 25, 1999

REVISED: October 1, 2000
 PROCEDURE: #17

State Motor Vehicle Inspections and Preventive Maintenance Inspections on Leased
 WEP Vans

The following procedures should be followed for State Motor Vehicle Inspections and Preventive Maintenance Inspections on leased WEP vehicles.

STATE MOTOR VEHICLE INSPECTIONS:

State inspections must be conducted once a year on the date indicated on each vehicle's state inspection sticker. To receive a state inspection, the Crew Chief responsible for the vehicle should call the WEP office or the dispatcher to make an appointment for an inspection. The vehicle should be driven to Cartov Leasing's Fort Hamilton Parkway location (address listed below), where the inspection will be conducted while the Parks vehicle operator waits.

PREVENTIVE MAINTENANCE INSPECTIONS (PMI):

Each leased WEP vehicle is required to have three PMI's per year. Dates for these PMI's are assigned in the "PMI schedule for leased vans." The Crew Chief responsible for the vehicle should make an appointment with Cartov Leasing to have the inspection done during the week the vehicle is assigned in the "PMI schedule for leased vans." If the Crew Chief responsible for the vehicle is unaware of the assigned PMI dates, s/he should request a schedule from his/her Borough WEP Coordinator. PMI's are performed at Cartov Leasing's Fort Hamilton Parkway location, while the Parks vehicle operator waits. Cartov will note body damage on the PMI forms and will leave PMI receipts on the dashboard of the vehicle. Once a PMI has been completed, it should be recorded in the monthly "WEP van breakdown and PMI report" (see appendix sample WEP Van Breakdown and PMI form), which is sent to the Borough WEP Coordinator at the end of each month.

Cartov's Fort Hamilton Parkway location: 3475 Fort Hamilton Parkway (between 36th Street and Chester Avenue)

WORK EXPERIENCE PROGRAM PROCEDURES

ISSUED: November 28, 1995
 REVISED: May 25, 1999, October 1, 2000
 PROCEDURE: #18

Leased WEP Vehicle Breakdown (Page 1 of 3)

REPAIRS:

WEP vehicles may also be sent to Cartov Leasing for repairs. Contact the following people to coordinate repairs for your vehicle:

- ◆ Bronx: John Condon (718) 430-1873 and/or Elliott Sykes (718) 430-1896
- ◆ Brooklyn: Kent Stridiron (718) 965-8929
- ◆ Manhattan: Melissa Mendez (212) 408-0225 and/or the Manhattan WEP Office (212) 408-0228
- ◆ Queens: Bob Gervasi (718) 699-4242 and/or Linda Koenig (718) 520-5930
- ◆ Staten Island: Jack Guidotti (718) 816-9166

TOWING:

- ◆ During the day, contact the borough dispatcher or Central Communications.
- ◆ At night or weekends, contact the dispatcher or Central Communications at 1-800-201-PARK.
- ◆ Cartov Leasing can tow a vehicle to its Fort Hamilton location. Call (718) 972-4990.

WORK EXPERIENCE PROGRAM PROCEDURES

ISSUED: November 28, 1995
 REVISED: May 25, 1999, October 1, 2000
 PROCEDURE: #18

Leased WEP Vehicle Breakdown (Page 2 of 3)

DOCUMENTING REPAIRS:

- ◆ Keep a running log of all vehicle breakdowns.
- ◆ Record the date on which the vehicle is first brought in for repair, and track the number of days that it remains out of service in the WEP Van Breakdown and PMI report.
- ◆ At the end of the month, send the WEP Van Breakdown and PMI report (accompanied by receipts for the work done) to your Borough WEP Coordinator.

◆ **Note:** Because Parks does not own its WEP vehicles, their out-of-service rates can not be tracked on the city's MCMS (Maintenance Control Management System).

ACCIDENT & VANDALISM PROCEDURE

If the vehicle was just involved in an accident with another vehicle, fixed object, or pedestrian:

◆ Contact Central Communications immediately (1-800-201-PARK) and follow any instructions they give.

◆ Obtain all relevant information regarding the other driver(s) involved in the accident (i.e. name, address, Driver's License #, license plate, vehicle info, insurance info, etc.). If the other driver(s) involved in the accident requests insurance information from you, inform them that any claim for damage or injury must be sent to:

City of New York/Office of the Comptroller, Bureau of Law and Adjustment, 1 Centre Street, Room 1225, New York, NY 10007

◆ Your supervisor must be notified of the accident, even if no violations are issued and there are no injuries.

WORK EXPERIENCE PROGRAM PROCEDURES

ISSUED: November 28, 1995

REVISED: May 25, 1999, September 1, 2000

PROCEDURE: #18

Leased WEP Vehicle Breakdown (Page 3 of 3)

ACCIDENT Continued

◆ Fill out the Parks Driver Accident Report Form and the N.Y State Department of Motor Vehicles Accident Form (MV 104) located in the glove compartment of the vehicle (they are also available at the dispatch office). These forms **MUST** be filled out within twenty-four (24) hours of an accident. The Parks form must be submitted to your Supervisor for completion. The DMV form must be sent to the state (as indicated on the form), with a copy going to your Supervisor.

VANDALISM

◆ A "A Property Damage/Theft Report" must be filed regarding each incident of vehicle vandalism or vehicle abuse. Vandalism report should be reported to the Police and Central Communications. Copies must also be submitted to garage dispatch and 5-boro.

◆ An "injury/illness/incident report" must be filed for each case of vehicle abuse or suspected abuse. These are to be reported to garage dispatch and to the appropriate supervisor.

Note: Under no circumstances are WEP participants allowed to drive.

WORK EXPERIENCE PROGRAM PROCEDURES

ISSUED: April 1, 1996

REVISED: May 15, 1998, October 1, 2000

PROCEDURE: #19

WEP Appreciation (Page 1 of 1)

As part of Parks & Recreation's effort to provide incentives to outstanding WEP participants, the following WEP Appreciation programs have been implemented:

DISTRICT WEP PARTICIPANT OF THE MONTH:

Crew Chiefs should receive a District WEP Participant of the Month nomination form from their WEP Borough Coordinator (see appendix for sample WEP Nomination Form). Crew Chiefs should complete the form to nominate an outstanding WEP participant from their district, and return it to the WEP Borough Coordinator. Call your Borough WEP Coordinator's office to find out when the Nomination Forms must be submitted. Upon a favorable review of the nominated participants from each district, an individual will be selected as the District WEP Participant of the Month, and his/her Crew Chief will be contacted with the results. Winners also become candidates for the Borough WEP Participant of the Month award. A district recognition ceremony should be arranged during which the appropriate district manager presents the participant with a certificate and a Parks T-shirt.

BOROUGH WEP PARTICIPANT OF THE MONTH:

The WEP Participant of the Month for each Borough is selected from the recipients of District WEP Participants of the Month. Each of these five outstanding participants is awarded a certificate of achievement, a Parks T-shirt, and a check for \$30.00. Call your Borough WEP Coordinator's office to find out when the T-shirts, certificates, and checks will be available for distribution.

WORK EXPERIENCE PROGRAM PROCEDURES

ISSUED: April 1, 1996
 REVISED: May 15, 1998, October 1, 2000
 PROCEDURE: #19

WEP Appreciation (Page 2 of 2)

BI-ANNUAL BOROUGH WEP PARTICIPANT OF THE MONTH LUNCHEON:

Every six months, a luncheon is arranged through the Central WEP Office to honor the Borough WEP Participants of the Month. Held at the Arsenal in Manhattan, this ceremony is attended by the Parks Commissioner, First Deputy Commissioner, and Deputy Commissioner, various District Managers, Borough Commissioners and/or Chief of Operations.

ZAP AWARDS:

ZAP Awards (food, event tickets, T-shirts, etc.) are solicited from major corporations so that WEP Crew Chiefs can provide instant rewards for outstanding work. Contact your Borough WEP Coordinator for more information.

WORK EXPERIENCE PROGRAM PROCEDURES

ISSUED: 1994
 REVISED: May 15, 1998, October 1, 2000
 PROCEDURE: #20

Parks Career Training Program (PACT)

PARKS CAREER TRAINING PROGRAM (PACT)

WEP participants interested in moving into full-time employment should be encouraged to apply to PACT. Those individuals accepted to the program agree to work 35 hours per week, in exchange for job counseling, skill building, driver training, and job placement services that are designed to help them find full-time employment in the private sector. Additionally, PACT participants have access to General Equivalency Degree, Basic Education, and English as a Second Language classes.

PACT job skill training is primarily on-the-job and takes place in parks and park facilities throughout the five boroughs. This hands-on training is supplemented with workshops ranging from computer classes to chain saw use. The PACT training period varies from one to eight months.

The PACT major training areas include, but are not limited to, the following:

- ◆ Custodial/Maintenance
- ◆ Clerical
- ◆ Horticulture
- ◆ Security
- ◆ Handyman/Fix-it

Approximately half of the PACT participants are assigned to PACT-supervised training crews and half are assigned to individual apprenticeship assignments.

To be considered for the PACT program, a WEP participant must:

- ◆ Have a strong desire to move from public assistance to employment in the private sector.
- ◆ Be willing to work 35 hours per week.
- ◆ Each year PACT places over 300 participants into full-time jobs.

Crew Chiefs should encourage participants to call the PACT office at (212) 830-7778, or to contact their Borough WEP Coordinator for more information.

WORK EXPERIENCE PROGRAM PROCEDURES

ISSUED: October 1, 2000
 PROCEDURE: #21

Job Assistance Center (JAC)

JOB ASSISTANCE CENTER (JAC)

The Job Assistance Center (JAC) is Parks' own concurrent job search program (see procedure # 4 for more information on concurrent job search).

Participants are assigned to JAC by HRA and are required to spend 21 hours a week at their WEP assignment and 14 hours a week at their JAC assignment. WEP participants may also volunteer to be enrolled in JAC by contacting their borough WEP office.

JAC offers workshops and job placement assistance. WEP participants who are assigned to JAC have access to:

- ◆ Board of Education Certified GED and ESL classes
- ◆ Clerical Academies
- ◆ job shadowing program
- ◆ interview appropriate attire through our in-house clothing closet and through *Dress For Success*

Each year JAC places over 200 participants into full-time jobs.

Crew Chiefs who are interested in learning more about JAC should call the Central Office at (212) 360-8130.

WORK EXPERIENCE PROGRAM PROCEDURES

ISSUED: 1994

REVISED: May 15, 1998, September 1, 2000

PROCEDURE: #22

College WEP

College WEP is designed for participants who:

- ◆ Are presently in college.
- ◆ Have a college degree or some college background.

The program places eligible Parks WEP participants in WEP assignments that use their skills and are related to their field of study or extra curricular interests.

Current placements include:

- ◆ Administrative offices
- ◆ Telecommunications
- ◆ Horticulture
- ◆ Environmental education
- ◆ Pre-school and after-school children's programs
- ◆ Computer resource centers
- ◆ Recreational activities
- ◆ Senior citizen programs.

Crew Chiefs should encourage eligible WEP participants to apply for this program. Interested WEP participants should call their Borough WEP Coordinator.

WORK EXPERIENCE PROGRAM PROCEDURES

ISSUED: July 17, 1996

REVISED: May 15, 1998, September 1, 2000

PROCEDURE: #23

Business Link

Business Link was established by the Human Resources Administration (HRA) to assist WEP participants in their search for outside employment. It is very important that participants be made aware of the employment opportunities offered through Business Link. Business Link periodically issues job notices with information regarding jobs currently available to WEP participants. There is usually a deadline for responses, so immediate action is required. Upon receipt of the Business Link posting, Crew Chiefs are expected to do the following:

- ◆ Immediately post Business Link notices in areas accessible to all WEP participants.
- ◆ Encourage participants to respond to job notices.
- ◆ Permit participants to use Parks telephones to arrange Business Link appointments.

WORK EXPERIENCE PROGRAM PROCEDURES

ISSUED: April 21, 1996

REVISED: May 15, 1998, September 1, 2000

PROCEDURE: #24

Blood Drive Policy

Parks & Recreation conducts blood drives semi-annually, and all WEP participants should be encouraged to participate. Those who participate will receive credit for three hours of earned time. If a participant attends the drive, confirmation of his/her attendance will be sent to the Borough WEP Office by the blood drive coordinator. If the participant donates blood and leaves prior to his/her tour, the three

hours of earned time will be applied to complete that day. If the participant returns to the job site directly after attending the drive, his/her three hours should be granted at a later date.

Information regarding time and location will be made available to the Borough Offices prior to each blood drive.

Ms. FALCOCCHIO. Thank you, Mr. Chairman and members of the Subcommittee on Human Resources. My name is Lisa Falcocchio. I am from the Parks Department. I was asked to come here today to talk a little bit about how we run our Welfare to Work program operationally.

The Parks Department is a unique city agency in that we have really embraced Welfare to Work and Workfare. In 1994, we had a work experience program or a WEP participant head count of a little bit over 1,000, and we peaked in 1998 with almost 7,000, which is equivalent to about 3,000 full-time employees.

For us, this has been a big undertaking, but the work we put that setting up the program has proved enormous. Our cleanliness ratings, which is one of the ways that we rate how effective this program has been for us is, as a city agency, have shot up. 1994 there were 75 percent cleanliness ratings with the parks and playgrounds, and currently we are at about 95 percent. And our WEP head count today is about 3,000. One of the things that we are able to do is the way the program is structured, is every 2 weeks we get referrals from HRA from each of the boroughs.

From day one, when participants come into our program, we wanted it to be very clear to them that they are part of the Parks Department. They are part of our work force. We explain to them that this is not a permanent job, that is, probably won't lead to permanent employment, but we offer them the different tools that are there to help transform them into private sector employment.

We have two job training programs that are part of their time while they are in the parks Welfare to Work program. And since 1994 we have placed over 2,000 people in full-time private sector employment. And our retention rate is about 86 percent for over 3 months. And the average rate is a little bit more than \$8 an hour.

The way the work site is actually set up is each of our boroughs are separated into districts. We have trained supervisors who are called crew chiefs. They were in-line workers. Their responsibility before they were promoted to supervisor was basically the position of a city park worker to do maintenance jobs in the parks, to maintain the parks and playgrounds. Before or while they were promoted, we realized that it was very important for them to receive additional training. Initially when they were promoted to supervisor of our WEP group and they are about 15 to 25 participants per group, depending on our head count and operational needs, they go through initially about 6 days of training, and then each year it depends, sometimes it is three days, sometimes it is one day, depending on the needs.

When participants come into the program, we make sure we explain to them about HRA policy, about park policy. And then they usually get assigned to a work assignment that is closest to where they live. Sometimes, depending on child care and other issues, it

makes more sense for there to be an assignment closer to where their child goes to school. We try to accommodate those needs.

We make sure they have their safety equipment they need, the uniforms they need, and that they understand that there are different options available to them. They have the option to get assessed. Every participant who comes through our program we do a self-assessment with them, usually through one of our job training programs to see what their skills are. If people have special skills or are in college, we try give them an assignment that reflects their scheduling needs, or if they know computers, to help them get up to date in whatever the latest technology is so that that becomes a marketable skill.

In addition, we give driving training for people to get their license or commercial driver's license where they can practice on the parks' trucks. It is sort of the bigger picture, how can this really be a work experience? I mean, that sort of is the presentation.

And I think the final thing to say, though, is that our supervisors who have such an influential role because they are with our participants 3 days a week, they are trained very much in how to make this a real work experience.

Chairman HERGER. Thank you very much.

Next I would like the gentleman from Michigan, Mr. Camp, to introduce our next witness.

Mr. CAMP. Thank you, Mr. Chairman. I do want to welcome and introduce Doug Howard, who is the director of the Michigan Family Independence Agency, and also to mention that under his leadership, Michigan has experienced the lowest welfare enrollment since 1969, and under his leadership also under Michigan's Project Zero Initiative, more importantly, the number of families without earned income has been reduced to zero in 86 out of 104 sites in Michigan. So we look forward to your testimony and thank you for being here, Doug. Welcome.

**STATEMENT OF DOUGLAS E. HOWARD, DIRECTOR, MICHIGAN
FAMILY INDEPENDENCE AGENCY**

Mr. HOWARD. Thank you. Thank you, Chairman Herger and your colleagues, and a special thank you to Congressmen Camp and Levin for their interests in not only what we do in Michigan, but how it is affecting children and families. I know you all share that interest. I also want to thank you, Chairman Herger, for continuing what many of your colleagues have done before you in coming and reaching out to the States.

You recently appeared at an American Public Human Services Association meeting where we had the opportunity to interact. I am a Member of the board of directors for that association. One of the things the States have done is try to come together on consensus on a number of social policy issues. Some of you are familiar with the recent publication, Crossroads-New Directions in Social Policy. It is broader ranging than today's discussion, but there are a number of references in here to TANF and work requirements. And if it is appropriate and if there is no objection, I would like to ask if we could submit this as part of the record. We can make it available in electronic format.

Chairman HERGER. Without objection.

Mr. HOWARD. Thank you. I appreciate it. Michigan is a State that began down the path of moving towards work-based reforms as early as 1992 under Governor John Engler's leadership. Along with a number of other States in the early and mid 90s, we really began moving into that environment through a number of State waivers. And we have had great success, as Congressman Camp has pointed out, we have seen very sharp declines in the cash assistance caseload. We have seen a decline of nearly 70 percent. That doesn't mean that we are serving 70 percent less. What we are doing are moving people from a pure reliance on cash assistance into the work force. In some cases they are leaving all programs, in other cases we are still providing supports.

I would like to put up a chart reflecting the shift from cash grants to work support—yes, that chart. This is an example of the types of support we are providing for work and an example of how the flexibility of TANF has allowed us to focus more on work-base supports. This is included in a separate exhibit from the testimony I have submitted. The upper dark blue line that is on a downward trend reflects the annual payout in cash assistance grants in the State of Michigan.

The lower kind of mauve colored line that is increasing represents child care assistance. You will see that last year those lines actually crossed, and we are now paying out more in a service such as child care to support families in the work force than are actually paying for families who may be staying at home. We are seeing those same type of upward trends in other States. We see those same type of upward trends in a number of other services, transportation, some programs perhaps with lower cost but upward trends in mentoring, parenting skills and other services that help families keep their family structure intact so they can remain in the work force.

So we believe that the flexibility under PRWORA has really allowed us to do that reinvestment. The whole centerpiece in this is, of course, the work requirements. We do believe very strongly that the focus on work requirements has helped us change the culture of the program, not only for staff, but also for the clients and the general public. If nothing else, it has helped us create the opportunity for families to make good business decisions.

I would like to jump to the next poster board as an example of what I referred to in the way of good business decisions. Under the old ADC program, which essentially is represented by the first column entitled "welfare," there was not a lot of incentive to go to work. Families would lose their benefits nearly as fast as they gained income. Between cash assistance and food stamps, these are Michigan specific numbers, they had roughly \$800 in disposal income a month.

As we move into the work requirements under TANF, essentially matching up the welfare and work column to the current 30-hour work requirement looking at minimum wage, adding in earned income tax credit, the employment and the continued eligibility for food stamps and cash we see in Michigan, that their disposable income has climbed to over \$1,300. Finally if they go to work full-time, even at minimum wage, that further increases their income.

Obviously, the higher the income level, the better off that family is.

So we know that this has certainly created value for the family. There are a number of studies out there that show that the most common reason for leaving welfare is work. We have seen over 260,000 families leave assistance just due to work in the State of Michigan. Their wages have ranged from minimum wage all the way up to \$25 an hour. We think one of the opportunities before us in work-based reforms that we are trying to integrate locally is a focus not just on job placement, but on retention and advancement activities.

One of the things we have often said is that we believe work strengthens families. But sometimes to help with that retention and advancement, we need to put some things in place to strengthen the family so they can keep the job. So we have seen an expansion of the messages we think about, how we support families and work, child care, transportation, helping them deal with issues at home. We have seen clear success stories where parents have relayed, as you are hearing today, that they are doing this for their family and children.

One of the things we do in Michigan we are quite proud of because it puts a face on this every month, is hold an achiever-of-the-month ceremony around the State in which a current or former recipient tells their story. And the most common thread in those stories is that they have done this for themselves and their children, the message that they are sending for their children is very important.

I think, in conclusion, I would just say that there are continuing issues under the work requirements. We need to keep the focus on work. We would ask Congress to continue with the things you have done under PRWORA around the ability to reinvest funding, the flexibility States have been given which will allow us to focus not only on placement, but retention and advancement, and ultimately on strengthening families. Thank you for your time.

Chairman HERGER. Thank you very much, Mr. Howard.

[The prepared statement of Mr. Howard follows:]

Statement of Douglas E. Howard, Director, Michigan Family Independence Agency

Good afternoon, Mr. Chairman and members of the Subcommittee. Thank you for the opportunity to provide comments regarding work requirements in the Temporary Assistance for Needy Families (TANF) welfare program. I am Doug Howard, Director of the Michigan Family Independence Agency (MFIA). MFIA helps to improve the quality of life in Michigan by protecting children and vulnerable adults, delivering juvenile justice services, and providing support to strengthen families and individuals striving for independence.

In the mid-1990s, states began significant work-related reforms, a process accelerated in 1996 by the TANF federal block grant. The block grant—which required strong work requirements for those receiving aid—was a historic step in allowing states the flexibility needed to establish effective welfare policy. Coinciding with these changes was an unprecedented drop in the cash assistance caseload, which has declined nationally by some 50 percent from its peak level in March 1994. Nationally, the rolls have now declined for five consecutive years. In 1992—well before the federal reforms—Governor Engler introduced significant work-related reforms. Since then, Michigan’s cash assistance caseload has declined by nearly 70 percent, and the rolls have now declined for eight consecutive years.

Healthy debate has emerged concerning the causes of such large-scale caseload decline. Some argue that declines are driven by policy changes while others believe

the strong economy of the 1990s is the major factor. But one thing is clear—the availability of jobs, combined with work requirements that reduce the economic incentives of being on welfare, have played an important role in moving recipients into the workforce.

As summarized by the Brookings Institute, studies of mothers who left cash assistance find that about 60 percent are employed and about 75 percent have been employed at some time since leaving cash assistance. After a decade of relative stability, the number of single mothers working rose by about 25 percent between 1993 and 1999. Even more impressive was a 50 percent increase in the number of never-married mothers who had a job. That these are the mothers who have had the biggest increase in employment in recent years suggests that even poorly educated mothers that used to stay on welfare for long periods are proving themselves capable of succeeding at work in the private sector, at least during a period of low unemployment.¹

A 1999 study by the Urban Institute found that work is the most common reason for leaving cash assistance. More than two-thirds (69 percent) reported leaving cash assistance because of increased earnings or hours on an ongoing job or because of a new job. The Urban Institute study also found that the types and quality of jobs held by former recipients are similar or better than those held by other low-income mothers (mothers with incomes less than 200 percent of the poverty rate).

More recent work on wage growth over time among less-skilled women suggests that experience in the labor market does increase earnings. In fact, wages of less-skilled women grow as fast with experience as do those of more educated women, but from a much lower starting point. In Michigan, we have had more than 266,000 families leave cash assistance due to earnings since 1992. We know that their wages have ranged from minimum wage to up to \$25 per hour.

These data indicate an amazingly rapid shift in work behavior over a relatively short period of time. Overall, the data is generally consistent in finding that most families who have left welfare for work have more money than they had when they were on welfare.

Welfare Reform's Impact on Children

Simultaneous with these historic declines in cash assistance, both overall child poverty and black child poverty have declined substantially. In fact, declines in poverty among black children in 1997 and 1999 are the biggest single year declines on record and the 1999 level of black child poverty is the lowest ever. Similarly, the overall child poverty rate in 1999 is lower than in any year since 1979.²

Both the 1980s and 1990s saw substantial progress against poverty. However, the drop in poverty during the six years of the 1990s economic expansion is more than twice as great as the drop during the six years of 1980s expansion. The explanation of this remarkable difference cannot be greater job growth during the 1990s because the net increase in employment was around 20 million during both periods.³

Researchers Rebecca Blank and Ron Haskins believe there are families at the bottom (5 or 10 percent of the income distribution) that appear to be worse off without cash welfare. These mothers have numerous barriers to employment such as three or more young children to care for, learning disabilities, mild retardation or health or substance abuse problems.

A recent study by the Manpower Demonstration Research Corporation found that requiring single mothers to work as a condition of receiving cash assistance did not hurt their children. Rigorous evaluation of 11 welfare programs in six states provided “strikingly consistent evidence” of the benefits to children.

Looking at children of all ages, the Brookings Institute concluded from a variety of TANF-like experiments that were conducted under waivers prior to welfare reform that the effects on children were small. Child participation in organized activities, center-based child care, and health insurance programs generally increased. Academic achievement, behavior, overall health, and the home environment of the child, however, changed very little or not at all.

In the case of elementary-school children, the picture is fairly positive. There is strong evidence that welfare reform can be a potent force for enhancing achievement and positive behavior. When welfare reform packages do not appear to help younger

¹Haskins, Ron, Isabel Sawhill, and Kent Weaver. 2001. “Welfare Reform: An Overview of Effects to Date,” Brookings Institute Publications, Brief #1.

²Haskins, Ron. 2001. “The Second Most Important Issue: Effects of Welfare Reform on Family Income and Poverty,” New World of Welfare Conference.

³Haskins, Ron. 2001. “The Second Most Important Issue: Effects of Welfare Reform on Family Income and Poverty,” New World of Welfare Conference.

children, there is little evidence of harm. The only bad news is that decreased supervision may increase adolescent risk behavior.⁴

As the majority of data suggests, a large portion of families who have left cash assistance for work have a distinct advantage over those who continue to collect welfare checks. This is reflected by the fact that as the nation's caseloads have sharply declined, more people—particularly single-parent families and black children—have advanced out of poverty.

Working Toward the Future

Even though everyone can work at some level, there are going to be people who need help. The American people want us to help the needy as long as they are doing something to help themselves. With the new policies and perspectives granted by Congress, states have successfully shifted away from a program that once paid people to stay home to one that provides incentives and supports for working. The statistics show we are on the right track. The myths about the impossibility of reducing dependence have been shattered. Yet, there is more work to be done.

Work requirements are proving to be extremely effective in reducing dependence and promoting self-sufficiency. There is now an opportunity to align other public assistance programs, including food stamps and public housing, to the principle of work.

States believe that next year one of the biggest opportunities during TANF reauthorization is the potential for alignment of programs, both in HHS and other federal agencies, that effect the TANF population. The most often mentioned program among my colleagues, from other state social services directors to front line workers, is the need to simplify and add flexibility to the Food Stamp Program administered by the US Department of Agriculture. That program is also due for reauthorization next year. This provides Congress with an excellent opportunity to apply some of the lessons learned over the last five years in TANF to households that receive food stamps. Work requirements in the food stamp program are much less rigorous than under TANF; assets that a family is encouraged to acquire under TANF, such as a vehicle, can make a low-income working family ineligible for food stamps once they leave cash assistance. Different reporting requirements and different standards for verification of income, shelter, utility and medical costs make it extremely difficult for customers and for staff to be certain benefit amounts are accurate. I urge you to take every opportunity to reduce bureaucratic burdens on low-income families and seniors, and on the states, by aligning program requirements or allowing additional flexibility within programs that serve low-income populations.

Today, most states are serving as many, if not more, families through an array of work supports such as childcare, transportation, and mentoring. Part of our future challenge is to reduce reliance on Non-TANF programs by increasing job retention and advancement for those who have left cash assistance.

But Government cannot and should not be expected to do this alone. Many of our best successes occurred because individuals displayed personal responsibility and communities have accepted ownership of problems and solutions. The flexibility under TANF has made this possible.

On the heels of these sweeping changes, the next round of national debate is now beginning. In 2002, Congress must decide the future direction of welfare reform. This is the time to increase state's flexibility, simplify and align federal requirements and provide an adequate funding level that will pledge continued success. Our progress in Michigan—and nationally—argues for a continuation of what has worked and new initiatives so that no families are left behind.

Congress deserves credit for contributing to the national success of welfare reform by giving states the flexibility and authority to advance the value and expectation of work. As Congress reflects on the success of welfare reform, I encourage you to continue to rely on the experience of Governor's and the states. The state experiences and challenges of the last five years can prove invaluable as Congress considers the role of work requirements in public assistance programs.

[The attachment is being retained in the Committee files.]

⁴Duncan, Greg J. and P. Lindsay Chase-Lansdale. 2000. "Welfare Reform and Child Well-being," Northwestern University.

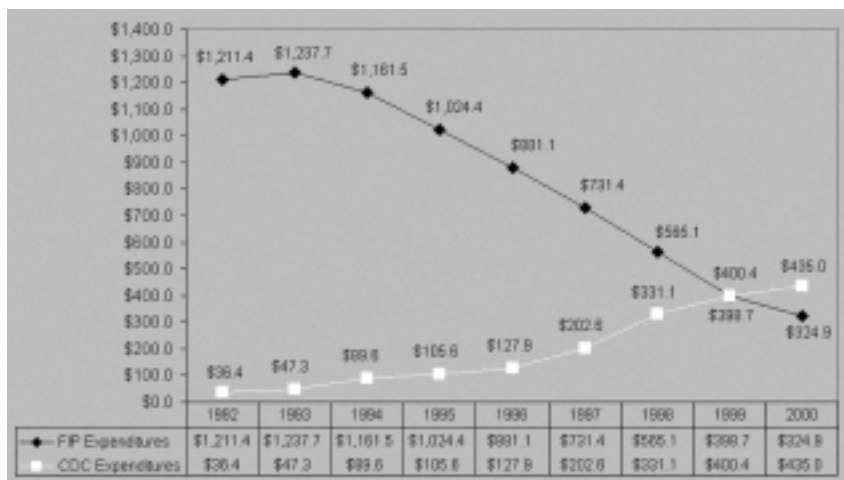
MICHIGAN FAMILY INDEPENDENCE PROGRAM MONTHLY FAMILY BENEFITS—WELFARE VERSUS WORK—FAMILY OF THREE IN DETROIT

	Welfare	Welfare & Work	Work Only
Cash Assistance	\$459	\$88	.....
Food Stamps	341	296	269
Employment .....	.....	¹ 664	² 886
Earned Income Credit .....	.....	266	324
Total Family Benefits	800	1,314	1,479

¹Part time (30 hr/wk) at minimum wage (\$5.15/hr).

²Full time (40 hr/wk) at minimum wage (\$5.15/hr).

FAMILY INDEPENDENCE AGENCY CASH ASSISTANCE (FIP) AND CHILD DAY CARE (CDC) ANNUAL EXPENDITURES FY 1994–FY 2002



Chairman HERGER. Our concluding witness for this panel will be Mr. Rodney Carroll, the president and chief executive officer of the Welfare to Work partnership. He is accompanied by Takia Roberts, who has gone to work with the help of the Welfare to Work partnership. Mr. Carroll.

STATEMENT OF RODNEY J. CARROLL, PRESIDENT AND CHIEF EXECUTIVE OFFICER, WELFARE TO WORK PARTNERSHIP, ACCOMPANIED BY TAKIA ROBERTS, LEAD PHARMACY TECHNICIAN, CVS PHARMACY, MARYLAND

Mr. CARROLL. Thank you and good to see you again Mr. Chairman. Mr. Cardin, Mrs. Johnson and other distinguished Members of the Committee, I am delighted to be here to represent the American business community. I would like to also commend you on having this hearing and taking the important steps to fixing the 60-year-old problem.

As I was preparing my notes and preparing to talk today, I wasn't quite sure what I was going to say. I was going to tell you

about the Welfare to Work Partnership and how we started with five companies, and that we now have over 22,000 companies, and those 22,000 companies have hired 1.1 million people, and 40 percent above the minimum wage average salary, and 83 percent promotion track jobs and so forth. But I figured I didn't want to tell you that.

I also was going to tell you about our recommendations that we have and we have a book that we handed President Clinton last year on our recommendations, but you have a copy of that book in front of you, so I guess you could look at that at your leisure.

I also could tell you about the two biggest problems that we have found, which are child care and transportation, but everybody knows that. So as I began to think about what I was going to say, how I was going to say it, I thought that I would tell you about nobody. That is right, I said nobody. You know when I was growing up in Philadelphia, I was 16 or 17 years old, grew up in a family on welfare. I guess I thought I was probably nobody. You see, nobody really had anybody, any plans for my life. Nobody was expecting anything from me. Nobody felt that I was going to make anything. Just wanted me to stay out of trouble, stay out of the way, you know, don't really do anything. Because as growing up on welfare, nobody really believed that I was ever going to do anything to make any difference in life and be a good citizen.

But you see, deep down inside, I knew differently. And I knew that if I could get an opportunity, a chance to do something in my life, that I could make a good life of it.

So as I went to high school and I eventually went to college, and at some point I got a job. And I got this job at UPS. And I worked at UPS for 22 years up until last year when I left UPS to be the chairman of the Welfare to Work Partnership. When I came into UPS, I didn't come into UPS with a suit and tie on, I started in the trucks unloading and loading boxes, like most of the UPS people do. As I go through the Partnership and I go around the country and I talk to companies and people all around, you know what they tell me? They tell me the same thing: welfare recipients, by and large whatever race or color, they all are looking for a chance. They are looking for an opportunity. They want to make something out of their lives. They want to do something. And many times it is just a barrier that causes them not to be able to reach these goals.

You remember Mr. Cardin said that although the rolls have been cut in half we have impressive numbers all around the country, certainly impressive numbers in Michigan and Wisconsin and certainly New York City, we still have about 2 million people that are still looking for that same opportunity. It is not time to raise the flag now and say hey, we have won. We have still got a long way to go. The question begins how are we going to get there? But first, we need to recognize that we do have some distance to travel and we do need to make some more gains as we go along. You see, my experience has been that the people that have not yet made the transition, those people even have more difficulties. They may even have more challenges ahead. There may need to be more resources put toward those people so that they will have the same opportunity that I had and the same opportunities that perhaps you had.

The Welfare to Work Partnership is very proud of its record so far. We are in five cities on the ground. And the objective, again, as Mr. Cardin, said is not only getting a job, going from welfare to the working poor, but also it is really about going from dependence to independence.

And in order to do that, you not only have to get a job, but you have to be retained on the job and you also have to advance on the job. So as I go around the country and talk to businesses all around, I talk to them about why it is smart for them to hire people from welfare. I never tell them about charity or social responsibility. I tell them why it is a smart solution for their business. I tell them about people like Takia Roberts, I tell them about myself.

One of our business partners is CVS Pharmacies. CVS Pharmacies sits on our board. I am proud to say that CVS has hired an estimated 12,000 people in the last couple years from Welfare to Work. They hire many times entry level, but they have programs that allow people to come in entry level and if they work hard, if they do a good job, they can advance and they can make something out of their lives.

As I told you earlier, I came here not only to tell about those things, but to tell you about nobody. But now I would like to introduce you to somebody.

Sitting to my right is Takia Roberts. I would like for her to tell you about her life and her story and where she is going and where she hopes to be.

[The prepared statement of Mr. Carroll follows:]

**Statement of Rodney J. Carroll, President and Chief Executive Officer,
Welfare to Work Partnership**

"We cannot be the kind of country we want to be if we're content to leave people behind . . . We have the knowledge. We have the resources . . . What we need now is commitment. We're asking every company across the country to join our Partnership."

—Gerald Greenwald, Chairman Emeritus, United Airlines Chairman, The Welfare to Work Partnership

"Welfare to work is the perfect example of how two supposedly diametrically opposed goals of business—making money and being socially responsible—can intersect in a meaningful way."

—Jonathan Tisch, President and CEO, Loews Hotels Vice Chairman, The Welfare to Work Partnership

Good afternoon Congressman Herger and members of the Human Resources subcommittee. I thank you all for inviting me to testify about the business perspective on welfare reform and the reauthorization of the Temporary Aid to Needy Families program.

It is a rare moment when a vexing social problem and a compelling business need align to create positive change. Such an opportunity presented itself in 1996, when this subcommittee wrote and the full Congress passed the Personal Responsibility and Work Opportunity Reconciliation Act, reversing six decades of welfare policy. The new law created a historic challenge for the business community to hire those who would be leaving the welfare rolls in large numbers. And, fortuitously, it created an unprecedented chance for employers to fill their payrolls with new workers, just as a booming economy was making that job more difficult than ever.

As you well know, welfare caseloads have plummeted by half since 1996, and the majority of adults who are now off the welfare rolls have gone to work. In May of 1997, The Welfare to Work Partnership was created by five corporations—United Airlines, Burger King, Monsanto, Sprint, and UPS—to educate and encourage other employers to consider hiring this new pool of workers. More than 20,000 employers have answered our challenge and committed to hire and retain former welfare recipients. In fact, we can now estimate that these companies have hired 1.1 million new workers from the public assistance rolls—mainly for good, full-time jobs offer-

ing full medical benefits. We are pleased to be at the forefront of this quiet social revolution.

The Partnership takes great pride in the progress our employers have made. Still, we are quick to acknowledge that the job of ending a failed welfare system is far from complete. Important challenges lie ahead. More than two million families remain dependent on the federal Temporary Assistance for Needy Families (TANF) program and, as employers, we are well aware that many of them face the most difficult barriers on their road to work. We also know that too many individuals who have left the rolls eventually return. Perhaps the most daunting challenge, however, is in supporting large numbers of our fellow Americans who have “done right” by their families and worked hard to leave welfare, only to find themselves struggling to make ends meet. As a nation, we owe these individuals more; together, we can do more to help them achieve lasting independence.

To move the agenda forward in pursuit of that goal, we offer a series of policy recommendations to you and your colleagues in Congress. The Partnership and our Business Partners believe that only by working together—with neither partisan nor ideological differences—can we complete the ambitious agenda of welfare reform. Our recommendations include the following:

- **Reauthorize the 1996 welfare law and hold the line on funding to assist those still in need.** When Congress revisits the 1996 law, it should **not** reduce TANF block grant funding despite large declines in welfare cases. The nation’s investment should be sustained to help states tackle the difficult barriers faced by the “hardest to serve” recipients remaining on the rolls and those who have already left. States, for their part, should move expeditiously to spend their TANF allocations on services most vital to welfare recipients and to all low-wage workers. Any effort by states to use TANF money for other purposes should be strongly discouraged.

- **Do more to prepare welfare recipients for long-term success before their first day of work.** Lawmakers should also find a better balance between the strict “work first” philosophy at the core of the 1996 law and more intensive efforts to prepare welfare recipients for reliable and better-paying jobs. While The Partnership’s companies believe most recipients *should* be required to work and are eager to employ these new workers, many have come to see the practical limitations of a program that, in some cases, pushes recipients into jobs before they are prepared to succeed in them.

- **Help us address the biggest obstacles to work—child care and transportation—and to maximize small business involvement in welfare to work.** Lawmakers should sustain or, ideally, increase resources for a range of programs that help former welfare recipients stay on the job. Partnership companies call for increased emphasis on child care and transportation aid, as they are consistently the two biggest challenges facing new workers. We also ask for help by government bodies and other employers to ensure that small businesses—the engine of job growth in America—can successfully hire disadvantaged workers.

- **Relax strict time limits on welfare for people working at least part time.** Congress should seriously consider changing the 1996 law to “stop the clock” on welfare benefits for individuals who are working but earning so little money that they continue to receive a partial wage supplement. In a recent survey, nearly two thirds of Partnership employers supported such a proposal.

- **Do more to “make work pay” for employees leaving the welfare rolls.** Congress, state and local lawmakers, and service providers must maximize a range of supports that help former recipients keep their jobs and leave welfare behind for good. Partnership companies call on Congress to increase the Earned Income Tax Credit for low-wage workers, and on states to enact such refundable credits of their own. We also urge stakeholders to aggressively promote valuable work supports like Medicaid, the Children’s Health Insurance Program and food stamps for all families who need extra support on the road to permanent self-sufficiency.

These recommendations and others are included in a report we issued this past summer called *The Bottom Line for Better Lives*. In this document, The Partnership and its business leaders share other recommendations with those in a position to affect change, including strategies to streamline the workforce and training systems, to reach out to the fathers of children on welfare, and to build on the progress to date with efforts to assist millions of other disadvantaged Americans in need of decent jobs.

A few years ago, welfare to work was little more than a slogan. Today it is a reality across America. Companies have proven that welfare to work is as good for their business as it is for the community. And welfare recipients have proven that, when given a chance and the right employment-related supports, they **can** make the successful transition from welfare to work.

We are happy to report that businesses will remain engaged in the welfare to work effort despite recent concerns about an economic slowdown. In fact, nearly three quarters of Partnership companies report continued difficulty finding reliable, entry-level employees and most intend to hire welfare recipients in the coming year. In the process of building their business with dedicated and reliable workers, these companies will help hundreds of thousands of Americans begin the transition from dependence to independence. These new workers, in turn, will gain valuable skills and experience they never had before. Welfare to work has helped—and will continue to help—countless Americans be productive citizens, provide for their families, and be role models for their children.

There are two unanticipated benefits of the welfare to work initiative. First, it has generated deep support in the American business community. Second, it has increased the likelihood that the lessons we have learned in moving welfare recipients toward productive lives can be applied to many other groups of citizens—like ex-offenders, non-custodial parents and people with disabilities—who have lived too long in the shadows of the American dream. With the help of wise policy makers and committed service providers, we can open the doors of opportunity to millions more of our fellow citizens.

Mr. Chairman and other members of the subcommittee, I thank you for your time today, and would be happy to answer any questions.

For a full copy of *The Bottom Line for Better Lives*, please visit The Partnership's Web site at www.welfaretowork.org and click on "What's New."

Ms. ROBERTS. Good afternoon. I really don't have anything prepared. I just want to tell you a little bit about myself. I grew up in the projects as some of these people in the panel. I was a high school dropout. I went back to school, which was a nice school. I was working in a fast food restaurant. When I went back to school to get my high school diploma, I met a young man with an apprenticeship program who introduced me to Welfare to Work.

Before I started, I was just like, well, it is just another job. It wasn't anything to me. And now, you know, since I have been working there, I am a lead pharmacy technician, I work with doctors, pharmacists, a lot of different people. My job includes filling prescriptions, now I know what I want to do out of life. I want to go to school and become a pharmacist. It is just—I just really don't have anything prepared, you know, I just wanted to tell you all that I am really nervous, excuse me. So I just—you know, if it wasn't for the program, I really don't know what I would be doing right now.

You know, I came from working in the fast food restaurant to a lead pharmacy technician. So I just want to thank them for having this program because I now have a career not just a job. That is it. Thank you.

Chairman HERGER. Thank you very much, Mr. Carroll and Ms. Roberts. We are also very proud of you. You are really a role model, both you and Ms. Taylor, to show that if you are willing to work and become involved, you can make something of yourselves. And it is not just you. We believe everyone out there can do it. The goal of this Committee, and certainly I believe of our country, is to help everyone be able to enjoy the American dream. Maybe with that we will turn to some questions.

Ms. Julia Taylor, a key outcome of Wisconsin's program has been a staggering caseload decline of over 90 percent. That has meant increased work by those who left the rolls, but another key outcome has been that Wisconsin has the resources and the capacity to

focus intensive individualized services on those still remaining on the rolls who often have difficult issues to overcome.

Ms. Taylor, I would assume you agree that Wisconsin's work requirements and time limits in keeping with the national welfare reform law are key components driving the caseload decline, but can you tell us more about these key features of Wisconsin's welfare law?

Ms. JULIA TAYLOR. Certainly. Actually the largest drop in the caseload occurred during pay for performance, which was actually just prior to W-2, which was when we first began putting a work requirement in place under the initial jobs program. When W-2 began, we saw another substantial caseload dropoff, and a lot of it, part of it was indication load cleanup. We go out and visit houses where we had not even a response. And we would find that there was no house at that address or that person was no longer residing there.

We also found that there were a lot of people that just need a little bit of help to go to work and be successfully attached to the workplace. So the very first, I would say, first massive dropoff happened in the first 6 months. Actually, for the last year and a half to 2 years, we have not seen a significant dropoff in the caseload. Part of that is that the people that are remaining in the caseload are much more multi-barriered, are much harder to serve, often have a family Member with a disability, very low reading skills and math skills.

So being able to provide the supportive services has been critical in terms of helping people move toward employment. I don't want to sound like people still don't move toward employment in the caseload, because they do and they are often very successful. It just takes a longer period of time and it takes more much more intensive counseling. Because often we are working with the entire family not just with one individual. And we have also been working a lot more with men recently particularly men just getting out of prison, men who are identified as noncustodial parents, to try to get them employed not just to help with the child support, but also to work with the family and to understand some more responsibilities about being a father other than just the responsibility of paying child support.

Chairman HERGER. Well, thank you. In your estimation, would relaxing work requirements in general make the task of helping the hardest to serve easier or tougher?

Ms. JULIA TAYLOR. I think it depends on how you define work requirements. We have often defined work requirements as having a substantial training base and supportive services so people might be in a GED program. They also might be working in the Creative Workshop, which is more of an assessment program as part of their work requirement.

So I think some of it is in how it is defined. Part of it is also creating a real life work environment so people know what it is like to go to work, so they are getting used to the discipline of work. The reason we created Generation 2 Plastics was rather than put a person with an employer and have them fail, we would rather have them learn what the workplace is like before they were permanently attached to the workplace. That has been a pretty suc-

cessful process for us. We have a fairly high rate of retention, about 76 percent and a higher rate of placement.

Chairman HERGER. Mr. Turner, would you mind answering the same question?

Mr. TURNER. Let me start by answering that by elaborating on what Ms. Taylor just said. Because I am somewhat familiar with the Wisconsin program. She said that much of the caseload decline occurred right after pay-for-performance. And translated, that means the pro rata provisions that the Congress inserted for the entire welfare reform bill were actually tried before the Welfare Reform Bill passed in 1996 on a waiver in Wisconsin. Once you connected the benefit with an obligation to participate, all of a sudden the things that she was describing, people who really didn't need the money and really had other options, didn't come on the caseload or leave the caseload right away. And of the remaining ones, they got the practice of what it means to show up to an assignment and get a benefit. So a lot of the success was contained in that provision itself.

The other aspect that I would like to elaborate on is that now there is a very low proportion of individuals that are remaining in the caseload in Wisconsin. The same can't be said in New York, yet although we have reduced the caseload 52 percent since its high. But for those individuals who were participating, only work experience really gives them the practice that is necessary to work out issues that they need before they succeed in private employment.

It is very easy to get a private job right now. The problem that we have with welfare recipients is they don't keep the jobs. The reason they don't keep the jobs is not usually because they can't master the tasks that are asked of them but they don't have the habits. Getting to work on time, getting along with coworkers, showing up the next day, doing it day after day, making the arrangements to get your kids to school on time. We don't want to burn out our employer community by having welfare recipients move totally into employment and then have the employers disappointed.

One thing a work program does is allows all these issues to be worked out in a practice motion before they are launched into private employment. And that is why it is so critical to have a large and ongoing work experience program in addition to private preliminary.

Chairman HERGER. Thank you, Mr. Turner. You mentioned you are familiar with Wisconsin. Would you like to tell us why you are familiar with Wisconsin?

Mr. TURNER. Well, I was very flattered to have the opportunity under Governor Thompson as a State employee in Wisconsin, back in the early 1990's and into the mid 1990's, to be the director of the Welfare Reform Project that made recommendations that became Wisconsin Works.

Chairman HERGER. So you actually worked there or were very instrumental in putting together that work program initially?

Mr. TURNER. Well, it was the Governor's program, but I was happy to help out.

Chairman HERGER. Thank you. The gentleman from Maryland, Mr. Cardin.

Mr. CARDIN. Thank you, Mr. Chairman. And let me, once again, thank all of our witnesses here, and particularly those who have experienced the system first-hand. Your testimony here is very important to us. You put a face on the issues. We hear about the numbers. But we don't always see the people. And it is very helpful to us. I know it is not easy to testify before our Committee, but I want to personally thank you all for being here. It has made a difference in this hearing.

I want to talk a little bit, Mr. Turner, about your testimony, because I am somewhat confused on a couple points maybe you could help clarify. I thought you made a good point about the mixed workweek for the people in Workfare in that they have a work experience, plus they do other assignments during the week to find private sector employment or to gain additional skills. Now, if the minimum wage law were not applicable, wouldn't that just encourage the system to have the individual participate in work activities for a longer period of the workweek?

Mr. TURNER. No, not necessarily.

Mr. CARDIN. Then why are you concerned about the minimum wage applying?

Mr. TURNER. Because when the minimum wage is applied where welfare benefits, for instance, in a small household don't allow you to, for instance, put together a workweek which includes three days of actual working plus two days of other activities, it becomes very, very difficult. And much—many low benefit States—New York is not a low benefit State—you can't really create a simulated workweek with a 3-day, 3-plus-2 the way I described it. You have to cut back on the work. What you want to do to have a successful program is simulate an actual workweek. That is why we object to it.

Mr. CARDIN. I am still not sure I fully appreciate that.

Mr. TURNER. You want to have a 35 hour—

Mr. CARDIN. If you were not subject to the minimum wage, then you could have the person participate in a 35-hour work—direct workweek, could you not? Could you not? Am I correct on that?

Mr. TURNER. Let me see if I understand your question.

Mr. CARDIN. If you are not subject to the minimum wage, you could then have the person participate in a work activity for 35 hours.

Mr. TURNER. What we do in New York and what Wisconsin did is create 3 days of work plus 2 days of other activity.

Mr. CARDIN. But you were subjected—

Mr. TURNER. If you retain the minimum wage provision, that is—as interpreted in the current law in many States, you can't run a simulated workweek.

Mr. CARDIN. Currently you cannot do a 5-day workweek, correct, of all work if you are under the benefits you are providing?

Mr. TURNER. You can, but only if you have a high benefit State plus you add the food stamps, and together, then you can do the 5 days. But many low benefit States you can't do that.

Mr. CARDIN. I understand what you are saying. I still question whether the incentives might be just the reverse if the minimum wage laws were not applicable. But let me get on to some other issues. Because I am somewhat confused by why you were so concerned about protecting the people that participated in your pro-

gram from the protections that are in the law, you want work experience, you want to protect the individuals in the work experience. I know that New York has had alleged problems with sexual harassment. The City has suggested Title 7 of the Civil Rights Act does not apply. I know you are contesting that currently. What protects the people from being sexually harassed?

Mr. TURNER. Let me answer that very simply: First, the application of workplace laws, basically creates a work training program that leads to crazy outcomes. For instance, you don't want to have crazy things going on such as welfare recipients treating welfare benefits as though it is income and having wage income. And you don't want to have unemployment insurance—

Mr. CARDIN. I don't mean to interrupt you but we are on a limited time here. Are you suggesting that because the person is, under your definition, not an employee, it is permissible for to you sexually harass that individual?

Mr. TURNER. Oh, that is nonsense. I am not going to even bother with that question.

Mr. CARDIN. I know that is nonsense. But I asked a specific question. Wait a minute, sir.

Mr. TURNER. Sexual harassment is not permissible under any—

Chairman HERGER. Mr. Cardin.

Mr. CAMP. If the witness would be allowed to answer.

Mr. CARDIN. Yes. If I could ask the question first.

Mr. CAMP. Well, you keep interrupting.

Mr. CARDIN. Mr. Turner, my question dealt with protection against sexual harassment.

Mr. TURNER. It is already in the law.

Mr. CARDIN. What law?

Mr. TURNER. You cannot be part of any welfare program in New York City or be an employee, either one, and be subject to sexual harassment without having your rights protected.

Mr. CARDIN. Under what law?

Mr. TURNER. If you go to—

Mr. CARDIN. Then what is the problem with Title 7?

Mr. TURNER. If you go to City University of New York, and you are in a training program or in a class and you are sexually harassed, you are not at work but your rights are protected. My point is it is totally superfluous, but it has crazy unintended consequences. One wants to use the laws that already apply to people in training programs and apply them while they are in work experience. That is the comparability, not workplace law. It doesn't make any sense.

Mr. CARDIN. It doesn't make any sense because the Federal remedy doesn't work in the—for people in your program, but it works for people in the work force or it doesn't work for people that are normally in the work force?

Mr. TURNER. I started to give you some examples, but I was cut off.

Mr. CARDIN. Give me some examples.

Mr. TURNER. Some of crazy things that happen, if you apply workplace laws to a training program, which doesn't apply, is you have people getting welfare benefits, counting it as wage income

and having all of the different—there are 25 different programs, 25 different laws that the GAO came up with that apply in the workplace that don't currently apply when you are running a welfare program. Do you want to have all these laws apply? They don't all apply. Some of them do. Some of them don't. But what you do have already in place are protections that are endemic—in Michigan, in New York, and in Wisconsin, we have run training programs for many, many years. And we have laws that apply there. The comparability is between somebody who is in a work assignment, and that is part of his Welfare to Work program, and somebody who is in a GED class. That is the comparability. Not somebody who is working at McDonalds and has workplace laws apply to them and somebody in a training program. That is thing I am trying to get across. The provisions are right there.

Mr. CARDIN. Do you supervise the people that are in this program?

Mr. TURNER. I lost you.

Mr. CARDIN. Do you supervise the people that are in the work force program?

Mr. TURNER. I still don't understand the question. Do I personally?

Mr. CARDIN. Is there supervision?

Mr. TURNER. Of course.

Mr. CARDIN. Is there direction given to the individuals that participate in the program?

Mr. TURNER. I don't know what you mean by that. Obviously, if you are going to run a program, you have to manage it. And that is what we do.

Mr. CARDIN. And that is to use similar supervision to someone who is in the GED program?

Mr. TURNER. Absolutely. We supervise people that are in the GED program. They have to show up and participate. Their benefits are reduced, and they are in a training program and we try and move them to work. That is the same thing. The difference is they are in a simulated work activity. That is the comparability.

Mr. CARDIN. What type of work activities are we talking about? Aren't we talking about working?

Mr. TURNER. We just had a description of some of the things that we do. The best kind of training for work is actual participation in a real work-like activity, not something where you are sitting in class. Most welfare recipients who have never been in a work environment before don't know how to act, they don't know how to get ready for work, and they don't know what to do in a work environment and work site. That is the kind of practice they need.

Mr. CARDIN. And therefore, it is adequate for you to figure out how to protect their interest in regards to the laws that you do not believe should be applicable to this type of a circumstance.

Mr. TURNER. The system already protects them throughout their participation whether they are in GED or working at the Parks Department.

Mr. CARDIN. Perhaps you will just make available to our Committee an explanation to that statement. I would appreciate it if you would provide that in writing to the Committee.

Chairman HERGER. Thank you. The gentleman from Oklahoma, Mr. Watkins, to inquire.

Mr. WATKINS. Thank you, Mr. Chairman. Members of the Committee. Let me say to Mr. Carroll, I will ask you a question. I would like to say to Mrs. Taylor and Mrs. Roberts, I salute you and I commend you. I know it takes a lot of guts. I think about my own mama, who was a forced single mother, trying to raise three kids, and she said that we weren't going to go on welfare. And I realize what she meant by that when I was working three part-time jobs to try to get through school. But also, I would like to say to you, don't underestimate your role as a mother. That 14-year-old son that is proud of you, I can assure you my mother was a lady with very little formal education, but a woman with a world of wisdom and the stigma of welfare she wasn't going to have us be in the welfare.

But she had little formal education. But she kept preaching education, education, education. And I reflect on my mama and realize that she didn't know what college was, but all three of her children received advanced degrees. And all of them are participating, I would like to think, maybe all except me, in a constructive role in life.

But Mrs. Taylor, Ms. Roberts, I just cannot emphasize enough what you can stand for where your families, as you develop your families in life, whatever you do. And so, I hope you will carry that with you. And I know I, when 10 years of school after coming back from California, my family has broken up because of economic instability. My father became an alcoholic and died an alcoholic. They went to California three times before I was 9 years of age. We came back to Oklahoma. But I say this because it is important that you carry that with you because keep those young people in school.

I want to ask Mr. Carroll, I don't come from a large city, I grew up outside of the community of less than 200 people. And one time though, when I was a youngster about the time I was leaving, we had two banks and two streets of businesses. Now, we have one store in that small rural area. So we don't have jobs, but we have people who are on welfare and I devoted my entire public life to try to build jobs and build the economy.

I am very interested when you said you started five new companies under the partnership under the program. Could you—would you maybe let me know, or what are those five companies and what do they do?

Mr. CARROLL. I think I tried to say we started with five companies. And we began the partnership about five companies.

Mr. WATKINS. Okay.

Mr. CARROLL. The five companies were United Airlines, Monsanto, Burger King, UPS and Sprint. And then we grew slowly but surely, and we now have over 22,000 companies throughout the U.S.

Mr. WATKINS. These are companies that started working with you as a partnership trying to take people off welfare, which is tremendous. That is a great, great partnership if you can have it. I don't have Fortune 500 companies in my district.

Mr. CARROLL. Over half of these companies are small companies that we may not have heard of, so about half the companies, 12,000 or so are small, less than 50 employees.

Mr. WATKINS. I have been working, starting up companies and literally, in rural economic depressed areas trying to build jobs from scratch. What I was wondering, if there was any you might—could spare. I will commend you, UPS, you said you had 22 years. I always thought if I could get a team of workers like those UPS workers, I could do a great deal more. You know, I might amount to something too by that time.

Mr. CARROLL. Let me say what I am gathering is that there could be people in a very rural area, and there is not a lot of job opportunities in that particular area. The Internet offers tremendous possibilities.

Mr. WATKINS. If I can get Internet in that rural area.

Mr. CARROLL. Now with wireless you can get Internet everywhere. So I am more than happy to share information on companies that would be willing to assist you.

Mr. WATKINS. I would welcome if you would have any companies that would help in the rural areas. Because we are left behind in the digital divide. I am trying to work to bridge that gap because it is a different situation out there in economic depressed rural areas. There are many of them that have not recovered since the Great Depression. And we have got to build off farm jobs because we cannot save them, which is Ag, which I have two degrees in Ag, we cannot do it.

Mr. CARROLL. I would be more than happy.

Mr. WATKINS. Thank you, Mr. Chairman.

Chairman HERGER. Thank you, Mr. Watkins. Next to inquire is the gentleman from Michigan, Mr. Levin.

Mr. LEVIN. I will be brief, I know Mrs. Johnson also has to go to another meeting. Let me make a couple of comments then I will leave and turn over my time to you Nancy, whatever other time you have left.

First of all, I want to say, Mr. Turner, when we were considering welfare reform, went into this issue of exemption from Federal law in great detail. I don't remember all of the back and forth. We rejected the notion of a blanket exemption. And I want to go back and read some of the documents relating to it. I remember that the reference to see what wasn't a decisive, by any means, precedent for that kind of exemption. And I missed some of the back and forth. But I remember having long, long discussions about worker safety issues, et cetera. So I may be back in touch with you. But I want everybody to know we have looked into this and there were serious questions we had about your proposal.

Let me—Mr. Howard and I have had a chance to talk about this. I want to refer to one piece of your testimony, Mr. Howard, to emphasize what I think is the challenge ahead, and actually the response of Ms. Taylor referred to it. On page 4 you talked about wages have ranged from minimum wage up to \$25 per hour. You and I have talked about this. I had a meeting with the program in Macomb County, and from their records, the best they could tell the average wage for someone who had moved from Welfare to

Work was under \$7 an hour. And I do think the studies that we have indicate that that is much more prevalent than \$25 an hour.

Indeed, one of the real problems is people move to Welfare to Work which has, I think, very substantial benefits, and the core of welfare reform is that it is essential that people, as they move from welfare to work, make a living in colloquial terms. And when people are making 7 bucks an hour and have a couple kids, it is very tough going, to put it mildly. And especially when the evidence is that a lot of them, though eligible for food stamps, never apply.

And also the disturbing fact that a lot of them do not have health care after the year. So I just want us to realize that a good part of the challenge remains ahead to make sure that as people move from welfare to work, they are in positions that pay them a living wage. Ms. Taylor, that really refers to your response, which I think was interesting and I think enlightened.

In terms of people's placement, it is important to keep in mind training and retraining that moves them up the ladder economically. With that, I will turn the balance of my time over to Mrs. Johnson. Thank you for letting me go before you.

Chairman HERGER. Thank you, Mr. Levin. The gentlelady from Connecticut.

Mrs. JOHNSON. Thank you. First of all, I do want to say to Ms. Taylor and Ms. Roberts how helpful your testimony is because for those of you who have been in this business for long times and been through several rounds of welfare reform, and how many women have looked at me, it is such a trap, I can't get out, I can't get medical coverage, I can't this, I can't that. It is really wonderful to see that the kind of things that we have been able—people have been able to offer you, have actually helped you see that there are careers out there. And things you would be good at that would give you a good income, a good living and a good group of people to work with, and that this does matter to your kids.

So it is really wonderful to hear your testimony. And I congratulate both of you on how far you have come, and I hope your friends are doing as well.

Also I want to put in the record, Mr. Turner what a very good procedures manual that you have for your work experience program. And how clearly you spell out that sexual harassment is not allowed and discrimination is not allowed on the basis of age, citizenship, color, creed, disability, gender, marital status, race, religion, prior record of arrest or convicts, sexual orientation or national origin, and that you do actually have a very good procedure here for your supervisors as to what should happen when there is an injury on the job and how they should complete the workmen's comp forms and all those things.

So we will try to figure out the law, the legal issue of making sure that all programs would have such good procedures and why students are covered this way and the difference between this and being sort of caught in the employment laws which catch you the same way the old welfare program caught women on welfare.

So I think, I don't want people to be able to be discriminated against because I also want us to be able to give people voluntary work experience, combine it with other things and help them move on in life. Sometimes the constraints of laws that were written for

full-time employees are a hazard to your health if you are trying to just move forward. Then I just want to ask two questions, and since I am way behind on time too, do you think the system has—if we just fund it at the current level and we allow flexibility, is there enough money for day care, substance abuse treatment and to deal with the mental health issues that you are getting into as you reach, you know, those who are unemployed? And then the other part of my question is the work opportunities tax credit helpful to you at all? So just quick responses.

Mr. TURNER. Well, speaking for New York City on the first issue, is there, now that we are getting to the lower levels, is there sufficient funding for some of those other activities that you described? The short answer is yes. In New York City, we used to spend \$217 per adult per year on non-benefit related services, like job training and child care. Today, because of the TANF block grant and the combined reduction in the caseload, we spent \$3,200 per adult per year on those activities. We currently have no shortage of substance abuse slots in New York City. We have—child care is made available for everyone going to work. We are very happy with that.

Mrs. JOHNSON. Work opportunities, tax credit?

Mr. TURNER. We have not found employers clamoring for the work opportunities tax credit.

Mrs. JOHNSON. Do you educate them about it?

Mr. TURNER. No, we don't. We probably should.

Mr. CARROLL. I would say that as far as the funding, sure we would love to see the funding stay the same. The people that are remaining do have multiple barriers. But even the people that are just off are barely just off. And they are going to need some additional training and some support. The people that Mr. Watkins is talking about is rural America, they may need some special assistance to get from where they are connected with the economy at large.

The American business we have a split, we have some companies that are taking advantage of the Welfare to Work tax credit like you wouldn't believe, into the millions. I could even give small businesses like Burger King franchises, they swear by it. It has to do with education. You have to be able to explain what it is and how it is. There is a perception to some how this is going to be so difficult to hand out and so difficult to access, that particularly a small business says I don't want to deal with it. We talk to them and tell them why they should do that and how this tax credit may offset some of the costs they may put out, it is a win-win.

Mr. HOWARD. I would say on the funding, if I put on my ADHSA hat, there are probably some States that may have some disagreement on whether you stay the same or think about an index to inflation. But generally I think I would agree with what I have heard. We have seen some increased barriers in the remaining caseload. It is not a blanket statement. There will be people that can move through quickly. We are able to refocus more resources on job retention and job advancement.

So I think generally, funding is probably adequate for the path we have been on, for the path we want to go as long as we retain the flexibility. The flexibility may be just as key to the States, if

we start seeing carveouts and mandates that may affect our ability to do things and my answer changes.

The work opportunity tax credit, I am aware that employers are using it. I don't know to what extent that is driving the decision right now. I would say, probably, the labor market demand we have seen over the last couple of years has been more critical in their decision to hire recipients and partnerships like the Welfare to Work partnership and some things we have going on with employers in the States where they have actually done this. We have seen some experiences of employers where they have job retention rates go from 20 percent up to 85 percent when we have targeted services. So they are recognizing the benefit they get from targeting individuals who need the work and then working to keep them in the work force. So it may be important to some employers, but I don't know to what extent.

Mrs. JOHNSON. Thank you very much. And thank you all for your testimony. I appreciate the good work you are doing out there.

Chairman HERGER. Thank you, Mrs. Johnson. The gentleman from Michigan.

Mr. CAMP. Thank you, Mr. Chairman. Mr. Howard, I just wanted to ask you since welfare was enacted, welfare reform in 1996, what surprised you the most about its impact on work and welfare recipients?

Mr. HOWARD. I think, to some extent, the speed with which we have been able to succeed and our ability to reinvest. It has been a very pleasant surprise. I don't want to leave the impression that I don't think there aren't a few problems and there aren't opportunities for improvement. We know there are still families struggling.

But I firmly believe with all of my heart that this program is so much better than the old ADC program. It helps more families. It moves more people to work. It sends the right message. It has been tremendous. The speed with which things have happened, I have referred to obviously, the economy has contributed to a great extent. I would tell you it is not just the economy. I also ran a welfare reform program in Iowa before I came to Michigan. And one of the earlier experiments we did under waivers was looking at the job entry rate. Same people in the same economy in the same counties, when they had welfare reform policy, were entering the work force at over twice the rate of those who continued to get the old ADC policies.

So we know the policies clearly have advanced work, but we knew we could bring the rolls down. We knew we would move more people into work. I think as administrators we look back we see that it was real, but I don't know anyone would have estimated it would have happened this fast. I am very pleased that we have thus been able to refocus on helping remaining families and continuing to focus on job retention and advancement instead of only what does it take to get someone in any job.

Mr. CAMP. What do recipients say about that focus?

Mr. HOWARD. There is mixed reaction, but generally it is very positive. One of the things I have included in my written testimony is a set of vignettes on some of the—I mentioned earlier, the achiever of the month. And generally, we get very positive feedback. There may be always an individual here or there that may

have fallen through the cracks or who may not have taken advantage of an opportunity. But I would tell you the majority clearly believe that this has provided them the support to go to work. You saw our chart on day care investment.

We are clearly putting support in place. Our achievers of the month always talk about the focus on the children. You heard that today. That is critical, the message they are sending. I would tell you, some of the proudest people in the room at those ceremonies are the kids. They are watching their mother, or two parents in some cases, at the front of the room talk about it. So we get very good feedback.

One of the very first pieces of feedback I ever had from a recipient was something that stuck in my head, it was a comment that the toughest thing about welfare reform isn't that you are making us do something, the toughest part is you are making us make decisions about it because under ADC, you never made us do that before, you just told us what to do and when to do it. That tells me we are engaging people in taking charge of their lives.

Mr. CAMP. Thank you very much. I also want to thank Ms. Taylor and Ms. Roberts for their testimony. Thank you for coming here today. Appreciate it very much. Thank you, Mr. Chairman.

Chairman HERGER. Thank you, Mr. Camp. I want to join in thanking each of you for being here and again particularly it is great to see the success stories. And certainly, Ms. Taylor and Ms. Roberts, you two are outstanding examples and just keep up the good work. As we mentioned before, we are very proud of you. And we are also very pleased and very proud of the job that all of you are doing in administering this.

So with that, I would like to thank you and call up our second panel to testify at the witness table, please. Our first witness on this panel is Father Robert Sirico, president of the Acton Institute for the Study of Religion and Liberty. Our next witness is Steve Savner, senior staff attorney, Center for Law and Social Policy; and our third witness is Vee Burke, specialist in income maintenance at the congressional research service. Father Sirico.

**STATEMENT OF FATHER ROBERT A. SIRICO, PRESIDENT,
ACTON INSTITUTE FOR THE STUDY OF RELIGION AND LIB-
ERTY, GRAND RAPIDS, MICHIGAN**

Mr. SIRICO. Thank you.

Mr. CAMP. If I could just welcome Father Sirico from Michigan from the Acton Institute and he is a well-known lecturer, and really a commentator on important issues involving not only welfare reform, but also economic civil rights and other issues and has been a former Member of the Civil Rights Commission. I welcome you to the Subcommittee today, and look forward to hearing your testimony.

Mr. SIRICO. Thank you. Thank you, Mr. Chairman Congressman Camp, ladies and gentlemen of the Committee. I have submitted prepared testimony but I will try to summarize that. It is difficult for a preacher, when you put a clock in front of him, but we will see what we can do. The test of any moral society is how it treats its most vulnerable members. But this test is not one merely of sentiment nor of intention alone. It must be considered rationally,

it must be looked at with a cool and objective eye. Others have already dealt with the question of the economic efficiency of the Workfare programs in terms of the material results.

But I would say that before even these things can be considered, the moral question must be addressed. Some have called Workfare “slavery.” Admittedly, this is a somewhat emotive term that has been applied to it. But nonetheless, it undermines and calls into question the moral validity of such programs as Workfare.

I would like to focus my testimony on two moral issues: the first being the nature of obligation, and secondly, the importance of reciprocity or what might also be called solidarity, human reciprocity and community. First there is an obligation to the poor. Our society has this obligation to the most vulnerable, to the most defenseless. But there is also an obligation by the poor, that is, an obligation that the poor themselves have. And to disregard this obligation I think is to disregard the integrity and the dignity of the people who are vulnerable. In this regard, I think how one goes about implementing programs such as Workfare is very important, and I would advocate an implementation of the principle of subsidiarity, which basically says that needs are best met at the most local level of their existence. I have elaborated on that in my prepared remarks.

Secondly, with regard to obligation, perhaps the passage from Saint Paul’s letter to the Thessalonians speaks at least for the Christian tradition with regard to assistance. He says “if a man will not work, neither let him eat.” There is another ancient Christian text dating from about the first century, or perhaps the early second century, known as the Didache. And there we find some advice that modern policy planners might do well to adapt for use within the contemporary and secular context. It reads, “let everyone who comes to you in the name of the Lord be received but after testing Him, you will know Him. If the one who comes to you is a traveler help him as much as you can but he shall not remain with you more than 2 or 3 days unless there is need. If he wishes to settle among you and is a craftsman, let him work and eat. If he has no trade, provide according to your conscience, so that no Christian may live among you idle. If he does not agree to this, he is trading on the name of Christ. Beware of such men.”

Now of course the Didache was addressed to a group of first century Christian believers, but I think the principles that it articulates and the sentiment of the obligation of the poor that it outlines with regard to a respect for the poor who have an obligation to work for what they receive, is something that should inform the contemporary debate as well.

While there is obligation, there is also reciprocity, which is important. We are, after all, talking about human beings. People who have needs, who have rights, and who have an inalienable dignity by virtue of who they are as human beings.

It is in this regard that I think it is important for people who receive welfare to have an opportunity provided for them to work. There are many ways there which work benefits the community generally by augmenting the amount of human capital that exists. I think in this regard we are, again, focusing on the dignity of the people who may find themselves marginalized and vulnerable for

a period of time, but who nonetheless are seen to have something to contribute.

In this regard, we must prepare them for responsibility and the responsibility of long hours that are usually associated with higher paying jobs. What we are talking about here is something that has already been alluded to: habits. I use the word "habit" deliberately because it underlines another dimension of my thoughts about why people on welfare should be required and expected to work.

We must learn, all of us, how to manage our time, how to balance our responsibilities, and how to be more creative in whatever it is we do. And in this regard, we can develop many virtuous habits of action that express our development as persons.

The results of Workfare programs promise to help the unemployed in ways, however, that go beyond the mere material. Virtuous habits, moral habits of action will serve people in good stead no matter what situation they find themselves in. In an economy in which human capital continues to assume great importance, the necessity of possessing such virtues will only increase. As such, Workfare does not amount to an attack on poor people but rather is very much in the best interests of those who, for whatever reason, find themselves without paid employment. Thank you very much.

Chairman HERGER. Thank you, Mr. Sirico.

[The prepared statement of Mr. Sirico follows:]

Statement of Father Robert A. Sirico, President, Acton Institute for the Study of Religion and Liberty, Grand Rapids, Michigan

Thank you very much. Ladies and gentlemen of the Committee, I thank you for asking me to testify today.

For several years now, the question of welfare reform has figured prominently on the public policy agenda in our country, with people from all political persuasions recognizing that it is neither economically possible nor morally sensible to continue with the type of welfare initiatives bequeathed to us by the New Deal and Great Society programs of the past.

An integral part of the resulting debate has been the issue of whether people who are in receipt of public benefits should be required to work. Others will be able to testify as to the relative economic efficiency of workfare programs, both in terms of concrete material results and the cost of such programs to the taxpayer.

But before these issues can even be considered, it is vital that the moral questions raised by workfare be addressed. In some parts of our country, workfare has been described, in rather emotional terms, as being akin to a form of slavery. Not for the first time, we observe that, at the heart of a public policy debate, there are profoundly moral issues at stake, and until these are settled, there will always be questions about the basic ethical legitimacy of workfare programs. Today, I would like to focus your attention on two of the most important of these moral issues. The first concerns the nature of the obligations that we accept when we receive assistance from others. The second is why it is important for people receiving welfare benefits to work if they are able to do so.

Let us begin with the first of these questions. People in receipt of welfare payments are effectively being paid an income by the community, just as public officials, military personnel, and politicians are paid an income by taxpayers. There is no reason why welfare recipients should not also give something back to the community that is, one hopes temporarily, sustaining their material existence. I appreciate, of course, that different circumstances will dictate how much work should be required from different people. No one has a desire to place unbearable burdens, for example, on women who have been deserted by their husbands and who are struggling to raise, often single-handedly, young children. I am also conscious of the potential sacrifices that workfare asks employers to undertake. Nonetheless, when such programs are administered in accordance with the social principle known as subsidiarity, that is, administered at the level closest to the person in need, the likelihood of this being done in an intelligent and appropriate way will increase. The

basic principle that people in receipt of payments from others should be, as a normative matter of justice, give something in return, reflected in public policy.

Many will be interested to know that this position has been integral to the Christian tradition from its very beginning. Some of you will recall St. Paul's insistence that 'If a man will not work, let him not eat'. In the ancient Christian text, the *Didichade* (probably dating from the first century), we find some advice that modern policy planners might do well to adapt for use within a contemporary context. It reads: "Let everyone who comes to you in the name of the Lord be received; but, after testing him, you will know him. . . . If the one who comes to you is a traveler, help him as much as you can; but he shall not remain with you more than two of three days unless there is need. If he wishes to settle among you and is a craftsman, let him work and eat. If he has no trade, provide according to your conscience, so that no Christian shall live among you idle. If he does not agree to do this, he is trading on the name of Christ; beware of such men."

Society does have an obligation to assist those who are in need. Those who can work but cannot find a job, however, also have an obligation to those who are assisting them to meet their basic needs. Workfare, in this sense, is an expression of the essential justice that underlies this mutual obligation. At the same time, it also integrates the charitable impulse with realism about the negative effects of constantly giving people something for nothing. St. Paul was not naive about humanity's capacity to use and abuse the good will of others. Moreover, to disregard this reality in the formation of public policy, is in essence to disrespect the creative capacity of the very people we seek to assist.

This brings us to my second point: why it is important for people receiving welfare to work. There are many ways in which workfare benefits the community, such as augmenting the amount of human capital that exists in society. But perhaps more important is the effect of workfare on the personality and moral habits of the recipients themselves. Depending upon the type of work that is undertaken by workfare participants, there is an increased likelihood that they will learn new skills that will assist them in finding and keeping non-workfare employment. In short, workfare will help them to prepare for the responsibility and long hours that are usually associated with higher paying jobs. It is difficult to underestimate the benefit that this can have upon people, especially those who have never seen anyone in their family or immediate community in permanent employment. To this extent, workfare can have a role to play in enhancing the skill-base of those who have had little opportunity or incentive to develop the type of work-habits that are essential for the successful performance of any job. The simple habit of being at work on time may be taken as a given by most of us. Yet many people need to acquire this habit. Workfare will help them to do so.

I use the term 'habit' quite deliberately, because it underlines another dimension to my thoughts about why people on welfare should be required to work. Whatever the nature of our jobs, few of us would dispute that work is a central dimension of our personality. Work opens up new horizons for us. It can help us, for example, to think about how we manage our time, how to balance responsibilities to our families and employers, or how to be more creative in whatever it is that we do. At an even deeper level, of course, it is through work that we can develop many virtuous habits of action that express our development as persons.

Work often requires us, for instance, to be industrious, to act prudently, and even, at times, to take measured risks. It may also discourage us from being slothful, imprudent, or developing an excessive aversion to taking entrepreneurial risks. While workfare may not immediately immerse us in all such habits—after all, they do have to be developed and often are years in the making—it will provide an orientation for many people to acquire these moral goods. From this standpoint, we see that workfare has the potential to provide many people from marginalized backgrounds with the opportunity to acquire and/or grow these essential types of moral habits.

None of this, of course, is to underestimate the difficulties that our society faces in transforming the way in which we help the unemployed in the United States. To take our society from the handout mentality of public assistance without obligation, to a culture of solidarity that is attached to the notion of mutual obligation and fulfillment of responsibility, may, in some instances, be traumatic. It challenges all of us, ranging from employers willing to undertake the training of unskilled employees, to those long-term unemployed who have been encouraged to think that welfare is obligation-free.

Not only, however, is there no reasonable alternative to workfare, but the results of workfare programs promise to help the unemployed in ways that go beyond the material. Virtuous moral habits of action will serve people in good stead, no matter the situation in which they find themselves. In an economy in which human capital

continues to assume great importance, the necessity of possessing such virtues will only increase. As such, workfare does not amount to an attack on poor people. Rather, it is very much in the best interests of those who, for whatever reason, find themselves without paid employment.

Thank you for your attention.

Chairman HERGER. Next is—our next witness is Steve Savner, senior staff attorney at the Center for Law and Social Policy.

**STATEMENT OF STEVE SAVNER, SENIOR STAFF ATTORNEY,
CENTER FOR LAW AND SOCIAL POLICY**

Mr. SAVNER. Good afternoon, Mr. Chairman. Thank you very much for inviting me to testify today. I work for the Center for Law and Social Policy, which is a nonprofit organization that engages in research, analysis and advocacy on a range of policy issues affecting low income families. In my written testimony, I tried to lay out a framework for thinking about work requirements and work participation under TANF and included a number of recommendations for how those provisions might be changed. Let me start by saying I think there are two basic principles that were embodied in the law that could be improved. And I think that we have heard allusions and differences of opinion about those in the prior testimony.

First, one of the basic tenets of the law was that we wanted to get away from a one-size-fits-all system and give States broad flexibility. Coupled with that, there needs to be accountability for that flexibility, accountability for how the funds are used, accountability for achieving outcomes in the context of stable jobs and higher family income, and also accountability in terms of treating people fairly.

I am struck by Mr. Howard's strong support for that, and I think implicitly, Mr. Turner's strong rejection of that. Mr. Turner indicates a strong desire to reimpose on States a one-size-fits-all program which says that work experience, unpaid work experience is really the only way that we can help prepare people for employment. Clearly, that is not what 49 other States think. They think there are lots of other ways to effectively help people prepare for employment. If you look at the recommendations of Welfare to Work Partnership, they encourage us to think about more training and skill upgrading for employees.

So clearly there are other voices. I think it is important that we, until we know for sure that there is only one right way to help prepare people for good jobs, not hamstring States by telling them how they must do this. It is also interesting that in the context of what States have been doing in terms of work participation, in 1999, States engaged about 38 to 39 percent of the adults on the caseload in work-related activities. That was more than the requirement which was 35 percent. So even without using the caseload reduction credit, people were engaged.

Now, Mr. Turner suggests somehow that States didn't do what Congress wanted because a lot of those people were in unsubsidized employment and getting benefits. It seems to me that is ex-

actly what Congress and everybody else wanted, paramount, above everything else, was to get people into unsubsidized employment.

So I would disagree that counting people who are in unsubsidized jobs is somehow unfair, or not meeting the purposes that Congress set.

Turning specifically to the strategies that States are using, first of all, I think notwithstanding Mr. Turner's assertions, there is no evidence that the kind of program that he is supporting and running is better than any other Welfare to Work program that we see, better than paid work experience, better than certain kinds of skill development or job search and intensive engagement programs.

The evidence that we have from research suggests that there were very weak results from work experience programs, and it is not clear at all that there is any factual basis for the assertion that this is an effective way, much less the best way to prepare people for employment.

I want to respond to two additional points that came up in the testimony earlier. One is this whole issue of employment protections. As Congressman Levin pointed out earlier, this was much debated. Under the Family Support Act, we had protections that basically said work experience programs could not operate where people worked for more hours than their grant, minus child support, divided by the minimum wage.

So I think that is interesting that the law said we will take the net, what we give a family, taking into account the extent to which it is reimbursed by child support, and divide that by the minimum wage. So while the law explicitly said these aren't employees, these aren't wages, it put in place a comparable protection. I think one of the reasons why we ought to be serious and steadfast in maintaining these protections is also that we have Federal agencies, the Occupational and Safety and Health Administration, the Equal Employment Opportunity Commission, for example which have long experience and are expert in making sure that workers have safe and healthful environments to work in, and environments that are free from discrimination.

They are quite used to and an expert in dealing with people in the workplace trying to discover what issues are affecting them and make sure the laws are enforced. One of the big benefits to applying those workplace protections to people in unpaid work experience programs, is they get the benefit of that enforcement.

I want to just say a word about some other new programs, different models that we have heard about, and those are transitional jobs programs where State and local welfare agencies are creating programs that include part-time experience on a job, where people are getting paid wages, and are treated like employees, coupled with skill development activities, job training, and basic education.

Washington State has a statewide program that is showing very positive results, Philadelphia has a program that is operated with both TANF and Welfare to Work funds. The program was the product of a joint agreement between Governor Ridge and Mayor Rendell. People work for 25 hours a week in paid jobs, and engage in 10 hours a week of professional development activity. The pro-

gram is getting extraordinarily high placement rates for people who stay in the program through completion.

Again, these are programs where officials have made a decision that work should be treated like work for everybody else and people should get wages. That is a tenet of those programs and they are getting very positive results. So again, I think Congress should, in reauthorization, allow and promote further experimentation as long as States, one, are accountable for results and, two, are accountable for treating people fairly and consistent with civil rights and worker protections.

Chairman HERGER. Thank you, Mr. Savner.

[The prepared statement of Mr. Savner follows:]

Statement of Steve Savner, Senior Staff Attorney, Center for Law and Social Policy

Mr. Chairman and Members of the Subcommittee:

Thank you for inviting me to testify. I am a Senior Staff Attorney at the Center for Law and Social Policy (CLASP). CLASP is a nonprofit organization engaged in research, analysis, technical assistance, and advocacy on a range of issues affecting low-income families. Since 1996, we have followed closely the implementation of the Personal Responsibility and Work Opportunity Reconciliation Act, as well as research concerning its implementation and welfare to work programs more broadly. In addition, we often talk and visit with state and local officials, administrators, people affected by welfare policies, program providers, and others concerned about implementation of efforts to change welfare programs.

Today's hearing focuses on work requirements in TANF and other anti-poverty programs, their effectiveness and lessons learned from which recommendations for TANF reauthorization might be drawn. My comments will focus on TANF program requirements and issues to consider in the context of TANF reauthorization, and draws extensively from "Improving Employment Outcomes Under TANF," (Strawn, Greenberg and Savner, February 2001).¹

My testimony will highlight the provisions of the law that are intended to promote work, and others which may have also created incentives for caseload reduction without regard to employment outcomes; describe common elements to state responses to the law; the effects of initial state choices; how states have further responded in light of these initial effects, and how these experiences should inform our thinking about reauthorization and possible modifications to the statutory framework that is intended to promote and support employment.

Increasing Employment and Caseload Reduction Have Been Two Key TANF Goals

One of the central purposes of the 1996 welfare law was to promote employment among poor parents. In addition, for many, another central purpose of the law was to reduce the number of families receiving cash assistance. It is important to keep in mind that these dual goals of increased employment and caseload reduction are distinct and success in achieving one goal is not always matched by comparable success in the other. Indeed, these goals are sometimes in tension, for example when a state provides a more generous earnings disregard that has the effect of increasing employment but also increasing the caseload. With the exception of limited funding available through the High Performance Bonus, increasing family income beyond the level necessary to leave welfare is not an explicit purpose of the law, (although states have been free to make investments to achieve such a goal as noted above.)

Many key provisions emphasize one or the other, or both of these goals:

- The block grant funding structure allows states substantial flexibility in the use of both federal and state maintenance of effort funds, including the direct use of funds on a broad range of employment-related services and work supports and the ability to transfer a significant portion of TANF funds to the Child Care and Development Block Grant.

¹Paper prepared for the "New World of Welfare" Conference, held January 31–February 2, 2001, organized by the University of Michigan's Ford School of Public Policy and the Brookings Institution. The paper will appear in a book of conference papers forthcoming in 2001 from the Brookings Institution Press.

- States were given broad discretion in structuring program rules allowing provisions to create significant financial incentives for employment through earned income disregards, as well as time limits and sanctions for noncooperation with work activities.
- The law establishes “participation rates” for families receiving TANF assistance, and provides that states will risk fiscal penalties for failure to meet the required rates. To count toward the rates, an individual must be involved in one of a listed set of work-related activities for a specified number of hours each week. States are given broad authority to count recipients who are employed or participating in a range of subsidized employment and paid and unpaid work experience toward the new federal participation rates. However, education and training activities only count toward the rates to a very limited extent, and generally cannot count for more than twelve months for individuals not working at least twenty hours a week.
- A “caseload reduction credit” specifies that a state’s participation rate requirement can be reduced if a state’s caseload declines for reasons other than changes in eligibility rules; this creates a strong additional incentive for caseload reduction.
- The block grant funding structure also places a premium on caseload reduction, because a state’s federal funding stays constant whether caseload goes up or down. Caseload decline has been seen as necessary to manage within the framework, and the ability to keep and redirect savings from caseload decline to a broad and flexible range of programs and services creates a strong incentive to reduce caseloads.

Initial State Implementation Patterns

Initial TANF implementation in most states solidified a set of Work First policies that states had begun to implement during the early 1990’s. These work first policies have emphasized rapid labor force attachment for as many recipients as possible, relying principally upon job search and job readiness activities for most applicants and new recipients, limiting exemptions from participation, and increasing penalties on those found to have refused to cooperate with work requirements without “good cause.”² A handful of states adopted policies providing for universal or near-universal participation coupled with broad flexibility about the nature of activities in which an individual might be required to participate. More commonly, however, state policies narrowed the range of allowable activities to restrict access to education and training to achieve a focus on rapid job entry, and in response to the narrowly defined set of federally countable activities.³

States have generally succeeded in meeting the “all families” participation rate, and evidence suggests that many adults are participating in employment-related activities that do not count toward federal participation rates.

- In FY 99 over 38% of adults in single parent families were engaged in the narrowly-defined set of federally countable activities. This exceeded the federally required rate of 35% for the year.⁴ Insofar as the caseload reduction credit has resulted in the reduction of effective participation rates in almost every state, and the elimination of any effective all family participation rate in a number of states, the actual participation rate achieved is all the more striking.
- Data reported from the Urban Institute’s 1999 National Survey of America’s Families indicates that about two-thirds of all adults receiving assistance were engaged in work-related activities, including federally countable and non-countable activities.⁵

The picture that emerges here is that some states may have substantially exceeded the effective participation rates than are applicable after taking into account the caseload reduction credit. In addition, they appear to be engaging substantial numbers of participants in activities that do not meet the narrow federal definition of “countable” activities. States’ ability to accomplish these results have been due in part to the additional resources generated by caseload declines, and in part directly due to the caseload reduction credit.

Employment And Earnings Among Current And Former Recipients

As reported more fully by my colleague Mark Greenberg in testimony before the Subcommittee on March 15, 2001, since 1996 there has been a significant increase

²State Policy Documentation Project, 2000, www.spdp.org.

³For a more complete discussion of initial state implementation decisions on these issues, see, “Improving Employment Outcomes Under TANF,” Strawn, Greenberg, and Savner.

⁴Third Annual Report to Congress on TANF, US HHS, August 2000, Table 3:1.

⁵“Do Families on Welfare in the Post-TANF Era Differ from their Pre-TANF Counterparts?” Zedlewski and Alderson (Urban Institute-Assessing the New Federalism, February 2001.)

in employment among single female-headed families, and among current and former TANF/AFDC recipients. There is broad agreement that TANF has played an important but not exclusive role in generating these employment increases.

Studies have consistently found that most families leaving welfare have found work⁶ and that labor force participation has increased among female-headed families. In addition, an increasing share of TANF adults are employed while receiving assistance—28% in FY 99, as compared with 8% in FY 94.

Most employed “leavers” are in jobs with low earnings and limited or no access to employment benefits. In the Urban Institute’s nationally representative study, median wages for working TANF leavers in 1997 were \$6.61 per hour. Moreover, employed leavers are unlikely to receive employer-provided health care coverage or paid sick or vacation leave; in the Urban Institute study, 23% of employed leavers were receiving employer-provided health care coverage.⁷ Studies from individual states have reached similar findings.

Prior research had found that employment loss was a significant problem for welfare parents entering employment, and that the limited earnings growth for those entering employment was principally associated with working more hours or weeks in a year rather than with growth in wages.⁸ State leavers studies provide little information concerning employment retention and advancement; the studies with some longitudinal data typically suggest some earnings growth over time, but that median annual earnings for adults who have left assistance are probably in the range of \$8,000–\$12,000.

These data about the employment patterns of recipients and leavers suggest that strategies should be sought during reauthorization to improve the employment outcomes for current and former recipients.

Limited Information Available From Leavers Studies Or Other Sources About Impacts Among Various Racial And Ethnic Groups

Examination of studies designed to track the income and employment status of families who left the cash assistance caseload during the late 1990s suggests differences among various racial and ethnic subgroups. One national study of former welfare recipients shows that whites are more likely to have left welfare compared to Hispanics and non-white/non-Hispanics, and that Hispanics are less likely to have left than whites or non-white/non-Hispanics. Generally, those who have left have more education, and are less likely to face other employment barriers, such as limited work experience, health limitations, etc.

A study of families exiting welfare in Wisconsin in 1995–1996 reported that 61 percent of the white families receiving assistance left the caseload, compared to 36 percent of the African-American families. In an Arizona study of families exiting welfare in the last quarter of 1996, researchers found that while African-Americans made up 34 percent of open cases, they were only 8.5 percent of all families that left the caseload during that quarter. The picture for Hispanic respondents is much less clear-cut, with studies from some states showing them leaving the caseload in disproportionately large numbers, while studies from other states reveal opposite results.

Studies in Arizona, Georgia, and Cuyahoga County, Ohio, show that shortly after leaving welfare, the percentages of African-Americans who are employed exceed the percentages of whites who are employed, and results from Arizona, Cuyahoga County and Wisconsin reveal that African-Americans have somewhat higher quarterly earnings than whites. However, studies in those same areas also showed that a much higher percentage of African-Americans returned to welfare within one year of leaving, compared to whites who left. The data for Hispanics vary considerably on all of these measures from one state study to another.⁹

These studies suggest a pattern in which African-American recipients are less likely to leave welfare than whites, are more likely to be employed shortly after leaving and at somewhat higher wages, but are also more likely to return to welfare within the first year after exiting. Many questions and possible explanations for these findings present themselves. Why are African-Americans leaving more slowly than whites? If whites leave in greater proportions but are employed less, what

⁶“Families Who Left Welfare: Who Are They and How Are They Doing?” Loprest, (Urban Institute, 1999).

⁷Id.

⁸“Steady Work and Better Jobs,” Strawn and Martinson, (MDRC, 2000).

⁹See generally, “Leavers’ and Diversion Studies: Preliminary Analysis of Racial Differences in Caseload Trends and Leaver Outcomes,” Elizabeth Lower-Basch (HHS, December 2000); “Welfare Reform and Racial and Ethnic Minorities: The Questions to Ask,” Savner, Reprinted from *Poverty and Race*, Poverty and Race Research Action Council, Volume 9, Number 4, page 3 (July/August 2000) available at <http://www.prrac.org/newslet.htm>.

other sources of income are they relying on to get off welfare and stay off longer? And what are the prospective policy implications of these data? These questions should lead to a much broader research agenda to further explore these issues.

Individuals with Significant Barriers to Employment Represent Ongoing Challenge

For those who are not working, both current and former recipients, evidence continues to show that many have significant barriers to employment including health problems among recipients, health problems among their children that interfere with work, very limited skills, and domestic violence.

According to the 1999 National Survey of America's Families, over one-third of all adults on assistance had health related problems that interfere with work, 5 percent had a child receiving SSI, 27 percent had not worked in the preceding three years, and 44 percent had education less than high school. Among recipients with no identified barriers to employment, 56 percent were employed, while among those with two or more identified barriers, only 20 percent were employed.

State flexibility to both count a broader set of activities in determining their participation rates, and the flexibility to recognize personal circumstances which should excuse participation beyond the limited exemptions provided for under federal law would help states focus resources on those most in need of services and those most able to benefit from participation.

Differential Treatment of Racial and Ethnic Minorities

While we have much information about people who leave and why they leave, we have relatively little information from leavers studies about the kinds of services people received prior to leaving and the connections between those services and activities and their post-program outcomes. Data from several states raise troubling implications of differential treatment of recipients within local welfare systems based on racial or ethnic origin. An analysis by the *Chicago Reporter* of Illinois data concerning why welfare cases were closed between July 1997 and June 1999 revealed significant differences appear in the reasons for case closings between whites and minorities. A total of 340,958 cases closed in this period, of which 102,423 were whites and 238,535 were minorities. Fifty-four percent of minority cases, but only 39 percent of white cases, closed because the recipient failed to comply with program rules. Though earned income made 40 percent of white families ineligible for support, earned income made only 27 percent of minority families ineligible.

Similar data are reported in a study of recipients in rural Florida who left welfare between October 1996 and December 1998, carried out by the Florida Inter-University Welfare Reform Collaborative. The study sample of 115 former recipients responded to questions about why they left welfare as follows: 53 percent of whites, as compared to 32 percent of African-Americans, found a job; 8 percent of whites and 22 percent of African-Americans were disqualified for non-compliance with program rules; 6 percent of whites and 17 percent of African-Americans voluntarily closed their cases. These two studies raise important and troubling questions about whether African-Americans and Hispanics are being treated differently than whites.

Finally, a study undertaken in two rural counties in northern Virginia focused on the interactions between welfare caseworkers and recipients.¹⁰ In this study, 39 recipients (22 African-American and 17 white) were interviewed in early 1996 about their interactions with welfare department caseworkers: how frequently caseworkers notified them about job openings, the extent to which caseworkers emphasized further education, caseworker assistance in locating child care, caseworker assistance with transportation, and whether respondents believed that African-American and white clients were treated fairly by caseworkers.

Except with regard to help with child care, respondents' views on these issues varied significantly by race. Fifty-nine percent of whites, but only 36 percent of African-Americans, indicated that their caseworkers were often or sometimes helpful in providing information about potential jobs. Forty-one percent of whites indicated that caseworkers encouraged them to go to school, particularly if they had not received a high school diploma. None of the African-Americans indicated that a caseworker had encouraged them to go to school. One white respondent stated: "They encouraged me to get my GED. I've been in school since October, working on the GED. I hope to graduate in the spring. My worker kept telling me 'You're smarter than you think.' She really convinced me that I could do it." An African-American respondent stated: "They talk to you any kind of way. They say: 'Go get a job.' I told

¹⁰"All Things Not Being Equal: Differences in Caseworker Support Toward Black and White Welfare Clients," Susan Gooden, (Harvard Journal of African American Public Policy, Volume IV 1998.)

them that I only had two parts left on my GED and I wanted to finish, they said: "That's not what this program is about."

About two-thirds of all respondents in this Virginia study indicated they had transportation barriers, and all respondents indicated that the welfare agency provided vouchers to pay for gasoline to those who needed them. However, 47 percent of whites indicated that caseworkers indicated they would provide additional forms of transportation assistance, while none of the African-Americans reported receiving such offers of help. For example, one white respondent indicated: "I own my car but I need a brake job. I contacted DSS [Department of Social Services] about my car. She told me she will try to come up with some money to get it fixed." An African-American respondent stated: "DSS gives me money for gas. I have a car and a job, but it needs about \$300 worth of work, so I can't use it. I asked DSS if they had any funds for car repairs, but she said I should try to use gas vouchers to take a cab or ride with a friend until I save up enough money to get my car fixed." Finally, nearly half (45 percent) of African-Americans—as well as 18 percent of whites—indicated that African-American clients were not treated fairly by DSS.

While this study looked at a very small sample of recipients, it highlights the importance of a range of discretionary actions by caseworkers concerning the availability of services that may significantly affect the well-being of families receiving assistance and the ability of adults in those families to prepare for and succeed in employment. It also shows the potential for differential treatment based on race or ethnicity in the interactions between recipients and caseworkers.

State Responses to Initial Employment Results

Evidence of changing state policies and administration in response to the initial employment results achieved during the first few years of TANF implementation is still limited, but a set of emerging directions appears to be taking shape.

Postemployment Retention Services

States have responded to the low wages and unstable employment of many current and former recipients by expanding an array of services intended to increase job retention, promote rapid reemployment after a job loss, or both. As of October 1999, about two-thirds of the states were providing case management for at least some recipients who became employed or left cash assistance, and a similar number were providing supportive services such as transportation aid, purchase of work clothing or tools, and payment of work-related fees. Half a dozen states were providing short-term cash payments to help cover work expenses, several offered cash bonuses for keeping or finding jobs or leaving TANF, and several provided cash payments to cover emergencies.¹¹ Many of these postemployment benefits and services are new and little information about utilization exists.

Postemployment Job Advancement Services

As of October 1999, about a third of states (16) had policies to provide post-TANF services aimed at job advancement. These include contracting directly for education, training, employment, and career counseling services; tuition assistance; and individual training accounts.¹² A small but growing number of states—about half a dozen—are creating broader initiatives that are designed to serve working, low-income families generally. In some cases, education and training are provided at the worksite, with services customized to employer needs. As with postemployment retention services, it is unclear how many families are actually involved in these initiatives, but numbers appear quite small.

Changes In Strategies For The Unemployed

Beyond creating Postemployment services, a third state response to the problems of low wages and job loss has been to change strategies for unemployed parents to place greater emphasis on helping them access better jobs. Some states are creating incentives for localities to match parents with higher paying jobs as opposed to any job. In 1999 and 2000, a limited number of states expanded access to postsecondary education or training for TANF recipients. These actions included changing work requirements to allow participation in postsecondary education or training to meet all or most of a parents work requirement beyond the twelve months that could count toward federal participation rates; using TANF funds to create additional work-study positions; creating separate state student aid programs for low-income parents funded with state maintenance of effort dollars; and stopping the federal or state

¹¹ State Policy Documentation Project, (2000), *www.spdp.org*.

¹² *Id.*

time limit clock for recipients who are full-time students.¹³ While these state actions may suggest an emerging trend, the overall picture remains one of substantial limitations on access to education and training for TANF recipients in most states.

Work Programs under TANF

As in other areas, states have broad authority to structure work programs including providing wage subsidies to employers who hire recipients, creating transitional jobs that offer temporary employment and skill development activity to enhance participants' employability and help them move into unsubsidized employment, and programs in which participants perform work in exchange for their welfare benefits known variously as work experience, community service, or workfare.

Workfare—Limited State Interest and Questionable Results

Many observers predicted that states would make wide spread use of workfare (work experience, community service, etc.) because they are fully countable toward TANF work participation requirements. However, with the exception of a few states and New York City, there has been relatively little use made of these programs. While it is difficult to say with great certainty why more use has not been made of these program options, there are a number of factors which may have contributed to state and local decisions not to implement such programs on a large scale.

- There is no evidence that work experience programs are effective in boosting employment and earnings for participants. Research conducted during the 1980's on several work experience programs demonstrated that in every site but one there were no positive employment and earnings impacts that resulted from participation in the programs.¹⁴

- As discussed above, states' responses to the 1996 law have been predominantly focused on efforts to help participants gain access to unsubsidized employment, not on simply engaging people in activities while they are receiving benefits.

- One of the explicit purposes of many workfare programs has been to discourage families from receiving assistance. "One major objective of this approach—call it "pure" workfare—has been to reduce welfare dependency by reducing the real benefits of welfare; and this has been accomplished by assigning a work requirement to the receipt of welfare benefits. Thus the work requirement was expected both to deter individuals from enrolling in AFDC, as well as to encourage earlier exits than would otherwise occur."¹⁵

- Large scale programs can be costly and are difficult to administer effectively. MDRC data showed annualized cost per filled slot ranging from \$700 to \$8,200.¹⁶

- Large-scale programs raise critical concerns about the potential displacement of regular employees in the organizations where participants are placed.¹⁷

Programs that involve the provision of services that are of value to an employer require careful monitoring and oversight to assure that regular employees are not displaced, and to assure that participants' rights under laws to protect employees generally are fully protected.

Transitional Jobs Programs—A Promising Model

For the past several years CLASP has provided technical assistance to a number of state and local TANF agencies and officials to help them design and implement programs that provide time-limited employment in combination with skill development activities and other support services for TANF recipients who have been unsuccessful in finding unsubsidized jobs after participation in job search and other programs. Many of these programs are funded by a combination of TANF and Welfare-to-Work block grant funds, and they are fully countable toward TANF work participation requirements. The potential advantages offered by such programs over work experience/workfare programs is that provide work wages rather than mandating work for welfare in exchange for benefits. This makes it more likely that participants, supervisors, and prospective future employers will attach more importance

¹³ See State Policy Documentation Project, 2000 (www.spdp.org) for a full list of state TANF policies toward postsecondary, and Wamhoff and Strawn, forthcoming 2001, for summary of recent developments.)

¹⁴ "Unpaid Work Experience for Welfare Recipients: Findings and Lessons from MDRC Research," Brock, Butler, and Long (MDRC 1993).

¹⁵ *Lessons for Welfare Reform: An Analysis of the AFDC Caseload and Past Welfare-to-Work Programs*, Dave O'Neill and June O'Neill (W.E. Upjohn Institute, 1997) pp. 76–77.

¹⁶ "Unpaid Work Experience for Welfare Recipients: Findings and Lessons from MDRC Research," Brock, Butler, and Long (MDRC 1993).

¹⁷ Litigation in New York City, *Saunders v. City of New York*, includes information for example that during the number of City Parks workers declined from 1,251 in December 1993 (the month before the Giuliani Administration took office) to 802 in November 1998, while the number of workfare workers increased from 836 in October 1994 to over 6,000 in September of 1998.

to these work relationships, and that they will generate much greater skill development than in workfare type programs.

Currently two states, Washington and Vermont, and over 20 cities and other local jurisdictions are operating such programs, typically on small scale.¹⁸ Washington state, the largest program, currently enrolls about 1,500 to 2,000 participants in transitional jobs at any point in time. Some of these programs have shown extremely promising results in terms of employment outcomes. For example, a study in Washington State revealed that two-thirds of participants were employed after leaving the program, and that there were high levels of satisfaction with the program by participants, site supervisors and program managers.¹⁹ There is little information yet about job retention or post-program advancement. Nonetheless, this new set of transitional jobs programs offers an attractive model, particularly for jurisdictions that are turning their attention to those clients who have significant barriers to employment, and may also offer an effective model for clients for whom a combination of work experience and skill development may lead to substantially higher paying starting jobs than might otherwise be available.²⁰ Federal support for research and evaluation, as well as technical assistance for innovative program models such as these should be included as part of reauthorization.

Recommendations for TANF Reauthorization

The following recommendations share a common theme that goes beyond the goals of employment entries and caseload reduction to poverty reduction and the need for each state to assist low-income families to achieve an adequate and stable source of income. These recommendations suggest ways to achieve these goals that combine state flexibility, a clear statement of these expanded purposes, and a meaningful system of accountability that assures good faith state efforts to achieve agreed upon goals and meaningful protections for the fair treatment for those who receive or who seek to receive assistance and/or services from state and local agencies.

First: The purposes of TANF should be revised to include an express goal of reducing family poverty and promoting family economic well-being, and to make explicit that the goal of promoting work includes supporting employment retention and workforce advancement for needy families. The purposes of TANF affect whether particular expenditures are possible and have an important signaling effect in communicating Congressional expectations. Modifying the purposes would provide a powerful statement that the next stage of TANF implementation envisions higher goals than caseload reduction.

Second: States should be required to describe in their state plans how TANF and other resources will be used and coordinated in efforts to promote employment retention and advancement and enhance family economic well-being. This would reinforce the signaling effects, and perhaps help foster coordination. While the federal government should not mandate a single strategy, states should be expected to expressly articulate the strategies that they intend to use.

Third: Measures of state performance in TANF should place a strong emphasis on poverty reduction, higher wages, sustained employment and earnings growth. The law currently provides for \$200 million per year for high performance bonuses, and HHS has allocated those funds based on state outcomes including employment entries, retention, and earnings gains. In the context of the overall block grant structure, the existing high performance bonus involves a small amount of money, and generates relatively little attention.

Changes should be considered that explicitly address the extent to which low-income families develop income in excess of the federal poverty level. In addition, rather than framing these performance bonuses as an interstate competition, consideration should be given to a system that more explicitly targets continuous improvement for each state. This could be achieved by measuring each state's performance against its own performance in prior years, and in comparison to benchmarks set for each state by agreement between state and federal officials. State performance in relation to these benchmarks might generate both penalties for extremely weak performance, and bonus for very strong performance. The performance measurement system established under the Workforce Investment Act provides a potential model to be considered in the context of TANF reauthorization.

¹⁸ See an overview and survey of TANF and Welfare-to-Work funded Transitional Employment programs from Richer and Savner, CLASP, forthcoming, Spring 2001.

¹⁹ "Community Jobs: Outcomes Assessment and Program Evaluation," Case, Burchfield and Sommers, (Economic Opportunity Institute, 2000).

²⁰ See also, "Transitional Jobs: A Bridge Into the Workforce for Hard-to-Employ Welfare Recipients," Anne Kim, (Progressive Policy Institute, March 2001).

There are a set of difficult issues to consider in how goals would be set, how performance would be measured, and how adjustments would be made for economic conditions and unforeseen circumstances; at the same time, it is fundamental that in a context of broad flexibility in use of resources, the federal focus should be on measuring and seeking accountability for key outcomes. In any case, performance standards should measure outcomes for families receiving TANF assistance and for a broader group of low-income families. Many of the ways states now use TANF resources involve efforts to build supports outside the welfare system so that families need not seek TANF assistance. A declining share of block grant funds are actually expended on TANF assistance recipients, and measuring state performance should consider labor market participation and poverty status of all low-income families, not just those in the cash assistance system.

Fourth: In the long run, a shift to outcome-based measures rather than participation rates would be desirable, in the interim, if participation rates are continued:

- the definition of countable activities should be broadened by removing restrictions on education and training and by including other activities agreed upon by participants and state and local agencies as being consistent with individual employment plans,
- states should have increased flexibility to recognize that there may be periods of time and circumstances when caregiving for family members may make participation in employment related activities inappropriate, and
- participation rate reductions should be based on states' success in placing individuals into stable employment rather than their success in reducing the caseload.

In a context of a smaller caseload including many individuals with significant employment barriers, the restrictive listing of countable activities works against states' ability to structure services and individualized plans for individuals with multiple barriers and severe basic skills deficits. Because of the caseload reduction credit, many states now have very low effective participation rates. The first impulse for some may be to want to raise rates, but simply raising rates without considering what counts and without addressing the perverse incentives flowing from the caseload reduction credit would only exacerbate the risks that states would not develop effective service strategies for families with multiple barriers. The recommendations noted above will further the goal of providing meaningful and effective employment services to the broadest number of individuals.

Fifth: The federal agencies should vigorously monitor state and local performance regarding implementation of civil rights and employment rights protections afforded under current law, and should assist participants with vigorous enforcement when appropriate. Several studies have identified troubling and apparently discriminatory treatment of racial and ethnic minorities. More broadly, there appear to be differential results for various racial and ethnic groups and little information as to why these are occurring. A two-fold strategy of further monitoring and research to more clearly understand what is happening is essential to insure that all program participants are treated fairly and equitably. In addition, as the reality of discriminatory treatment has arisen, vigorous enforcement of civil rights and employment rights laws becomes an increasingly important element of federal oversight and this federal role should be highlighted and reinforced during the reauthorization process.

Chairman HERGER. Our third witness on the panel is Vee Burke, specialist in income maintenance at the Congressional Research Service. Ms. Burke.

STATEMENT OF VEE BURKE, SPECIALIST IN INCOME MAINTENANCE, CONGRESSIONAL RESEARCH SERVICE, LIBRARY OF CONGRESS

Ms. BURKE. Good afternoon, chairman Herger and Members of the Subcommittee. My job today is to briefly review Federal policies and programs that help support needy families with children. I am to focus on work provisions. Federal cash welfare has a long history. It stretches back to the Great Depression. But work rules are

much more recent. They didn't enter the program for 36 years. Over the years many policy changes have occurred. To whom should aid be given? This is one of the questions that Father Sirico raised. On what terms?

The most significant change over the years concerning welfare and work has come in perceptions about work. Who can work? Who should work? How can work effort be increased? Do jobs bring self-sufficiency? Chart 1 of my testimony summarizes the history of work provisions in the program of Aid to Families With Dependent Children. This chart, which is on page 3, also shows work provisions in the successor program we have today, Temporary Assistance for Needy Families. It shows the progression from no-work requirement in the 1935 law to no-work exemption for adult recipients in the 1996 law.

In 1935, when AFDC was started, benefits were allowed only for the child, and no-work obligation was imposed on the child. It was not until 1971 that Congress explicitly required welfare mothers, AFDC mothers, to register for work and training. This action was significant. It signaled that welfare mothers were no longer seen as outside the labor market. Now they were seen as people who should work. And it recognized the dramatic move of nonwelfare mothers into jobs.

It also reflected frustration with the way welfare rolls were growing and with their character. By this time most children in the program were no longer paternal orphans. They had two living parents, but the father did not live at home. The 1971 work registration requirement exempted mothers with a child under 6. Congress lowered the child's threshold age to 3 when it set up a more rigorous program called JOBS in 1988. Finally, in creating TANF in 1996, Congress exempted no adult recipient from work, but permitted States to exempt the parents of a child under 1.

Along with TANF, many programs offer help to low-income parents who work or are able to work. We can classify them in two groups loosely, with regard to work rules and work supports. In the first group, which is shown in table 1 on page 4, are TANF, Food Stamps and public housing as well as others. These are programs that generally require work or training or study in order to receive benefits. The table shows their work requirements, their rewards and their penalties. In the second group, which includes the earned income tax credit and the child care and development block grant, are programs that do not usually require work, but that generally help only people who do work or train or study. These programs provide work supports. Table 3 on page 9 shows State-by-State potential, not actual, but potential income that can be received by a single parent with two children who works 40 hours weekly all year long at the minimum wage, State by State. The income is shown from net wages (net of payroll taxes), TANF, EITC and Food Stamps. The table shows that the combination of earnings and the EITC slightly exceeds the poverty threshold for a three-person family in all States. Addition of Food Stamps and in some States, TANF, raises the income somewhat. However, these families are still near poor and they might be eligible for support services.

A word of caution, please don't consider these tables to show things that everyone gets. A given family does not receive all the

potential benefits shown. For example, only a minority of eligible families actually receive housing subsidies.

To sum up, welfare and welfare policy, it can be said that the current trend is to treat most parents as potential workers. They can and should work, and their work efforts deserve support. They are required to work and increasingly they are rewarded if they do so. But at the same time, many evaluations have found that even mandatory Welfare to Work programs that succeed in moving people to jobs do not raise their overall income. Instead they change the composition of income, increasing the share from earnings.

Chairman HERGER. Thank you very much, Ms. Burke.

[The prepared statement of Ms. Burke follows:]

Statement of Vee Burke, Specialist in Income Maintenance, Congressional Research Service, Library of Congress

My task today is to briefly review federal policies and programs that support needy families with children, with a focus on work provisions. Federal cash welfare has a long history, stretching back to the Great Depression. But work rules are much more recent. Over the years many policy changes have occurred. To whom should aid be given? Why? The most significant change has come in perceptions about work. Who can and should work? How can work effort be increased? Do jobs bring self-sufficiency?

History. Chart 1 summarizes the history of work provisions in the program of Aid to Families with Dependent Children (AFDC) and its 1996 successor, Temporary Assistance for Needy Families (TANF). It shows the progression from no work requirement in 1935 to no work exemption in 1996.

As the chart shows, it was not until 1971 that Congress explicitly required AFDC mothers to register for work and training. This action signaled that welfare mothers were no longer seen as outside the labor market, and it recognized the dramatic move of non-welfare mothers into jobs. It also reflected frustration with the size and character of AFDC rolls. By this time most children in the program had two living parents, but the father did not live at home.

The 1971 work registration requirement exempted mothers with a child under age 6. Congress lowered the child's threshold to age 3 (and permitted states to reduce it to age 1) in 1988, when it set up a more rigorous work and training program called Job Opportunities and Basic Skills training (JOBS). Finally, in creating TANF in 1996, Congress exempted no adult from work, but permitted states to exempt the parent of a child under one.

The Welfare "System" for Families. Along with TANF, many programs offer help to low-income parents who work or are able to work. Major programs can be classified in two groups with regard to work rules and work supports.

In the first group, which includes TANF, food stamps, and public housing, are programs that generally require work, training, or study in order to receive benefits. **Table 1** shows their work requirements, rewards and penalties.

In the second group, which includes the Earned Income Tax Credit and the Child Care and Development Block Grant (CCDBG), are programs that do not usually *require* work, but that generally help only those who do work, train, or study. **Table 2** shows what supports they provide.

Table 3 shows, state-by-state, potential income (wages, TANF, EITC, and food stamps) of a single parent with two children who works 40 hours weekly at the minimum wage for 1 year. As the table shows, the combination of earnings (net of social security payroll taxes) and food stamps slightly exceeds the 1999 poverty threshold for a three-person family in all states. Addition of EITC raises their income significantly. However, these families generally would remain "near-poor," and might be eligible for support services, including services funded by state TANF programs.

A word of caution. It should not be assumed that a given family receives all the potential benefits shown in **Tables 1, 2, and 3**. For example, only a minority of eligible families actually receive housing subsidies.

To sum up welfare/work policy, it can be said that the current trend is to treat most parents as potential workers and to support their work efforts. They are required to work and, increasingly, rewarded if they do. At the same time, many evaluations have found that even mandatory welfare-to-work programs that succeed in moving recipients to jobs often do not raise their overall income. Instead, they change the *composition* of income, increasing the share from earnings.

Chart 1. WORK AND AFDC/TANF: 1935–1996

- 1935—Original AFDC purpose—encourage at-home care of needy children with only one able-bodied parent. No work requirement. No payment for mother. Program called Aid to Dependent Children (ADC)
- 1950—Payments allowed for mother.
- 1961—State AFDC programs allowed to aid children with unemployed father.
- 1962—State AFDC programs allowed to require recipients to work (community work and training programs) in exchange for grant.
- 1967—Work Incentive Program (WIN). Work rewards added. States required to refer “appropriate” recipients for employment and training.
- 1971—WIN amended. Mothers with no child under 6 required to participate.
- 1988—Family Support Act. Mothers with no child under 3 required to participate in new education, work, and training program, the Job Opportunities and Basic Skills Training (JOBS) program. States permitted to require work of mothers when youngest child reached first birthday.
- 1996—Repeal of AFDC and JOBS. Establishment of TANF. States required to achieve specific and rising work participation rates in programs of their own design. Fiscal penalties for failure. No work exemptions (but states allowed to exempt mothers with child under age one).

TABLE 1.—WORK PROVISIONS OF MAJOR INCOME-TESTED PROGRAMS FOR FAMILIES WITH CHILDREN

Program	Work requirement	Work reward/support	Work sanction	Interaction with work provisions of other programs
TANF	States must require a parent/caretaker who receives TANF to engage in work (as defined by the state) after a maximum of 24 months of ongoing cash aid. States must achieve a certain work participation rate by adult recipients. To be counted as a work participant in determining the state's official work participation rate, the recipient must engage in 1 of 12 listed activities for an average of at least 30 hours weekly—fewer if caring for child under 6, more if in a two-parent family. (Note: The required work rate—45% for families with an adult recipient in FY2001—is lowered for caseload reductions from FY1995 levels not caused by changed eligibility rules.)	States set policy. In calculating benefits (and in determining initial eligibility) most states disregard a portion of earnings (one state ignores all earnings below the federal poverty guideline.). As a result of state variations in benefits and treatment of earnings, eligibility cutoffs for a single-parent family with two children after 4 months on a job range from \$193 in gross earnings (Alabama) to \$1,986 (Alaska). These cutoff limits (known as breakeven levels) exceed \$1,000 monthly in 16 jurisdictions, but are below \$700 in 18 jurisdictions. Most state TANF programs offer transitional child care to families who take a job. For transitional Medicaid and food stamp rules, see below. Other TANF-funded transitional services include transportation and housing subsidies, job retention and skill enhancement services, and case management. Families may be eligible for these services until income reaches 150% to 250% of the poverty level.	States must reduce or end benefits for work refusal without good cause. For first work refusal, 19 states end all benefits until compliance or for a minimum period, ranging from 1 to 3 months. States have options to reinforce TANF sanction through food stamp and Medicaid penalties. See below. (Note: If a state does not sanction work refusal by a TANF adult, it itself is subject to a loss in TANF funding.)	Food stamp benefits can be merged with TANF benefits in programs of “work supplementation” (jobs subsidized with welfare benefits) and in workfare programs (in which recipients work in exchange for benefits).

TABLE 1.—WORK PROVISIONS OF MAJOR INCOME-TESTED PROGRAMS FOR FAMILIES WITH CHILDREN—Continued

Program	Work requirement	Work reward/support	Work sanction	Interaction with work provisions of other programs
Food stamps	<p>a. If an individual receives TANF, that program's work rules apply. b. If an individual is not on TANF, food stamp work rules apply. In general, unemployed adults able to work who are not caring for a disabled dependent or a child under age 6 must fulfill state-established employment requirements, which can include working in exchange for the benefit (workfare), training, job search, education, or other activities. However, states may exempt any category of persons.</p>	<p>Federal law requires disregard of 20% of gross earnings in calculating benefits (but typically not in deciding eligibility). For a three-person family with earned income at the maximum income cutoff, the 20% disregard equals at least an extra \$90 monthly. When calculating benefits, money spent on dependent care related to work or training is disregarded; this disregard typically does not affect eligibility. Waivers and recently issued (but not yet implemented) regulations allow states to "freeze" benefits for those with earnings (including those leaving TANF) for 3–6 months. Within limits, states must provide support for participants in employment/training programs (e.g., transportation, child care). However, virtually no federal dollars for this support may be used for TANF recipients, and no more than 20% may be used for other families with children. Federal law bars other need-tested programs from counting food stamps as income.</p>	<p>a. Persons who are disqualified from TANF because of a work violation also are ineligible for food stamps. Food stamp benefits may not be increased because of a TANF cash penalty. Further, the state may cut the family's food stamp benefit by up to 25%. (Note: 13 states take this option.) b. Persons failing to comply with food stamp work rules are ineligible for food stamps (for 1 to 6+ months, or permanently, depending on whether there have been previous violations). And states may disqualify a household (for up to 180 days) if the household head does not comply. Food stamp eligibility is barred for persons who voluntarily quit a job or who substantially reduce work effort without good cause.</p>	See TANF above.

TABLE 1.—WORK PROVISIONS OF MAJOR INCOME-TESTED PROGRAMS FOR FAMILIES WITH CHILDREN—Continued

Program	Work requirement	Work reward/support	Work sanction	Interaction with work provisions of other programs
Medicaid	No work requirement.	If a family loses TANF eligibility because of earnings (or hours of work), state must continue Medicaid for 12 months. During second 6 months, a premium may be charged, services may be limited, and an alternate delivery system may be used. (Also, federal law allows states to impose nominal cost-sharing charges on some recipients and services.)	States may end Medicaid for adults who refuse TANF work requirements (but must continue Medicaid for the children).	
Section 8 low-income housing assistance.	No work requirement.	No provision	No provision	
Low-rent public housing.	Residents must participate in an economic self sufficiency program or contribute 8 hours monthly of community service unless they are engaged in education or a work-related activity or are at least 62 years old.	If family chooses an income-based rent and its income rises because of employment, the increased earnings are not to be used to determine its rental payment for 1 year; after 1 year, the rental increase is phased in over a 2-year period.	Local housing authority may refuse to renew lease for failure to comply with the work requirement.	
Pell grants	None. Grantees must maintain satisfactory progress in their undergraduate study.	TANF, food stamps, and any other federal benefit program must disregard Pell grants when determining a student's eligibility or amount of aid.	.....	Undergraduate study does not count as a federal work activity under TANF. Student parents generally are exempt from food stamp work rules.
Federal Work-Study (FWS) program.	Students must work part-time.	Earnings under the program are limited to the student's need. TANF, food stamps, and any other federal benefit program must disregard FWS wages when determining a student's eligibility or amount of aid.	.....	Undergraduate study does not count as a federal work activity under TANF. Student parents generally are exempt from food stamp work requirements

TABLE 1.—WORK PROVISIONS OF MAJOR INCOME-TESTED PROGRAMS FOR FAMILIES WITH CHILDREN—Continued

Program	Work requirement	Work reward/support	Work sanction	Interaction with work provisions of other programs
Supplemental Security Income (SSI) (disabled caretaker/parent).	No work requirement, but persons must participate in rehabilitation services if they appear likely to benefit.	A portion of earnings (\$85 monthly plus one-half of the rest) is disregarded in calculating benefits. Special SSI cash benefits are paid to those with earnings above the normal income cutoff level (\$740 monthly in counted earnings). Some groups who lose SSI because of earnings continue to be eligible for Medicaid coverage. Persons with Plans for Achieving Self Support (PASS) can set aside earned/unearned income for a work goal without having it affect their eligibility.	SSI benefits are suspended until compliance.	

TABLE 2.—WORK SUPPORTS IN SOME OTHER MAJOR PROGRAMS FOR FAMILIES WITH CHILDREN

Program	Required activity	Work support	Income test?	Interaction with other benefits
Earned Income Tax Credit ¹	To qualify must have earnings.	Credit equals 34% of earnings up to \$7,140 in earnings for one child (maximum credit, \$2,428); and 40% of earnings up to \$10,020 in earnings for more than one child (maximum credit, \$4,008). Credits begin to phase out at income above \$13,090. They end at \$28,281 (one child) and \$32,121 (more than 1 child). Credit is refundable—amount that exceeds income tax liability is paid as a check from the U.S. Treasury.	Yes	By law, EITC payments must be disregarded as income and (for 2 months) as an asset by Supplemental Security Income (SSI), food stamps, Medicaid, and low-income housing programs. States decide treatment of EITC under TANF. Forty-seven states have adopted the above rules for TANF. One state disregards EITC altogether. Food stamp disregards EITC as income and, for 1 year, as an asset. EITC is not granted for participation by TANF recipients in work experience or community service projects.
Child Care and Development Block Grant.	To qualify, parent must work or engage in school or training (or child must be in need of protective services).	Subsidized child care. Federal law requires parental cost-sharing, with amount of copayment based on income and family size. However, state may waive copayment for families below a state-defined "poverty" level.	Yes	
Nutrition programs for children in day care or after-school programs.	Most children in these programs have working parents.	Federally subsidized meals and snacks, including free or reduced-price meals and snacks for needy children.	Yes—Most often benefits take the form of free meals and snacks for children in low-income school areas.	Where eligibility is individually determined, receipt of TANF or food stamps may automatically qualify the child for free meals/snacks.

TABLE 2.—WORK SUPPORTS IN SOME OTHER MAJOR PROGRAMS FOR FAMILIES WITH CHILDREN—Continued

Program	Required activity	Work support	Income test?	Interaction with other benefits
Adult training, Workforce Investment Act (WIA).	To qualify for training services, parent must be unemployed or employed, but need training services that lead to "self sufficiency" defined as at least the Lower Living Standard Income Level (which ranges from \$24,510 to \$29,390 yearly for a family of four in the 48 contiguous states).	Training services include occupational skills training, on-the-job training, entrepreneurial training, skill upgrading, job readiness training, and adult education and literacy activities in conjunction with other training. "Followup" services must be offered for at least 12 months to persons placed in unsubsidized jobs. Localities may offer supportive services (such as transportation, dependent care, housing) to persons unable to obtain them through other programs.	Yes, families with income above "self sufficiency" levels established by states are ineligible. Locality must give priority to recipients of TANF, SSI, General Assistance, refugee cash assistance and other low-income persons for intensive services when funds are limited.	
Social Services Block Grant	None	States decide what groups to serve, and how. In FY 1998, 9.5% of funds were used for child day care.	State option. However, any TANF funds transferred to SSBG may be used only for children and families whose income is below 200% of federal poverty guideline.	
State-Childrens' Health Insurance Program (S-CHIP).	None	Subsidized health insurance for children.	Yes, eligibility limits are established by states within federal guidelines.	S-CHIP is not available to families eligible for Medicaid

¹ Fifteen jurisdictions supplement the federal EITC with state earned income tax credits (generally calculated as a percentage of the federal EITC). Ten states have refundable credits (Colorado, the District of Columbia, Kansas, Maryland, Massachusetts, Minnesota, New Jersey, New York, Vermont, and Wisconsin); five have non-refundable credits (Illinois, Iowa, Maine, Oregon, and Rhode Island). Guam and the Virgin Islands have territorial tax systems that mirror the Internal Revenue Code, including EITC (however, revenues foregone and refunds paid because of their EITC affect their own territorial treasuries, not the U.S. Treasury).

TABLE 3.—EARNINGS AND SELECTED MAJOR BENEFITS FOR A SINGLE PARENT WITH TWO CHILDREN, WORKING 40 HOURS WEEKLY AT MINIMUM WAGE FOR ONE YEAR (AS OF JULY 2000)

State	Net ¹ earnings	EITC ²	TANF	Food stamps ³	Total	As a percent of the 1999 poverty threshold				
						Net earnings	EITC	TANF	Food stamps	Total
Alabama	9893	3888	492	1773	16046	73.7	29.0	3.7	13.2	119.5
Alaska	10853	3888	6831	0	21572	80.9	29.0	50.9	0.0	160.7
Arizona	9893	3888	0	1920	15701	73.7	29.0	0.0	14.3	117.0
Arkansas	9893	3888	0	1920	15701	73.7	29.0	0.0	14.3	117.0
California	11045	3888	2882	756	18571	82.3	29.0	21.5	5.6	138.4
Colorado	9893	3888	0	1920	15701	73.7	29.0	0.0	14.3	117.0
Connecticut ⁴	11813	3867	7632	2208	25520	88.0	28.8	56.9	16.4	190.1
Delaware	10853	3888	588	1504	16833	80.9	29.0	4.4	11.2	125.4
Dist. of Col.	11813	3867	0	1428	17108	88.0	28.8	0.0	10.6	127.5
Florida	9893	3888	0	1920	15701	73.7	29.0	0.0	14.3	117.0
Georgia	9893	3888	0	1920	15701	73.7	29.0	0.0	14.3	117.0
Hawaii—Exempt	10085	3888	4489	2784	21246	75.1	29.0	33.4	20.7	158.3
Hawaii—Non-Exempt	10085	3888	2785	3300	20058	75.1	29.0	20.7	24.6	149.4
Idaho	9893	3888	0	1920	15701	73.7	29.0	0.0	14.3	117.0
Illinois	9893	3888	953	1644	16378	73.7	29.0	7.1	12.2	122.0

TABLE 3.—EARNINGS AND SELECTED MAJOR BENEFITS FOR A SINGLE PARENT WITH TWO CHILDREN, WORKING 40 HOURS WEEKLY AT MINIMUM WAGE FOR ONE YEAR (AS OF JULY 2000)—Continued

State	Net ¹ earnings	EITC ²	TANF	Food stamps ³	Total	As a percent of the 1999 poverty threshold				
						Net earnings	EITC	TANF	Food stamps	Total
Indiana	9893	3888	0	1920	15701	73.7	29.0	0.0	14.3	117.0
Iowa	9893	3888	827	1680	16288	73.7	29.0	6.2	12.5	121.3
Kansas	9893	3888	0	1920	15701	73.7	29.0	0.0	14.3	117.0
Kentucky	9893	3888	524	1764	16069	73.7	29.0	3.9	13.1	119.7
Louisiana	9893	3888	1440	1488	16709	73.7	29.0	10.7	11.1	124.5
Maine	9893	3888	2444	1188	17413	73.7	29.0	18.2	8.9	129.7
Maryland	9893	3888	0	1920	15701	73.7	29.0	0.0	14.3	117.0
Massachusetts—Exempt	11525	3888	2124	864	18401	85.9	29.0	15.8	6.4	137.1
Massachusetts—Non-Exempt	11525	3888	1944	912	18269	85.9	29.0	14.5	6.8	136.1
Michigan—Washtenaw County	9893	3888	0	1920	15701	73.7	29.0	0.0	14.3	117.0
Michigan—Wayne County	9893	3888	0	1920	15701	73.7	29.0	0.0	14.3	117.0
Minnesota	9893	3888	691	3084	17555	73.7	29.0	5.1	23.0	130.8
Mississippi	9893	3888	0	1920	15701	73.7	29.0	0.0	14.3	117.0
Missouri	9893	3888	1013	1620	16414	73.7	29.0	7.5	12.1	122.3
Montana	9893	3888	0	1920	15701	73.7	29.0	0.0	14.3	117.0
Nebraska	9893	3888	0	1920	15701	73.7	29.0	0.0	14.3	117.0
Nevada	9893	3888	1044	1608	16433	73.7	29.0	7.8	12.0	122.4
New Hampshire	9893	3888	1844	1368	16993	73.7	29.0	13.7	10.2	126.6
New Jersey	9893	3888	424	1793	15988	73.7	29.0	3.2	13.4	119.2
New Mexico	9893	3888	253	1848	15882	73.7	29.0	1.9	13.8	118.3
New York—New York City	9893	3888	1813	1380	16974	73.7	29.0	13.5	10.3	126.5
New York—Suffolk County	9893	3888	3325	924	18030	73.7	29.0	24.8	6.9	134.3
North Carolina	9893	3888	816	1677	16274	73.7	29.0	6.1	12.5	121.2
North Dakota	9893	3888	1200	1566	16547	73.7	29.0	8.9	11.7	123.3
Ohio	9893	3888	620	1740	16141	73.7	29.0	4.6	13.0	120.2
Oklahoma	9893	3888	0	1920	15701	73.7	29.0	0.0	14.3	117.0
Oregon	12486	3713	0	1248	17447	93.0	27.7	0.0	9.3	130.0
Pennsylvania	9893	3888	0	1920	15701	73.7	29.0	0.0	14.3	117.0
Rhode Island	10853	3888	1792	1140	17673	80.9	29.0	13.4	8.5	131.7
South Carolina	9893	3888	185	1868	15834	73.7	29.0	1.4	13.9	118.0
South Dakota	9893	3888	0	1920	15701	73.7	29.0	0.0	14.3	117.0
Tennessee	9893	3888	676	1728	16185	73.7	29.0	5.0	12.9	120.6
Texas	9893	3888	495	1772	16047	73.7	29.0	3.7	13.2	119.6
Utah	9893	3888	656	1728	16165	73.7	29.0	4.9	12.9	120.4
Vermont	11045	3888	494	1480	16907	82.3	29.0	3.7	11.0	126.0
Virginia	9893	3888	4668	528	18977	73.7	29.0	34.8	3.9	141.4
Washington	12486	3713	0	1248	17447	93.0	27.7	0.0	9.3	130.0
West Virginia	9893	3888	0	1920	15701	73.7	29.0	0.0	14.3	117.0
Wisconsin—Community Service	9893	3888	0	1920	15701	73.7	29.0	0.0	14.3	117.0
Wisconsin—W2 Transition ⁵	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Wyoming	9893	3888	0	1920	15701	73.7	29.0	0.0	14.3	117.0

¹Source: Table first appeared in CRS Report RL30579, *Welfare Reform: Financial Eligibility Rules and Cash Assistance Amounts under TANF* and was prepared by the Congressional Research Service (CRS) based on a survey of the states.

²Note: Puerto Rico is omitted from this table. It is not covered by the federal income tax and has no EITC. A full-time minimum wage worker in Puerto Rico would be ineligible for TANF.

³Earnings net of social security payroll taxes.

⁴EITC amounts are based on tax year 2000 credit levels. Colorado, the District of Columbia, Kansas, Maryland, Massachusetts, Minnesota, New Jersey, New York, Vermont and Wisconsin have their own refundable earned income tax credits (generally calculated as a percentage of the federal EITC) but they are not shown in this table. Five states have nonrefundable credits (Illinois, Iowa, Maine, Oregon and Rhode Island).

⁵Food stamp benefits are calculated using the standard deduction and the 20% earnings deduction, but not the excess shelter deduction.

⁶Connecticut disregards all earnings below the poverty threshold in calculating both TANF and food stamp benefits.

⁷Persons with jobs are not eligible for the Wisconsin program of transitional aid.

Chairman HERGER. And just a question before Congressman Levin left, he mentioned his concern about the minimum wage and whether or not those who were going back to work were receiving enough. And it is interesting, just looking at your table number 3,

I would like to ask you, I believe that indicates that if the recipients were receiving food stamps and has a full-time job, even if it was at minimum wage, and receiving the different supports that they could, that even at a minimum wage, they would be above the poverty level; is that correct?

Ms. BURKE. In most States they would be—it would take net earnings, that is, the earnings minus payroll taxes and the earned income tax credit to bring them above the poverty threshold for that family. In most places they still would be eligible for food stamps, and thus would get an even higher income. The net earnings would supply a varying amount because of State wage policy, but in the States where only the Federal minimum wage rate applies, you would generally have 74 percent of the poverty threshold from your earnings, net earnings. And the EITC would provide 29 percent of the poverty threshold. Together that would get you over the threshold. Now that is not to say that everyone works 40 hours a week.

Chairman HERGER. Right. But if they did work 40 hours a week, they would be above the poverty level.

Ms. BURKE. I do have a table showing that if you had a 20-hour-a-week job, there would be 13 States in which the combination of net earnings, EITC, TANF, and food stamps, all of those things together, would bring you above the poverty thresholds.

Chairman HERGER. How many States is that again?

Ms. BURKE. Thirteen.

Chairman HERGER. So 13 working only 20 hours a week.

Ms. BURKE. Working 20 hours a week. Now the exact number is hard to know, but studies indicate a range of how many hours people work. A study by the Urban Institute found that about 69 percent of welfare “leavers” worked more than 35 hours a week. 25 percent worked between 20 and 35 hours, so the 20-hour-a-week situation perhaps doesn’t occur much. But we have no way of really knowing for sure.

Chairman HERGER. So it would appear that minimum wage alone, if we only counted minimum wage, would not put them over the poverty line. But when we do consider the earned income tax credit, food stamps, and other programs that would be available to them, recipients in virtually every State, would be above the poverty line if they were working full time. You mentioned 13 only working 20 hours.

Ms. BURKE. All that would be required to bring them above poverty, would be the earnings from a full-time job and the earned income tax credit. And they could go a little further by benefit of food stamps. But poverty is not very luxurious. For a three-person family, it amounted to \$13,290 in 1999. It would be scraping by at best. So the addition of food stamps, and in some States, TANF would help a little bit.

Chairman HERGER. Thank you very much Ms. Burke. Mr. Cardin.

Mr. CARDIN. Thank you, Mr. Chairman. Just to follow up on this chart just a little bit longer, because I think it is very helpful. This, of course, assumes that the individual is getting the food stamps, and we know there is a large number of people who left welfare who are not receiving their food stamps. It also assumes, and in

some cases, some States that do disregard and provide TANF assistance, unless they do that under solely State funds, that would keep the 5-year clock running. So there is not a complete solution under current law to get people above the poverty level. And it is something we need to take a look at.

Lastly as you pointed out, a 40 hours a week, 52 weeks a year, there is significant number that are not working that amount.

But I think it is very helpful, Chairman, the figures that are shown here.

Ms. BURKE. If you would care to have also the table showing the 20 hour week, we could add that to the record.

Mr. CARDIN. That would be fine, if you would make that available to the Committee.

[The following was subsequently received:]

TABLE A.—EARNINGS AND SELECTED MAJOR BENEFITS FOR A SINGLE PARENT WITH TWO CHILDREN, WORKING 20 HOURS WEEKLY AT MINIMUM WAGE FOR ONE YEAR

State	Net earnings ¹	EITC ²	TANF	Food stamps ³	Total	As a percent of the 1999 poverty threshold				
						Net earnings	EITC	TANF	Food stamps	Total
Alabama	4946	2142	492	3066	10647	36.8	16.0	3.7	22.8	79.3
Alaska	5426	2350	10096	1020	18893	40.4	17.5	75.2	7.6	140.8
Arizona	4946	2142	1171	2856	11115	36.8	16.0	8.7	21.3	82.8
Arkansas	4946	2142	1224	2844	11157	36.8	16.0	9.1	21.2	83.1
California	5523	2392	5872	1296	15083	41.1	17.8	43.7	9.7	112.4
Colorado	4946	2142	1332	2816	11236	36.8	16.0	9.9	21.0	83.7
Connecticut ⁴	5907	2558	7632	2208	18305	44.0	19.1	56.9	16.4	136.4
Delaware	5426	2350	3230	2120	13127	40.4	17.5	24.1	15.8	97.8
District of Columbia	5907	2558	1950	2376	12791	44.0	19.1	14.5	17.7	95.3
Florida	4946	2142	2158	2568	11815	36.8	16.0	16.1	19.1	88.0
Georgia	4946	2142	1607	2728	11424	36.8	16.0	12.0	20.3	85.1
Hawaii—Exempt	5042	2184	7284	3252	17763	37.6	16.3	54.3	24.2	132.3
Hawaii—Non-Exempt	5042	2184	5580	3768	16575	37.6	16.3	41.6	28.1	123.5
Idaho	4946	2142	1370	2796	11255	36.8	16.0	10.2	20.8	83.8
Illinois	4946	2142	2739	2388	12215	36.8	16.0	20.4	17.8	91.0
Indiana	4946	2142	282	3128	10498	36.8	16.0	2.1	23.3	78.2
Iowa	4946	2142	2970	2316	12374	36.8	16.0	22.1	17.3	92.2
Kansas	4946	2142	2582	2436	12107	36.8	16.0	19.2	18.1	90.2
Kentucky	4946	2142	1861	2656	11606	36.8	16.0	13.9	19.8	86.5
Louisiana	4946	2142	1440	2784	11313	36.8	16.0	10.7	20.7	84.3
Maine	4946	2142	5122	1680	13891	36.8	16.0	38.2	12.5	103.5
Maryland	4946	2142	1523	2760	11371	36.8	16.0	11.3	20.6	84.7
Massachusetts—Exempt	5763	2496	5244	1428	14931	42.9	18.6	39.1	10.6	111.2
Massachusetts—Non-Exempt	5763	2496	5064	1476	14799	42.9	18.6	37.7	11.0	110.2
Michigan—Washtenaw County	4946	2142	3503	2160	12752	36.8	16.0	26.1	16.1	95.0
Michigan—Wayne County	4946	2142	3143	2268	12500	36.8	16.0	23.4	16.9	93.1
Minnesota	4946	2142	4011	3084	14184	36.8	16.0	29.9	23.0	105.7
Mississippi	4946	2142	0	3216	10305	36.8	16.0	0.0	24.0	76.8
Missouri	4946	2142	2799	2376	12263	36.8	16.0	20.9	17.7	91.4
Montana	4946	2142	3507	2160	12756	36.8	16.0	26.1	16.1	95.0
Nebraska	4946	2142	2135	2568	11792	36.8	16.0	15.9	19.1	87.8
Nevada	4946	2142	2168	2559	11815	36.8	16.0	16.1	19.1	88.0
New Hampshire	4946	2142	4522	1860	13471	36.8	16.0	33.7	13.9	100.4
New Jersey	4946	2142	2633	2417	12139	36.8	16.0	19.6	18.0	90.4
New Mexico	4946	2142	3511	2160	12759	36.8	16.0	26.2	16.1	95.1
New York—New York City	4946	2142	4652	1812	13553	36.8	16.0	34.7	13.5	101.0
New York—Suffolk County	4946	2142	6164	1356	14609	36.8	16.0	45.9	10.1	108.8
North Carolina	4946	2142	1808	2673	11570	36.8	16.0	13.5	19.9	86.2
North Dakota	4946	2142	3615	2128	12832	36.8	16.0	26.9	15.9	95.6
Ohio	4946	2142	3298	2220	12607	36.8	16.0	24.6	16.5	93.9
Oklahoma	4946	2142	1546	2748	11383	36.8	16.0	11.5	20.5	84.8

TABLE A.—EARNINGS AND SELECTED MAJOR BENEFITS FOR A SINGLE PARENT WITH TWO CHILDREN, WORKING 20 HOURS WEEKLY AT MINIMUM WAGE FOR ONE YEAR—Continued

State	Net earnings ¹	EITC ²	TANF	Food stamps ³	Total	As a percent of the 1999 poverty threshold				
						Net earnings	EITC	TANF	Food stamps	Total
Oregon	6243	2704	2140	2232	13319	46.5	20.1	15.9	16.6	99.2
Pennsylvania	4946	2142	2374	2496	11959	36.8	16.0	17.7	18.6	89.1
Rhode Island	5426	2350	4730	1668	14175	40.4	17.5	35.2	12.4	105.6
South Carolina	4946	2142	1153	2864	11105	36.8	16.0	8.6	21.3	82.7
South Dakota	4946	2142	1739	2688	11516	36.8	16.0	13.0	20.0	85.8
Tennessee	4946	2142	2220	2544	11853	36.8	16.0	16.5	19.0	88.3
Texas	4946	2142	673	3012	10774	36.8	16.0	5.0	22.4	80.3
Utah	4946	2142	3334	2208	12631	36.8	16.0	24.8	16.4	94.1
Vermont	5523	2392	4460	1720	14095	41.1	17.8	33.2	12.8	105.0
Virginia	4946	2142	4668	1812	13569	36.8	16.0	34.8	13.5	101.1
Washington	6243	2704	3172	1920	14039	46.5	20.1	23.6	14.3	104.6
West Virginia	4946	2142	2094	2580	11762	36.8	16.0	15.6	19.2	87.6
Wisconsin—Community Service	4946	2142	2760	2388	12237	36.8	16.0	20.6	17.8	91.2
Wisconsin—W2 Transition ⁴	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Wyoming	4946	2142	1124	2868	11081	36.8	16.0	8.4	21.4	82.6

Source: Table first appeared in CRS Report RL30579, Welfare Reform: Financial Eligibility Rules and Cash Assistance Amounts under TANF and was prepared by the Congressional Research Service (CRS) based on a survey of the states.

¹Earnings net of Social Security payroll taxes.

²Colorado, Iowa, Kansas, Maryland, Massachusetts, Minnesota, New York, Oregon and Vermont have their own earned income tax credits (generally calculated as a percentage of the Federal EITC) but they are not shown in this table. Guam and the Virgin Islands have territorial tax systems that mirror the Internal Revenue Code, including EITC. However, revenues foregone and refunds paid under their EITCs affect their own territorial treasuries, not the U.S. Treasury.

³Connecticut disregards all earnings below the poverty threshold in calculating both TANF and food stamp benefits.

⁴Persons with jobs are not eligible for the Wisconsin program of transitional aid.

Mr. Savner just a couple things. Following up on your comments about the New York City experience, let me just add one other factor here. I think we will have to get the specific numbers, but it is my understanding that very few of the people that participate in the New York Workfare end up with a permanent job within the New York government. There are very few that find a permanent placement there. Would you think that the skills that they are participating in would be the most conducive to the work in more permanent surrounding?

I am just curious as to why there hasn't been a greater success in the numbers given to us about 2000 permanent placements. I don't know over what period that was. But there has been roughly 250,000 people participating in the program. So I want to underscore the point that you said we want to give the States flexibility. That is one of the options available to the States, but it may not be the best model.

Mr. SAVNER. One of the things that is implicit in the question you asked, is the whole issue of displacement. I think one of the things that has been alleged, and I can't confirm whether it is true or not, but there is data that suggests from the period 1993 to 1998, there was a significant drop in the number of permanent city employees who worked for the Park Department, and at the same time, a dramatic increase in the number of Workfare workers who were working in the parks. So it may well be that part of what is going on, is the ability to cut back on the work force because they had, WEP workers to do that work which would explain why they

are not moving into permanent jobs. The number of permanent jobs have, in fact, decreased.

I think that is something we need to be very cautious about. First, we want to make sure people are moving into permanent jobs, and second, one of the big risks of large scale work experience programs is that they displace regular employees. Displacement destroys the jobs of regular paid workers by creating workfare placements for people on welfare. I think that is a bad tradeoff. I think it is bad for the families because they are poor as a result of the difference in those jobs, and what it means is that essentially that the Federal Government, through TANF, is financing the New York City Parks Department. It is not clear to me that that is what we want to do. I think what we wanted to do is help people move into unsubsidized jobs.

Mr. CARDIN. It also, I think, moves into a moral issue of compensation for services performed if it is being used to cut the cost. There is one thing about providing a work experience to a person we want to do that. We want to get people permanently placed, but there is another thing as to—with the motivations, as to what these programs are about.

I wanted to ask you about what is your finding in the States about post employment services? One of the areas that it looks like we really need to expand is we get people to work, they have enough skills at least to get in the door, but if they are going to be able to maintain a position with the company, if they are going to be able to grow with the company, they need help with their employer. What are we finding among the States as to the best examples of most employment opportunities?

Mr. SAVNER. First, there is a significant interest among the States in trying to address the issue of job loss after people leave welfare. There are about 35 States currently that are making investments and trying to provide services to people after they leave welfare and become employed to help them keep those jobs or to be reemployed quickly.

While States are trying a number of strategies, it is not clear yet what will be most effective. Some of the lessons that we have learned so far are that case management may be effective if it is intensive, if case managers start with the client before they get a job and are able to stay with them and visit with them frequently, they can help guide them through some of the problems that new workers face.

Another issue that we need to focus on is that one of the reasons why there is job loss is the lack of skills. In addition, there are some jobs that recipients are getting in which there is high turnover for all workers, not just former recipients.

One of the best programs that we know of that has addressed the retention issue is the Portland program. And the way they addressed it was by trying to find better jobs for people in the first place. So I think we need to be smarter about the kinds of jobs that people get. And again, it wasn't all based on training, it was just being smarter about the jobs and being more selective and taking a month or two rather than a week to help someone find a good job, not just any job. They were able to find better jobs that lasted longer and paid more.

So I think there are a number of strategies to work on to promote retention. But there is no one single thing yet that we can say that is the key to job retention.

Mr. CARDIN. I'm going to ask you, not necessarily on the spot right now, but if you can get back to us, as to what we can do with TANF reauthorization to encourage States to be aggressive in this area without jeopardizing the flexibility that we want the States to have. I want the States to be able to tailor their own programs, but we certainly want to encourage them to get the skills to the people coming off the welfare that they need. So if you have some suggestions in that area, I would certainly appreciate it.

Chairman HERGER. Thank you. I want to thank each of our witnesses that have appeared before us this afternoon. And I just might make a comment, Ms. Burke, not to date you, but I understand that you have been involved on working in this area since the early 1970s, and much of the work that you—

Ms. BURKE. Not quite back in the depression, though.

Chairman HERGER. No, the 1970s. And much of the work that you did was instrumental in writing this law, the 1996 law. And I want to thank you and the great work that the Congressional Research Service does provide.

And just as Congressman Cardin requested a question, I would like to also mention before we close that we may be submitting questions for some additional answers that we would appreciate if you could provide in writing. And we would appreciate that you respond to those additional questions.

And, again, I thank each of you very much.

And without objection, I adjourn this hearing. Thank you very much.

[Whereupon, at 4:57 p.m., the hearing was adjourned.]

[Questions submitted from Chairman Herger to Mr. Savner, and his responses follow:]

CENTER FOR LAW & SOCIAL POLICY
Washington, DC 20036
April 19, 2001

Rep. Wally Herger
Chairman, Subcommittee on Human Resources
House Ways and Means Committee
B-317, Rayburn House Office Building
Washington, DC 20515

Dear Rep. Herger:

Thank you again for inviting me to testify at the April 3 Subcommittee hearing. I am writing to respond to the additional questions provided to me after the hearing. Please do not hesitate to contact me if there is additional information you would like me to provide on any of these issues.

• **How many States require welfare recipients to work or participate in job preparation activities immediately or within the first few months of receiving assistance? In states that do not stress work early on, have there been any differences in the percentage of TANF recipients working while on assistance compared with states with more rigorous work requirements?**

As a matter of policy, virtually every state requires adults to participate in job preparation activities of some sort unless the family is exempt. In most states, the initially required activity for most adults is job search. If an adult is unsuccessful in job search there is wide variation among states concerning the next required activity. Few states require participation in work experience or community service of all or most recipients who are unsuccessful in job search. Only Wisconsin, Virginia, Massachusetts, Alabama, Wyoming, Michigan, Hawaii and Texas have rules that

appear to impose work experience or community service requirements on all or most recipients in single-parent families if job search is unsuccessful.¹

Table 1 shows the percentage of all adult recipients in each state in unsubsidized employment in FY 1999, ranked from the highest percentage to the lowest. The third column reflects the percentage of all adults reported by the state to be involved in work experience or community service. There does not appear to be a correlation between states that engage adults in work experience and community service and states with a higher share of adults receiving assistance engaged in unsubsidized employment.² The variation in the extent to which recipients are engaged in unsubsidized employment is most likely due to the earnings disregards available in the state, the states benefit level, and the extent to which the use of earnings disregard to supplement employment are marketed to recipients.

• **An article in the April 3, 2001 Washington Post, describes a District of Columbia subsidized employment program for welfare recipients nearing their time limit on assistance. According to the article “The city is targeting people who have received cash assistance for the longest periods and have been unable to find work on their own.” The goals of this program seem at odds with your statement (pages 10-11) that “research conducted during the 1980’s on several work experience programs demonstrated that in every site but one there were no positive employment and earnings impacts that resulted from participation in the programs.” Is there reason to believe that some of the past work on this topic may be dated, especially in the post-reform world? How many states offer subsidized employment or workfare programs?**

The statement you quote from my testimony references research that was limited to a set of programs that focused on Community Work Experience programs operated during the 1980’s (prior to passage of the Family Support Act). These programs all involved performing community service activities in exchange for the family’s welfare grant. My testimony did suggest that a new set of programs that involved wage subsidies to employers or intermediary organizations and offered wage-paying jobs to recipients held out more promise, in my view, for improving the skills and employability of recipients. It is this latter sort of program that is being established in the District of Columbia. As indicated in my written testimony, these programs not only pay wages and create more realistic expectations consistent with those experienced in a regular job, but they also make available various supports and provide access to skill development activities to supplement the work experience and help boost employability. CLASP has been actively engaged in helping develop these programs throughout the country during the past several years.

Research on such programs in the past has been extremely encouraging. For example, the National Supported Work Demonstration made available temporary, subsidized jobs in supportive settings, to several groups of adults and youth with significant barriers to employment, including AFDC recipients. Subsidized jobs in non-profit agencies lasted 12–18 months. Participants received intensive supervision, and there were gradual increases in workplace expectations over time. The program yielded very strong results for AFDC recipients. After three years, AFDC participants earned an average of \$1,076 (or 23 percent) more than control group members, and the increased earnings effects held up over a long period.³

• **Your testimony indicates that education and training activities are counted as participation only to a very limited extent. Since many States have no work requirement for the first 18 to 24 months, would you agree those individuals generally have at least this amount of time for education and training activities?**

As noted in my answer to question 1, I think there are actually few states that do not require participation in work-related activities of some sort immediately, and typically this activity is job search and or job readiness. To the extent that states do not require broad participation in work experience or community service programs, that does not necessarily mean that they encourage or even allow participation in education or training activities. One of the principal effects of the limitations on counting participation in education and training activities toward the Federal participation requirements has been to signal state and local administrators and

¹However, if one reviews the data in Table 1, attached, the actual percentages of participants reported as being engaged in those activities in those states does not always appear to be as high as one might expect.

²A number of states allow broad discretion to counties in determining the range of activities to which recipients will be assigned and it is difficult to ascertain county activity from these statewide data.

³Summary and Findings of the National Supported Work Demonstration, (MDRC, 1980).

staff that these are disfavored activities and generally to be discouraged. According to data reported to HHS for FY 1999, only 2.7% of all families receiving assistance included an adult engaged in education or training.

• **What do we know about the effect of strong work requirements on reducing caseloads?**

There are several possible definitions of “strong work requirements.” Table 2 compares caseload reduction between January 1999 and June 2000, and the extent to which adults are engaged in either work experience or community service, and the extent to which adults are engaged in any Federally countable activity during FY 1999. There does not appear to be a strong relationship between caseload decline and either of these two sets of data. It seems likely that a broader set of conditions may influence caseload decline including general program administration, local economic conditions, etc.

• **What is the effect of caseload reduction on the funds available to help remaining welfare recipients—who often have special challenges—go to work? Did States under the former system focus on the most needy and design special program to help them go to work?**

The combination of declining caseloads and the block grant structure has made funds available to states that would not have been available had there been no change in Federal law. States have used the funds made available by these two factors for a range of activities, some of which have involved providing a range of supports and services to families that do not receive cash assistance, for example child care for low wage workers, and states have also shown greater interest than in the past in working with individuals who have significant barriers to employment to help resolve those barriers. However it is difficult to ascertain from available Federal data how much is actually being spent on services for the group you reference, or the extent of efforts to link people with relevant services funded outside of TANF. The availability of Welfare-to-Work block grant funds through the Department of Labor has also made a contribution on this issue.

Under the JOBS program many of the adults with significant barriers would have been exempt from participation in work activities. However, beginning in 1992 states began to receive waivers of various AFDC requirements, and many states sought and received waivers to broaden the participation requirements under JOBS and began to work with adults to address some of the barriers that prevent employment.

Along with the increased interest in this area we also are seeing evidence that many of the people you reference are losing access to assistance because of sanctions. A number of studies have found that sanctioned families are less likely to have graduated high school, less likely to have recent work history, more likely to report health or mental health problems. Families terminated due to sanction consistently display poorer outcomes than families terminated for other reasons. They are less likely to be employed after leaving assistance, and if employed, likely to have lower earnings than other leavers.⁴

In sum, the picture that emerges about the impact of the 1996 changes on families with significant barriers appears to be ambiguous up to this point, and, in most states, it remains to be seen how time limits will affect this group.

Thank you again for inviting me to participate in these proceedings.

Sincerely yours,

STEVE SAVNER

TABLE 1.—PERCENTAGE OF ADULT RECIPIENTS IN UNSUBSIDIZED EMPLOYMENT, WORK EXPERIENCE, AND COMMUNITY SERVICE

[FY 1999 ¹]

	Total Number of Adults FY 1999	Percentage of Adults in Un- subsidized Employment FY 1999 (In percent)	Percentage of Adults in Work Experience or Community Service FY 1999 (In percent)
Iowa	19,237	55.1	0.6
Illinois	101,821	42.7	5.1
California	539,259	40.7	1

⁴A number of these studies are summarized in Goldberg and Schott, **A Compliance-Oriented Approach to Sanctions in State and County TANF Programs** (Center on Budget and Policy Priorities, October 2000), available at <http://www.cbpp.org/10-1-00slip.pdf>.

TABLE 1.—PERCENTAGE OF ADULT RECIPIENTS IN UNSUBSIDIZED EMPLOYMENT, WORK EXPERIENCE, AND COMMUNITY SERVICE—Continued
[FY 1999 ¹]

	Total Number of Adults FY 1999	Percentage of Adults in Un- subsidized Employment FY 1999 (In percent)	Percentage of Adults in Work Experience or Community Service FY 1999 (In percent)
Connecticut	26,532	40.5	0.6
Arizona	22,677	39.4	5.7
Michigan	69,284	36.5	0.1
Indiana	33,633	36.2	0.3
Alaska	8,636	34.8	5.6
Minnesota	37,959	34.7	0.3
Washington	59,660	33.5	11.1
Kansas	9,142	31.6	9.7
Wisconsin	8,473	28.9	74.8
Nebraska	10,126	28.7	0.6
Maine	15,229	28.3	6.2
Idaho	610	28.2	8.5
New Mexico	26,160	28.2	1.6
Hawaii	14,616	28	7.1
Ohio	77,463	27	22.3
Delaware	4,076	26.5	0.1
Dist. of Col.	12,147	26.2	5.9
Pennsylvania	96,173	26.2	0.8
Vermont	6,632	26.1	1.4
Virginia	31,145	26.1	1.8
South Carolina	10,183	25.9	1.2
Rhode Island	16,473	25.4	0.8
Kentucky	28,716	24.9	8.8
Florida	45,196	23.4	5.3
Mississippi	8,412	23	6.8
Louisiana	28,436	22.7	5
Colorado	10,357	22.5	7.9
Utah	10,384	22.2	0
Oklahoma	14,199	21.1	2.9
Tennessee	40,812	20.6	0.7
Alabama	10,024	19.8	2.9
Massachusetts	40,115	19.8	1.7
New York	260,641	17	12.2
New Hampshire	6,678	16	0.8
South Dakota	1,693	16	32.2
Wyoming	408	15.9	23
New Jersey	45,762	15.8	16.1
Montana	5,168	14.6	45.4
North Dakota	3,265	13.7	8.4
North Carolina	29,549	13.2	1.2
Nevada	9,462	12.9	2.5
Missouri	34,958	10	3.7
Arkansas	7,156	9.8	3.6
Georgia	36,920	9.8	5.4
Maryland	22,008	8.2	2.1
Oregon	14,450	7.6	2.8
West Virginia	14,348	6.5	13
Texas	82,729	4.7	0.9

¹ "TANF Program—Third Annual Report to Congress," (HHS, August 2000), Table 3:3.C.

TABLE 2.—COMPARISON OF CASELOAD DECLINE TO ENGAGEMENT IN VARIOUS COUNTABLE ACTIVITIES
[In Percent]

	Caseload Change From January-1999 to June-2000 ¹	Percentage of Adults in Work Experience or Community Service FY 1999 ²	Percentage of Adults in Any Countable Activity FY 1999 ³
Oklahoma	-67	3	48
Louisiana	-39	5	33
Wyoming	-36	23	52
Illinois	-34	5	57
Florida	-30	5	36
North Carolina	-29	1	20
Colorado	-28	8	43
Michigan	-27	0	47
Massachusetts	-26	2	31
Maine	-24	6	47
Connecticut	-23	1	48
California	-23	1	51
Georgia	-22	5	21
New Jersey	-22	16	41
Ohio	-21	22	60
Pennsylvania	-20	1	33
Virginia	-20	2	34
Maryland	-20	2	25
Utah	-19	0	45
Nevada	-19	3	32
Montana	-19	45	91
South Dakota	-18	32	58
South Carolina	-18	1	48
Virgin Islands	-18	3	33
Mississippi	-17	7	34
New York	-16	12	32
Puerto Rico	-16	1	19
Washington	-15	11	60
Nebraska	-15	1	62
Wisconsin	-15	75	87
Kentucky	-14	9	39
Alaska	-14	6	50
Missouri	-13	4	29
Vermont	-13	1	44
New Mexico	-12	2	31
Rhode Island	-10	1	38
Iowa	-10	1	61
Delaware	-9	0	29
Alabama	-9	3	32
Minnesota	-9	0	53
Hawaii	-8	7	36
West Virginia	-7	13	27
North Dakota	-7	8	27
Arizona	-6	6	46
New Hampshire	-6	1	29
Idaho	-6	9	85
Kansas	-5	0	59
Tennessee	-4	1	47
Indiana	-1	0	40
Arkansas	0	4	30
Oregon	1	3	53
Texas	7	1	12
Dist. of Col	15	6	35

¹ HHS, <http://www.acf.dhhs.gov/news/stats/case-fam.htm>

² "TANF Program—Third Annual Report to Congress," (HHS, August 2000), Table 3.3.C.

³ Id.

[Submissions for the record follow:]

Statement of Community Voices Heard, New York, New York

Community Voices Heard (CVH) is a membership organization of over 3,500 low-income people, mostly women on welfare, working together to improve the lives of our members' families and all poor people in New York City. We are directed, run and being built by low-income people on welfare. We use public education, public-policy research, community organizing, leadership development, political education and direct action issue organizing, to build our membership and to organize around issues that are defined by our membership. While we focus on welfare reform, we broadly define "welfare activism" to be multi-issue, and thus must include issues such as education, training, jobs, housing, economic development and other community issues.

Referenced Reports:

1) *COUNT OUR WORK REPORT* The Work Experience Program (WEP): New York City's Public Sector Sweatshop Economy

By Laura Wernick, John Krinsky, Paul Getsos, Community Voices Heard

2) *WELFARE TO WORK: IS IT WORKING?* The Failure of Current Welfare-To-Work Strategies; To Move The Hardest To Employ Into Jobs
A CASE FOR PUBLIC JOB CREATION

By Andrew Stettner, Georgetown University Graduate Public Policy Institute, Community Voices Heard

I. Introduction

This report makes the case that tens of thousands of workfare workers are working in New York City agencies, performing vital functions for the city, for no pay. Yet while they play an important role in running New York City, they are not getting paid for an honest day's work. Instead, they are forced to work off below poverty-level benefits in jobs that once provided families with a real living wage and enough income to survive in New York City. Previously, paid workers were allowed to unionize, were protected by employee rights, and were able to access benefits such as vacation time, unemployment insurance and social security. Today, workfare workers are displacing these paid union workers, they are denied the right to organize, and they are denied basic worker benefits. Worst of all, they are consigned to participate in a *government-run*, sweatshop type program that keeps them mired in poverty and that by its structure, cuts off their only source of income when they begin to fight for economic justice and equal pay. While the city enjoys untold prosperity, economic growth, improved city services, and renewed parks and street-life, it is at a price: tens of thousands of people are forced to work as no-wage workers in New York City's public sector and non-profit labor force.

These workers are only being compensated for their important work through meager welfare benefits, which are significantly below the poverty level, and they are not allowed to organize. They face punitive loss of their only source of income if they question and try to change their working conditions. We believe that the conditions workfare workers face in New York City are akin to a "publicly funded" sweatshop, which all New Yorkers ultimately benefit from through their use of city services, from city parks to administrative offices. Finally, for many workfare workers, especially those with limited education and employment experience, lack of English proficiency, older workers, and people of color, especially immigrants, workfare is the only way that they can be guaranteed any means of support. With no other option available, they are forced to work in this second tier economy.

Background

In the summer of 1999, Community Voices Heard (CVH), an organization of people on welfare and in workfare, initiated a research project to determine what workfare workers were doing at their Work Experience Program (WEP) assignments in New York City. Our members increasingly reported being forced to do more detailed work and performing significant work responsibilities at their work-sites. CVH commissioned the study to prove that WEP workers were not just carrying out make-work assignments, but rather were responsible for providing critical services to the city.

Currently there are approximately 40,000 people in New York City's workfare program. Workfare workers work in city agencies, private not-for-profit agencies, and, in certain instances in private-for-profit entities such as South Street Seaport and

Fulton Fish Market. Workfare workers are not paid a wage for the work they perform. Instead, they are seen as compensating the city for their public assistance grants. Accordingly, they are not eligible for collective bargaining or unemployment insurance, and receive neither social security payments for the work they do nor Earned Income Tax Credits. Many workfare workers are also engaged in 35 hour simulated work weeks, that combine workfare jobs with mandatory programs such as job searching, which requires workfare workers and public assistance recipients to engage in useless activities looking for work, such as calling up stores and businesses identified through the phone book.

Purpose of the Report

The Count Our Work Report demonstrates that workfare is displacing paid union entry level employees with a second tier of unpaid workfare workers who are doing a substantial portion, if not the entire workload, of former entry-level employees working in New York City's public agencies. This report proves that workfare is in fact a public employment program in which workers are performing critical services for the citizens of the city for no pay, and that it keeps people trapped in poverty while displacing a full-time union workforce. This report also proves that WEP is an illegal and illegitimate program that threatens the economic livelihood of current and future employees by violating state labor law because it displaces city workers and provides incentives for further displacement.

II. Overall Findings

A. Workfare workers are performing jobs that are critical to keeping New York City agencies operating, vital services rendered and New York City clean and maintained. Workfare workers are doing critical work for the city, ranging from keeping parks clean and safe, doing light repair work and doing entry-level receptionist duties. While the vast majority of workfare workers are performing entry-level jobs, many are also doing more complex jobs with higher degrees of responsibility, including supervising and training other workfare workers, opening and closing city buildings and parks, and assisting the general public with community problems.

- Workfare workers do valuable work for their fellow New Yorkers. We have found that they perform almost every one of the tasks in three categories of entry-level City worker job descriptions (City Parks Workers, Custodial Assistant, and Clerical Aide). We have also found that workfare workers in the Metropolitan Transit Authority are also responsible for station cleaning and garbage removal and that workfare workers in social service agencies are also providing critical community services such as day care, childcare, and nursing assistance.

- Workfare workers are performing basic services that keep New York City clean and efficiently operating. The survey has found that contrary to popular perception, WEP workers in the Parks Department only report raking or sweeping as 27% of the tasks they perform. In fact, at least 37% of an average workfare workers' job in the Parks Department involves more responsible tasks such as laying sod and hedge trimming, minor repairs and safety checks of equipment. In the Department of Citywide Administrative Services, workfare workers are doing a wide range of jobs including cleaning bathrooms and replacing supplies; scrubbing, waxing and polishing floors; vacuuming rugs and carpets; and even operating elevators. Clerical workers are answering phones, typing and serving as receptionists. They are also processing forms and information requests.

- In many cases, workfare workers are doing jobs that have more responsibility than entry-level jobs. Workfare workers surveyed for this project report doing such tasks as supervising other workfare workers, operating light equipment, and managing case records. In the Clerical and Office Aide Category, 13% report supervising other WEPS. In the Department of Citywide Agencies, 8% report supervising workfare workers, and in the Parks Department, 7% report this activity. In addition, many workfare workers are taking care of children and the elderly in non-profit agencies.

- Both the survey data and individual case studies show that workfare workers are also engaged in other critical jobs, including opening and closing parks and recreation centers, assisting directors of jobs centers and Medicaid offices, and performing critical public safety duties. Many workfare workers in the Parks Department report doing safety checks of park and recreation centers that are used by the public and are responsible for opening and closing park gazebos, bathrooms and offices. Other workfare workers report being responsible for recording complaints about unsafe trees and community problems, and are working as social service case aides, assisting people with their domestic violence problems.

B. New York City is violating New York State Social Service Law by using welfare recipients in jobs formerly done by regular workers. New York State Social Service Law protects unionized municipal workers against being displaced by workfare workers. The law covers both full and partial displacement. We have found that at least partial, and very likely full, displacement is happening in city agencies.

- At least 86% of all survey respondents in all categories report doing the same work as municipal employees at their WEP sites.

- Workfare workers are performing 35 of the 36 tasks in the descriptions of three union job titles that we surveyed. (City Parks Workers, Custodial Assistant, and Clerical Aide).

- In some cases workfare workers are doing work that is not a listed activity on entry-level jobs descriptions, meaning they are doing work that was previously done by union employees and/or are doing tasks that other workers are supposed to be doing.

- Even if one assumes a worker does every job in his or her job description (which most workers do not), the average individual workfare worker is doing 36.7 % of the work done by similarly situated union workers.

C. Workfare creates a source of cheap labor for the City of New York and threatens the city labor force because of the huge financial incentive to the city to expand workfare as an inexpensive way to get the city's entry-level positions filled. Because the welfare grants that workfare workers get in exchange for their labor are mostly subsidized with state and federal dollars, there is a great incentive for the city to expand the program and to replace unionized city workers with workfare workers. In addition, even when federal and state aid is included, the average annual salary for workfare workers is well below the poverty line.

- The cost to the City for an hour of a workfare worker's wage is only \$1.80 an hour. This figure is based on the average number of hours worked per week and the city's share of the welfare benefit check.

- Based on a 40 hour workweek, 50 weeks a year, the annual cost to the city of a workfare worker's pay is only \$3,600 a year, compared to an annual salary of between \$18,000-\$22,000 a year for an entry-level union worker in a similar position.

D. Workfare workers are working at below poverty-level wages while the New York City public sector has developed into a two tier system of workers: union workers who work for benefits above the poverty level and workfare workers performing the same functions for below poverty level wages and doing so under constant threat of losing their only source of income.

- On the average, a single adult who is working 22 hours a week is making at the most \$5,724 a year in benefits including food stamps.

- A Temporary Assistance for Needy Families (TANF) parent with two children (the average parent on welfare), who works and/or is forced into other work-related activities for 35 hours a week is at the most receiving \$10,344 a year in benefits.

- These figures mean that workfare workers are working for pay that puts them at 63-77% of the poverty level and should be classified as the "working poor".

- In all three categories of union labor, salaries are kept above the poverty level, while in no case is the welfare benefit for workfare workers at that level, in spite of the fact that the two do substantially the same work. A City Parks worker makes an annual salary of \$22,011 a year and a Safety Net recipient in workfare makes \$5,478 a year (working just over half time). A Custodial Assistant working for \$20,353 a year and a Family Assistance recipient with one child working at the same job makes \$8,220 a year (full time).

E. Workfare workers are not trainees, but rather are workers performing tasks that are done, or were formally done, by union employees. While it is clear that many of the jobs done by WEP workers require generally low skill levels, it is wrong to assume that workfare workers are "trainees".

- Less than a quarter of workfare worker respondents to the survey, 24.76%, reported getting any regular training on the job.

- Only 17.19% of workfare workers reported getting any health and safety training

- Among the group who reported getting regular training, 84.28% of those workfare workers could not be specific about its content.

F. Workfare workers want to work and a majority wants to get paid for the work they do. The clear majority of survey respondents, when asked how they would want to change workfare, responded that they would prefer to be paid for the work they do (73.36%).

IV. Findings by Sector

A. Department of Parks and Recreation (DPR): DPR workers are working in all of the department's facilities in New York City, from Central Park to local neigh-

borhood parks. While, a vast majority of WEP Workers in DPR are doing work that much of the public equates with workfare [i.e., sweeping pathways, raking leaves, and emptying garbage cans (all part of the union job description for entry-level parks employees)], a significant number of workfare workers report doing other major parks maintenance tasks. This includes almost 24.8% who report mowing or edging lawns, 13.9% who do safety checks of equipment, 12.1% who lay sod and trim hedges, and 11.5% who do minor repairs.

B. Janitorial and Maintenance WEP Workers: Most WEP workers performing janitorial and maintenance work are placed in the Department of Citywide Administrative Services (DCAS). DCAS workers are responsible for maintaining and cleaning city properties and office buildings including administrative offices, court buildings and public buildings such as City Hall. Approximately 80% of these workers are cleaning office buildings by sweeping and mopping floors, emptying and removing garbage and cleaning bathrooms. Approximately half of these workers are cleaning mirrors and glass and replacing bathroom supplies, and approximately 30% are washing walls, waxing and polishing floors, dusting and cleaning blinds, polishing furniture and fixtures, sweeping and washing sidewalks. Approximately 10% of these workers are operating elevators and replacing bulbs and fixtures.

C. Clerical and Office WEP Workers: WEP workers are working in a variety of city offices including the Office of Employment Services, neighborhood Jobs Centers, Department of Housing and Preservation and in borough buildings and schools. Clerical WEP workers are doing the tasks of a basic entry-level office aide. A majority of work that people report doing includes filing records (83.8%), answering phones (62.9%), and keeping records (56.2%). Almost 50% of workers report doing receptionist duties, and approximately 25% are giving directions, answering questions and inquiries, preparing mailings, and typing and processing forms.

D. Transit WEP Workers: Transit WEP Workers report doing the highest level of work that corresponds to permanent workers in a city agency. Over 90.5% of the workfare workers we surveyed reported doing the same work as permanent employees. Over 80% of the reported tasks of transit workfare workers include cleaning and polishing surfaces, emptying garbage cans and sweeping stairs and street areas. Seventy-five percent (75%) are dusting handrails and turnstiles.

E. Social Service Agencies/Not-for-Profits: Respondents worked primarily in daycare and senior care facilities, though one did domestic violence crisis intervention, and another did clerical work at a CUNY College. The WEP workers in non-profits and schools worked longer hours than WEP workers in any of the other categories. Ten of nineteen respondents in these jobs worked at least 70 hours every two weeks (full time), six worked at least 48 hours, and two worked 35 hours every two weeks. These figures suggest that the vast majority of WEP workers in these positions are mothers with children in the TANF program. Duties included reading to children, putting them down to sleep, and serving lunches and snacks, twelve respondents were teachers' aides in public schools. Eleven of these—as well as two others, one who worked as a cafeteria aide, and the other who did not specify her job—worked full time. A majority of the respondents had worked in their public school placements for a year or more.

IV. Recommendations of the COUNT OUR WORK REPORT

A. The Work Experience Program (WEP), should be dismantled in both the public and private sector, as it currently exists. In its place, the following programs should immediately be implemented:

- All welfare recipients should be assessed, evaluated and placed in programs that provide training, skills development and real opportunity for permanent, living-wage employment. Examples of programs include the Transitional Jobs Program, BEGIN College Option, and education and training programs, such as GED, English as a Second Language, as well as other qualified training programs.
- The Mayor and Human Resource Administration should implement the New York City Transitional Jobs Program, passed in April 2000 by the City Council, immediately.
- Workfare workers should be removed from and no longer placed in public sector agencies where they currently displace union workers, depress wages and eliminate entry-level jobs. New funding should be secured by the city to replace lost entry-level positions in city agencies to the 1990 levels.
- Workfare workers with at least one-year of experience in an agency should be asked to submit their names for employment and be prioritized for hiring.
- Workfare workers should be removed from and no longer placed in private not-for-profit agencies where they eliminate current and entry-level jobs.

- Compulsory “work activities” should include programs such as English as a Second Language (ESL), GED courses, secondary education, on-the-job with pay training, programs and other programs that build real skills, education and experience.

B. The Transitional Jobs Program, which creates public sector and not-for-profit living-wage jobs for people on welfare, should be implemented, fully funded and expanded to accommodate public assistance recipients currently engaged in work activities: This program, which already exists in New York City law, but is not being implemented by the Mayor, should be implemented immediately. It should be funded through TANF surplus funds, welfare-to-work dollars and general budget surplus dollars. The program, which protects existing employees through strong anti-displacement measures, should be expanded to cover all welfare recipients who are forced into work participation activities in both the public and not-for-profit sector.

C. The Mayor and City Council of New York City, the New York State Legislature and the New York State Department of Labor (DOL) should implement the following mechanisms to ensure complete and total compliance with New York State Social Services law and to ensure that partial and complete displacement of city workers by workfare workers not take place in city agencies:

- New York City and the New York State Department of Labor should make public the number of WEP workers placed at each city agency in an annual report, and track how many are removed each year, with the goal that this number reach zero within three years.

- The New York State Legislature and New York City Council must enact legislation that ensures that workfare workers working in public sector and private not-for-profit agencies are entitled to the comparable wage for the position that they are doing.

- New York City and the New York State Department of Labor should implement a grievance procedure through which both WEP workers and city workers can report partial and total displacement taking place in public sector industries so that these illegal activities can be investigated and halted.

- New York City and the New York State Department of Labor should implement a public education and rights training for both regularly employed and workfare workers to ensure that workers know their rights regarding displacement.

- The NYS Department of Labor should impose monetary penalties on any New York City agency that continues to engage in practices that create partial and complete displacement of union workers by workfare workers.

A full copy of the *COUNT OUR WORK REPORT* may be downloaded from the CVH Website at: <http://www.cvhaction.org/> or call CVH at 212-860-6001.

COMMUNITY VOICES HEARD

WELFARE TO WORK: IS IT WORKING?

The Failure of Current Welfare-To-Work Strategies To Move The Hardest To Employ Into Jobs

A CASE FOR PUBLIC JOB CREATION

Description: In May of 1997, Community Voices Heard, a membership organization of people on welfare, developed a proactive program proposal—the Community Voices Heard Community Jobs Program—as our response to work requirements set forth by federal and state welfare reform. CVH’s proposal, developed by our members and based on similar program proposals in Pennsylvania, Vermont and Milwaukee, became the model for New York City and New York State legislation. This legislation seeks to create temporary wage-paying jobs for people on welfare, combined with comprehensive education and training programs. This two-pronged approach provides the work experience and skills necessary to compete in the labor market.

CVH developed the “jobs survey” to make a case for why a publicly funded temporary jobs program is needed to move people into work. In the summer of 1998, CVH surveyed 483 people on welfare at workfare worksites, welfare centers and social service agencies in Northern Manhattan and across the city. The survey includes questions about the Work Experience Program (WEP), job training, barriers to employment, and past work experience. In December 1998, we interviewed 72 of the original participants to measure the impact of welfare-to-work programs on their lives.

New York City has just begun to spend its \$88 million welfare-to-work block grant from the U.S. Department of Labor on 21,000 current welfare participants who have been exempted from workfare in the past. The city is planning to put over 60% of these individuals into the city's Work Experience Program. This report concludes that expanding the Work Experience Program will adversely affect people currently on welfare.

Contrary to common misconceptions that welfare participants do not make an effort to improve their economic situation, the report finds that people on welfare want to work, are actively looking for work with little help from the government, but have yet to find jobs. Our report shows how the Work Experience Program is failing to move people currently on welfare into jobs and is failing to develop marketable skills and education. In addition, WEP participants have little or no chance at getting a permanent city job—we have found that the city has used WEP to eliminate well-paid union jobs that were once available to low-skilled workers. We find that most people on welfare have multiple obstacles to employment, such as a lack of education, lack of recent work experience and large families. Expanding a workfare program that provides poor quality work experience and little education and training will not help participants overcome barriers to employment nor help them find permanent work.

FINDINGS

I. WORKFARE FAILS TO ADEQUATELY SERVE PEOPLE CURRENTLY ON WELFARE

Workfare Is Not Helping People Move Into Jobs or Increase Their Skills and Experience:

- Most workfare participants (60%) report that workfare is not helping them get a job and is not helping them to build their work experience and skills.
- From a six-month follow-up survey, we found that only 6% of workfare participants from our original survey had found jobs.
- While less than 10% got jobs, 23% of people in WEP had their benefits reduced or cut off (sanctioned). This confirms that WEP is most effective as a tool for punishing people and removing them from the welfare rolls, and is not effective at helping them move into employment.
- The longer participants are in the Work Experience Program, the worse off they are. Even after six months in the program, 67% of workfare participants think they will not get a regular job in a city agency. There is no advancement in WEP.
- The Survey results support the idea that WEP workers are displacing union workers. 89% of WEP workers report doing the same work as regular city workers. WEP workers—not union workers—are filling union positions eliminated under the Giuliani administration.
- Workfare Workers are less likely to receive job placement assistance than other welfare participants are. Only 50% of workfare participants get help looking for jobs from welfare caseworkers, job placement programs or the employment service, while people on welfare not in the work experience program are 20% more likely to receive such job placement assistance.

II. PEOPLE ON WELFARE WANT TO WORK AND ARE LOOKING FOR WORK WITHOUT HELP FROM THE CITY

- People currently on welfare want to work and are actively looking for work. 90% of unemployed survey respondents said they want to work, and 70% reported looking for work. Their failure to find work cannot be blamed on a lack of effort.
- The City is not helping people on welfare look for work. While the city is now pushing welfare participants into the labor market, only half of welfare recipients looking for work are getting any help from the city. People on welfare are more likely to look for work on their own (75% use newspapers, their friends or temporary placement agencies) than they are to get job search assistance through welfare caseworkers, the employment service, or other job placement programs (50%).

III. PEOPLE ON WELFARE MUST OVERCOME ECONOMIC AND PERSONAL OBSTACLES IN ORDER TO MOVE FROM WELFARE TO WORK

People currently on welfare face multiple obstacles to employment. In September, the Human Resources Administration (1998) released a study describing a small number of individuals who have gotten off of welfare and successfully transitioned to work. The HRA study showed that the city has only been able to move the most educated and job-ready individuals into work. Our survey finds that those still on welfare are much more disadvantaged.

- Only 42% of the welfare participants in the CVH survey have a high school degree or its equivalent, compared to 72% of those in the HRA study.
- Most current welfare participants in the CVH survey have three or more major obstacles to employment: 71% have been on welfare for two years or more; 66% have not worked in the last two years; and 60% have more than two children.
- Welfare recipients state that their lack of experience and skills is the most challenging and significant obstacle to employment. They are more likely to identify these problems as important than inadequate access to childcare, language barriers or health problems.

IV. WELFARE PARTICIPANTS FACE A LABOR MARKET WHERE THERE ARE MANY MORE JOB SEEKERS THAN THERE ARE AVAILABLE JOBS

Welfare participants being forced off of welfare will have a hard time finding work, especially in poor communities. Despite claims of economic recovery and an expanding jobs market, welfare recipients are struggling—and will continue to struggle—to find entry-level jobs to support themselves and their families.

- Despite the national recovery, New York City's unemployment rate remains 50% above the national average. In particular, there is a shortage of jobs available for low-skill workers. A recent survey conducted by the U.S. Conference of Mayors found that New York City has the largest welfare-related job shortage of 125 cities in the country. Our analysis shows that there will be approximately six workers for every new job created over the five-year time limit imposed by federal welfare reform.

- Welfare recipients face a labor market that provides very low wages and little job security to low-skill workers. Of the welfare participants we surveyed that had previous work experience, most have worked in jobs that do not pay a salary large enough to support a family. In past jobs, welfare recipients only earned an average of \$5.85 per hour—\$772 per month. This amount is less than the federal poverty level of \$1066 per month for a family of three. The most common reason for losing a job was being laid off.

- Community Voices Heard found that 71%, or more than two-thirds of the unemployed welfare participants surveyed, stated that there is a shortage of jobs in their communities. The experiences of welfare participants looking for jobs confirm labor market data for New York City—there is a shortage of entry-level, low-skill jobs available for people moving off of welfare. Many people surveyed reported going on numerous interviews and not getting hired.

RECOMMENDATION: ENACT COMMUNITY JOB CREATION

WHAT IS COMMUNITY JOB CREATION AND HOW IS IT DIFFERENT FROM WORKFARE?

Community Voices Heard developed its job creation program as a policy alternative to workfare. Job creation programs use public funds to create jobs for people who are unable to find work in the private sector. In job creation programs, workers complete necessary public works in the public and private nonprofit sectors. The most well known historical examples are the Work Progress Administration of the 1930s and the Comprehensive Employment and Training Act Public Service Employment Program of the 1970s. Both programs hired hundreds of thousands of workers in times of economic downturns and made lasting improvements to communities, while providing the dignity of work to unemployed individuals.

Welfare reform has spawned a rebirth of job creation programs. Philadelphia is launching a program to hire 3,000 welfare participants with cash wages over the next two years and Detroit, San Francisco, Vermont, Washington State and Baltimore are also starting programs. Newer programs use community service employment as a temporary on-the-job training experience that help individuals develop the skills and experience they need to find unsubsidized jobs.

While both workfare and community jobs programs provide work for welfare participants, there are fundamental differences between the two approaches:

1. Workfare participants receive their regular welfare benefits in exchange for work, while community jobs workers receive cash wages like regular workers. As a result, community jobs workers qualify for the federal and state Earned Income Tax Credit, up to \$3,000 dollars a year.

2. Like a regular job, community jobs workers would choose where they want to work. Unlike workfare, community jobs participants are matched to jobs that they believe will help them reach their long-term career goals. Unlike workfare, community jobs programs allow workers to get skills training to increase their employability.

3. Workfare participants are not granted the full rights or treated with the full measure of respect accorded to regular workers. WEP workers are relegated to a lower tier of workers that don't have the right to join a union, file grievances or get worker's compensation.

4. As bona fide workers, people in a community job develop on-the-job experience and occupational skills that help them compete in the private labor market. Research supports the fact that community jobs programs are more effective than workfare. The Manpower Research Demonstration Corporation found that unpaid work experience programs were not effective at moving people into unsubsidized employment (MDRC, 1993). In contrast, an evaluation of the AFDC Home Care Demonstration found that subsidized jobs in home care increased the earnings of welfare participants by as much as \$2,600 per year, as compared to a matched comparison group (Center for Budget and Policy Priorities, 1997). In general, research shows that programs that combine work experience with education and training are the most effective at providing lasting employment and earnings gains.

There are legislative efforts underway in the City Council (Bill 354 with 30 sponsors) and the State Legislature which would commit New York City to launching a community jobs program. These programs would employ 10,000 people over 5 years; provide valuable work in the public and non-profit sector; pay a decent wage of \$7.50 an hour; assure health and child care benefits; assure one day of education and training per week; and protect permanent employees from displacement by mandating that community jobs workers be engaged in new work projects and by ensuring that community jobs workers have the same rights and responsibilities as regular workers.

WHY IS A COMMUNITY SERVICE JOBS PROGRAM NECESSARY?

CVH and over 100 organizations throughout the city and state are supporting community job creation because there are not enough jobs being created to accommodate welfare participants moving off of welfare; welfare participants do not have the skills and experience to compete for those jobs; and current welfare-to-work programs do not address the special needs of hard-to-employ welfare recipients. The evidence from our survey supports all three of these contentions.

- There are not enough low-skill job opportunities available for all of the new job seekers pushed into the labor market by welfare reform. According to the Independent Budget Office, New York City hopes to move over 200,000 welfare participants off of the welfare rolls.¹ In addition, there are over 100,000 low-skilled unemployed individuals in New York City.² Our analysis of New York State Department of Labor data indicates that there will only be 98,400 new low-skill jobs available for these new job seekers over the next five years.³ These numbers add up to a shortage of at least 200,000 jobs.

- Welfare participants face a multitude of difficult obstacles to employment. As we demonstrated above, a vast majority of people on welfare want to work (90%), are looking for work (75%), but are not finding jobs. Their struggle to find work is directly related to the number and nature of the obstacles they face. A majority of welfare participants face three or more of the following barriers to work: low levels of education, large families, little work experience and long-term histories on welfare. Now that the most advantaged welfare recipients have moved into work, New York City needs new strategies to address the barriers faced by hard-to-employ individuals. Welfare recipients assert that a lack of training and skills is the most important barrier to employment: a community job can teach both specific vocational skills taught on the job or in the classroom and basic "soft" work skills such as the ability to work effectively with customers and co-workers.

- Workfare is not working: Most workfare participants do not think WEP will either help them get a job or increase their level of skills or education. As New York City seeks to move these hard-to-employ individuals into work, it will need strategies other than WEP to make welfare participants more employable. After reading two paragraphs describing both New York City's current workfare program and the

¹The Independent Budget Offices estimate that 100,000 Family Assistance participants will move off the rolls. When we add 156,000 Safety Net participants (childless adults) whom the city is also trying to move into work, the total is over 200,000.

²This is the total number of unemployed individuals multiplied by the average skill level of the unemployed from the 1990 census.

³This projects industry employment growth in major industries in New York City over the next five years. To determine the skill level of jobs, we used the National Occupational Information Crosswalk to identify the number of low-skill jobs in each industry. From those ratios, we project low-skill job growth.

job creation legislation in the City Council, a vast majority of respondents to the CVH survey (95%) preferred the job creation legislation.

Community Jobs can address the disadvantages of welfare participants and help them find private sector employment by:

- **EXPANDING THE NUMBER OF AVAILABLE JOBS.** 40% of the welfare participants we interviewed have not worked in the last two years and 20% have never worked. A community job would allow people on welfare who are unable to find jobs in the regular labor market get recent work experience.

- **PREPARING PEOPLE ON WELFARE FOR UNSUBSIDIZED JOBS:** With recent experience, welfare participants would have a much better chance of convincing employers that they can be productive workers. Such a program could also address the large skill deficits that we identified in the survey—58% of welfare participants do not have high school degrees and they believe that their lack of training is the main reason they have not found jobs. By combining work with on-the-job and classroom skills training, a community jobs program could make welfare participants more competitive in the labor market.

Both city council bill 354, “The Transitional Employment Program,” and draft state legislation, “The Empire State Jobs Program,” present viable alternatives to workfare for welfare participants that face multiple barriers to employment. Such a two-pronged program would provide marketable work experience and allow people on welfare to pursue education and training opportunities. Together, work experience and skills development will greatly increase the probability of finding work.

A full copy of the WELFARE TO WORK: IS IT WORKING? report may be downloaded from the CVH Website at: <http://www.cvhaction.org/> or call CVH at 212-860-6001.

Statement of Maurice Emsellem, National Employment Law Project, New York, New York

Mr. Chairman and Members of the Subcommittee, thank you for this opportunity to submit written testimony for today’s hearing focusing on state practices related to the work requirements of the Temporary Assistance to Needy Families (TANF) program. My name is Maurice Emsellem, and I am the Public Policy Director of the National Employment Law Project (NELP), a non-profit research and advocacy organization specializing in workforce development programs. NELP works in collaboration with state policy makers and advocates in support of initiatives designed to expand the employment opportunities of low-income families, especially those families who are now reaching the federal five-year time limit on TANF.

We are writing today in response to recent proposals advocated by Mr. Jason Turner, New York City’s Commissioner of Social Services, and others, urging Congress to significantly expand the work requirements of the TANF law. Mr. Turner, who will be testifying before the Subcommittee today, has called for new mandates on the states to place a larger proportion of the welfare recipients in work, while specifically advocating for federal policies that would shift larger numbers of welfare recipients into unpaid work experience programs, or “workfare.” In support of this agenda to create large-scale workfare programs around the country, Commissioner Turner, in his most recent writings, maintains that New York City’s workfare program offers “guidance as to what might be expected as a result of a more extensive national program . . .” (p. 13).¹

In our testimony, we respond directly to several key representations made by Commissioner Turner in his paper entitled, “Work Experience Under Welfare Reform.” Accordingly, we question the conclusion that New York City’s workfare program should provide guidance for Congressional action designed to expand the work requirements of the TANF law. To the contrary, the New York City program illustrates the severe limitations and inequities of unpaid work experience when operated on a large scale, as proposed by Commissioner Turner. Once you have reviewed all the available information, we are confident that the Subcommittee will agree with the majority of the states that have opted not to implement workfare programs. The states have instead developed more promising initiatives, such as transi-

¹ Co-authored with Thomas Main, Commissioner Turner’s paper referred to in this testimony is entitled, “Work Experience Under Welfare Reform”. It was presented at “The New World of Welfare: An Agenda for Reauthorization and Beyond” conference on January 31, 2001, sponsored by the Gerald R. Ford School of Public Policy of the University of Michigan (available on-line at <http://www.spp.umich.edu/Conferences/turner-main.pdf>).

tional wage-based employment programs, that are being replicated around the country and can be promoted as Congress reauthorizes the federal welfare law.

- Commissioner Turner significantly downplays the displacement of New York City workers caused by the 30,000-person workfare program.

Commissioner Turner: According to Commissioner Turner, “*There is no empirical evidence of displacement of public employees by work experience participants in work experience programs studied, but this can be an issue of concern.*” [Emphasis in original] (p. 20). While noting that “lawsuits alleging displacement of regular employees have been filed since 1997,” the Commissioner also states that “none has resulted in a serious disruption of the program.” (p. 21).

Response: In fact, there has been widespread displacement in New York City, documented in five separate lawsuits filed since 1998 by AFSCME District Council 37 (DC37), the City’s largest public sector union. For example, in 1999, DC37 filed a lawsuit challenging displacement in the City’s Parks Department, the agency with the largest concentration of workfare workers. The number of City Parks workers declined from 1,251 in December 1993 (the month before the present Administration took office) to 802 in November 1998, while the number of workfare workers increased from 836 in October 1994 to over 6,000 in September of 1998.² The evidence of displacement was also documented by a community-based organization that surveyed over 600 workfare workers and found that 86% were doing the same work as city employees at their worksites.³

- **Commissioner Turner misrepresents the position of the New York City unions by suggesting that a mutual agreement exists between the municipal unions and the City with regard to displacement and the workfare program.**

Commissioner Turner: In support of his argument that workfare programs can be implemented on a large scale nationally with the support of the unions and without displacing other workers, Commissioner Turner characterizes the position of the New York City unions with regard to the program as follows: “The mayor and the unions came to an agreement, the substance of which has remained in effect ever since.” (p. 21).

Response: This statement significantly misrepresents the position of the New York City unions with regard to the workfare program. In fact, due to the vast expansion of the workfare program since 1995 and the new displacement protections enacted as part of the 1997 state welfare law,⁴ the public sector unions took the City to court to halt the displacement caused by the workfare program. In the litigation, the City claims that certain documents discussed with the union before the 1997 change in the state welfare law now bind the union to accept the current levels of workfare. According to court papers, however, the union unequivocally disputes the City’s claim.⁵ Furthermore, testifying before the City Council in April 1999, Lee Saunders, Administration of DC37, criticized the workfare program for creating a

²The City lost its motion to dismiss the two Parks Department cases, and has appealed the judge’s decision. The City also lost its motion to dismiss lawsuits challenging displacement in entry-level clerical and custodial positions in City agencies. According to the custodial workers’ lawsuit, while there are hundreds of workfare workers cleaning the City’s welfare offices, the number of custodial assistants in these offices has dropped from 136 to 24, representing an 85% staff reduction. In another City agency, the number of custodians dropped from 389 six years ago to just 115 today. A fifth lawsuit that is still pending at the trial level challenges displacement in the City’s public hospitals, where over 600 union workers were scheduled to be laid off before the lawsuit was filed. Immediately after the lawsuit was filed, all of the workfare workers (over 1,000) were transferred from their assignments with the City hospitals.

³The report, entitled “The Work Experience Program (WEP): New York City’s Public Sector Sweatshop Economy,” was authored by Community Voices Heard (www.cvhaaction.org). The report also found that workfare workers are performing 35 of 36 tasks in the three union job titles surveyed (City Parks workers, custodial assistant, and clerical aide), including large numbers of workfare workers who are performing the equivalent of supervisory and skilled work.

⁴The 1997 welfare law significantly expanded the state’s workfare displacement protections. While retaining a number of other displacement provisions, the new law prohibited workfare assignments where “a substantial portion of the work [is] ordinarily and actually performed by regular employees.” For the first time, the state law also precluded the loss of a bargaining unit position resulting from a workfare assignment where the welfare recipient is “performing, in part or in whole, the work normally performed by the employee in such position.” Social Services Law, Section 336-c(e). Also reflecting the vast departure from the prior state law, the 1997 amendments *eliminated* the requirement that workfare workers be compensated at the “comparable” wage (i.e., the “rate of pay for persons employed in the same or similar occupations”), while maintaining the requirement that workfare workers not be compelled to work hours more than the value of their grant divided by the minimum wage.

⁵*Lee Saunders, Administrator of District Council 37, AFSCME, AFL-CIO v. City of New York*, Supreme Court of the State of New York, County of New York, Index Nos. 102129/1999, 103750/1999, Decision and Order denying the City’s motion to dismiss, dated March 31, 2000.

subclass of workers, failing to lead to permanent, full-time, unsubsidized employment, and causing the elimination of thousands of City jobs.⁶ Thus, it is entirely inaccurate to imply that there is any mutual agreement between the City and the unions related to displacement and the workfare program.

• **While Commissioner Turner emphasizes the improvements in City services resulting from the workfare program, the presentation fails to take into account the negative impact of the program on the City's workforce.**

Commissioner Turner: As another selling point for the program, Commissioner Turner advances the argument that workfare workers improve City services. Thus, he states: "*There can be significant benefits to participating agencies which offset some of the costs and provide real improvements in the services delivered by government and non-profits.*" [Emphasis in original] (p. 17). Again, by way of example, the Commissioner refers to the New York City's Parks Department, stating, "Largely as a result of additional labor available beginning in 1995, which peaked at more than three thousand full-time worker equivalents, the acceptable cleanliness rating of the city's parks climbed to 95 percent." (p. 17).

Response: While it's true that City services have improved as a result of the work performed by the more than 250,000 workfare participants who have participated in the program since 1995, the Commissioner fails to note that those services were once provided by City workers. As described above, the union has filed a lawsuit challenging displacement in the Parks Department, where the number of regular workers has dropped dramatically since 1995. Thus, City services have improved at the expense of regular Parks workers, who are paid an entry-level wage of \$22,011 versus the \$1,400 in annual administrative costs to the City per workfare worker. As Judge Richard Braun stated in denying the City's motion to dismiss a displacement lawsuit, "Defendants certainly have benefited significantly from their reliance on WEP, under which they have received free labor."⁷

• **Commissioner Turner's statements notwithstanding, employment law protections have played a critical role in New York City and elsewhere to restrict flagrant exploitation of workfare workers and to value the work of welfare recipients.**

Commissioner Turner: The Commissioner argues at length that basic workplace protections, including Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, Occupational Safety and Health laws, and the Fair Labor Standards Act, are "out of place in the context of state run work experience programs under TANF." (p. 24).

Response: The Commissioner's argument, that employment laws should not apply to workfare workers, is incompatible with the workplace exploitation suffered by many workfare workers and with the public policy goal of promoting the value of work on the part of welfare recipients.

Like many other low-wage workers, workfare workers are in need of vigilant enforcement of the nation's employment laws, as evidenced by the repeated violations of basic employment rights that have been documented in New York City. For example, the Commissioner fails in his writings to mention that the Equal Employment Opportunity Commission (EEOC) found reasonable cause to pursue sexual harassment charges against the City's workfare program as well as a systemic claim of disability discrimination.⁸ In addition, a New York appeals court has found that workfare workers are "public employees" within the meaning of the state's health

⁶Testimony of Lee Saunders, Administrator, District Council 37, AFSMCE, AFL-CIO, Regarding Int. 354 before the New York City Council Committee on General Welfare (April 22, 1999).

⁷See the trial court's Opinion and Order (dated January 19, 2000), entered by Justice Richard F. Braun in *Lee Saunders, Administrator of District Council 37, AFSMCE, AFL-CIO v. City of New York*, Supreme Court of the State of New York, County of New York, Index No. 107675/99. Recently, the City proposed creating an additional 1,000, six-month, paid positions in the Parks Department, using TANF-subsidized workers. "City Plans Park Jobs to Follow Welfare," *Newsday* (February 28, 2001). Notably, the state's displacement laws regulating TANF subsidized jobs is more strict than the laws that apply to unpaid workfare programs. For example, the law expressly requires these subsidized TANF workers to be deemed employees for the purposes of the state's collective bargaining laws. It also requires parity in benefits and notice must be provided to the union with an opportunity for the union to comment on the proposed placements. Social Services Law Section 336-f.

⁸According to NOW Legal Defense and Education Fund, since 1998, at least 10 sexual harassment complaints have been filed against the City with the Equal Employment Opportunity Commission (EEOC), including a charge against the welfare department itself where a workfare worker was pressured to have sex by her supervisor. In 1999, the EEOC found "reasonable cause" to pursue certain charges. "City Must Shield Workforce on Harassment," *New York Times* (October 1, 1999). The EEOC District Director also concluded that methadone users were being discriminated against in the operation of the program, in violation of the ADA. "Workfare Victory for a Recovering Addict Holds Promise for Others," *New York Times* (September 10, 2000).

and safety laws.⁹ And with regard to the minimum wage specifically, the Commissioner's concerns are belied by the fact that New York City has operated a large-scale workfare program that is subject to the minimum and overtime laws and the state's welfare law limiting the hours of work that can be performed by workfare workers.

Finally, as documented by many studies, it's clear that welfare recipients have played by the rules of the 1996 welfare law, leaving welfare when they are able and entering the workforce in record numbers. Consistent with the stated public policy to reward work, their efforts should be valued and respected accordingly. Thus, as Peter Cove, the founder of America Works, stated in 1997, federal policies enforcing the workplace rights of welfare recipients "tells them that they're being valued, and that's terribly important."¹⁰

• In anticipation of the federal time limit on TANF, the New York City Council and other state and local policy makers have adopted other more promising welfare-to-work initiatives, such as transitional wage-based employment, not more large-scale workfare programs.

At the same time that Commissioner Turner is proclaiming New York City's workfare program a success and a model for Congress to expand the work requirements of the TANF law, New York City enacted legislation requiring the City to create a more promising alternative to the workfare program, called the Transitional Jobs Program (TJP). In contrast to the City's workfare program, the TJP would provide subsidized wage-paying jobs with training for those low-income families in New York who are having the most difficult time finding employment. The City Council recognized that an alternative to workfare is required as more than one-third of the New York City TANF caseload (59,000 families) is expected to reach the federal time limit, a much larger proportion than any other county in the State.¹¹

A recent national evaluation of the federal Welfare-to-Work program conducted by Mathematic Policy Research found that similar transitional jobs programs now exist in twenty of the twenty-two cities and state studied. In addition, reports from Washington and other states that have these programs are showing promising results. In contrast, a *New York Times* editorial endorsing the Transitional Jobs Program had this to say about the merits of New York City's workfare program:

The mayor has created the largest workfare program in the country, putting tens of thousands of welfare recipients to work cleaning the parks and doing other unskilled work for the city in exchange for welfare checks. But the program does relatively little to help recipients train for and find permanent jobs. No one knows for sure how former welfare recipients are doing because the city irresponsibly refuses to monitor their progress.... Experience over the past 20 years provides little support for the mayor's optimism about workfare.¹²

Despite the City Council legislation creating the TJP—enacted after an override of a Mayoral veto—the present Administration has ignored the implementation deadline imposed by the law. As stated in a recent letter to the Mayor from the Speaker of the New York City Council, the deadline for implementing the TJP passed on January 1, 2001. According to the Speaker, "Since that date has come and gone with no implementation, and since I am aware of no plan for implementation at a later date, I will assume that you have chosen not to implement the TJP. I strongly urge you to reconsider."¹³ To date, there has been no response to the Speaker's letter and to similar letters sent over the past several months by other members of the City Council.

It is difficult to explain the opposition to implementing this relatively modest pilot program (creating 2,500 subsidized jobs a year over the next three years compared with the 30,000 welfare recipients now on workfare). Politics may be an issue, although the idea of creating paycheck jobs rather than workfare jobs has crossed party lines in the many states and cities that have adopted similar model programs. For example, instead of workfare, Pennsylvania's Republican Governor, Tom Ridge, has launched a major initiative to create 16,000 publicly-funded wage paying jobs.

⁹ *Capers v. Giuliani*, 1998 WL 596625 (N.Y. App. Div. 1998) (holding that workfare workers are covered by the state's public employee health and safety law, while also reversing the trial court's decision that had authorized 6,000 workfare workers to sue as a class to enforce the state's public sector health and safety laws).

¹⁰ "White House Calls for Minimum Wage in Workfare Plan," *New York Times* (May 16, 1997).

¹¹ "State's Poorest Facing Loss of U.S. Aid: 5-Year Limit Nearing for 71,400 Families," *New York Times* (February 10, 2001).

¹² Editorial, "Finding Jobs for Welfare Clients," *New York Times* (March 23, 2000).

¹³ Letter from Peter Vallone, Speaker of the New York City Council, to the Honorable Rudolph W. Giuliani, dated February 16, 2001.

More likely, as advocated in the Commissioner's work experience paper, it's really about the Administration's uncompromising allegiance to the workfare program.

We urge the Subcommittee to look at the whole story of the workfare program in New York City, and to support public policies that provide increased flexibility and resources to adopt model initiatives in the states, not less flexibility as proposed by Commissioner Turner. For the reasons described above, workfare has not worked in New York City. Thus, when reauthorizing the TANF law, Congress should take appropriate action to address the program's inequities and promote other, more promising, welfare-to-work programs. Mr. Chairman and Members of the Subcommittee, thank you again for this opportunity to testify.

Statement of NETWORK

NETWORK, a national Catholic social justice lobby, has been involved in the welfare reform debate for many years. As an organization made up of more than 11,000 groups and individuals, many of them faith-based social service providers, NETWORK expressed early concern that provisions of welfare law were demeaning and unjust, and in need of reform. NETWORK is on record as opposing *The Personal Responsibility and Work Opportunity Reconciliation Act of 1996*, however, since we believed that it was more focused on reducing welfare rolls than eliminating poverty and the suffering it causes. We also expressed grave concern about the demonstrable harm done to people living in poverty when government assistance programs lose entitlement status.

In 1996, NETWORK initiated a multi-year, nationwide study to monitor implementation of welfare reform legislation in order to evaluate both its effectiveness and its limitations. Working in partnership with four member organizations (The Institute of the Sisters of Mercy of the Americas, the Federation of the Sisters of St. Joseph, Pax Christi USA and the Daughters of Charity United States Provinces), we utilized the resources of affiliated social service agencies to personally interview almost 4,000 people receiving services at soup kitchens, homeless shelters and other facilities.

Extensive statistical information was collected and analyzed by Professor Douglas Porpora of Drexel University. Preliminary data were published in NETWORK's 1999 report entitled *Poverty amid Plenty: The Unfinished Business of Welfare Reform*, which also included anecdotal information collected during the study. NETWORK will publish a follow-up report in the summer of 2001, based on newly collected data. This report will be disseminated to Congress, the media, and the general public. It will also serve to inform NETWORK's Economic Equity Campaign, a nationwide effort to mobilize citizens to become involved in the welfare reform reauthorization debate and to educate public officials about the needs of people who are still living in poverty.

Welfare reform supporters are quick to say that welfare reform is a success because national welfare caseloads are down by more than half. NETWORK acknowledges that welfare rolls are down, but the NETWORK study paints a troubling picture of what happens to many people who continue to suffer the effects of poverty.

Since this hearing is addressing issues around current work requirements, we would like to focus our remarks on some of our findings concerning working families and individuals.

As indicated in NETWORK's 1999 report, many people leaving the welfare rolls are not moving into jobs that provide economic security. Unstable work histories, along with low-wage and part-time jobs with inadequate benefits, are forcing many people to turn to faith-based and community facilities to help meet their most basic needs.

Particularly striking, our findings showed that employed people who turn to social service facilities are just as likely as people without jobs to report that their children suffer from inadequate food, inadequate health care and unmet dental needs. Specifically, 22% of employed parents reported that their children had less access to food in the previous six months than formerly, compared with 25% of jobless parents. Fourteen percent of both employed and unemployed parents reported that their children lacked adequate health care, while 24% of employed parents indicated that their children's dental needs were not being addressed, compared with 25% of those who were unemployed.

Among the adults, fully 41% of those with jobs had experienced hunger during the previous six months.

We also found that Latinos were disproportionately suffering under welfare reform, especially in light of other immigration-related legislation passed in 1996. This finding is particularly troublesome when we note that the population of Hispanic women in need of aid has been growing since 1996.

NETWORK has just completed a new survey of people receiving services at approximately 100 soup kitchens and other facilities across the nation. Although our results aren't yet fully tabulated, we are conscious of increasing numbers of working families, some with incomes above the official poverty line, who are showing up in soup kitchens and food pantries to feed themselves.

There is clearly a disconnect between those who believe that welfare reform is working and people we have met who are forced to turn to soup kitchens to help feed their children. One of the important aspects of our study is that a substantial percentage of the people we have surveyed lack both stable addresses and working phones. They are, as Senator Paul Wellstone has called them, the "disappeared," people who fall between the cracks and are not counted in most official surveys or studies.

Until and unless our nation has connected with the "disappeared" and provided the services they need to move themselves out of poverty, we should not consider diverting TANF funds to other purposes. This is especially true at a time when an economic slowdown may make it harder for people to find and keep jobs and when many people left on the welfare rolls need additional resources because of multiple, serious barriers to employment.

Obstacles to employment such as inadequate child care, job training and transportation, unstable or unaffordable housing, language barriers, and poor health care and nutrition also need to be more fully addressed. Time limits must be extended for working people who do not earn enough to support themselves without TANF benefits. More exceptions to the five-year limit are necessary for people unable to move from welfare to work. Justice also demands that we increase the minimum wage until it is a living wage.

There has been much talk in recent weeks about turning more to faith-based social services to help people in poverty. In keeping with Catholic Social Teaching, NETWORK believes that the role of government is to promote the common good and to provide for basic human needs when they are unmet. This is done both by ensuring assistance to people who are poor and by creating social and economic structures through which the basic needs of all are addressed. Although faith-based and other community organizations can play a partnering role in meeting the needs of people struggling in poverty, they are not a substitute for the central role of government.

Our government can and must do more to enable people to move successfully from welfare to work and to support themselves and their families in a dignified way when employed. NETWORK asks that Congress authorize and fully fund programs to achieve these goals.

Statement of Deborah Noble, Willimantic, Connecticut

My name is Deborah Noble and I am from Willimantic, Connecticut. I am very concerned about the April 5th, 2001 hearing which will be convened by the Subcommittee on Human Resources. The meeting is regarding work requirements in the Temporary Assistance for Needy Families (TANF) cash welfare programs, as well as other means-tested benefit programs. I ask that you please read this letter and submit it for consideration by the Subcommittee on Human Resources and for inclusion in the public record.

I am one of many individuals who has been able to move successfully back into the workforce after being on welfare. I was able to accomplish this only after attending a community college. During my second semester there I was fortunate to have been employed in a work study position as well. Since attending college my family and I have become self-sufficient and are completely free from any sort of public assistance.

I can not emphasize enough the need for education before forcing TANF recipients into the workforce or workfare programs. In addition to that, I would ask that the work that one does as a parent be given the respect and consideration it is due.

In conclusion, by being able to attend a community college I learned more than mere academics. I discovered a world of opportunities; opportunities which are now being denied, or at the very least, restricted to most individuals now receiving state and/or federal assistance. Education gives us the tools to build the foundation of a healthy and prosperous life for ourselves and our families. This opportunity should

be granted and encouraged so that these individuals who so desperately need to lift themselves out of poverty are given the building blocks to do so.

Statement of NOW Legal Defense and Education Fund, New York, New York

- **Employment law protections are essential for recipients of Temporary Assistance to Needy Families. In particular, we would like to respond to the written and spoken statements made at this hearing by Jason Turner, Commissioner of the New York City Human Resources Administration (HRA). Specifically, Commissioner Turner urged Congress to amend TANF or other federal statutes so that ordinary work protections such as civil rights and health and safety laws no longer apply to welfare workers.¹ This would be a tragedy for poor women required to cooperate with work requirements in order to receive subsistence benefits for their families. Federal civil rights and labor laws provide crucial protection for welfare participants from sexual harassment as well as other forms of discrimination.**

- **Nontraditional job training opportunities should be increased and made available to women on welfare. Another concern raised by the “work first” nature of welfare reform is the need for welfare recipients to secure stable employment that pays a living wage. Although studies have shown that many welfare leavers have found work, most are stuck in low-paying, dead-end jobs.² A proven path to economic stability is investment in non-traditional employment opportunities for women on welfare. While states already enjoy some flexibility to craft nontraditional employment programs, Congress should allow states the flexibility to have TANF programs that provide training for jobs that will provide a decent wage and should, in fact, consider incentives to the states to do so when it reauthorizes TANF.**

- **Access to child care is a major barrier to full time employment for women who are TANF recipients. The average age of TANF children is about 7.7 years.³ At the same time, 57.3% of TANF recipients have children under age 6 and 42 percent of former recipients have children under age 6.⁴ These parents, mostly single mothers, simply cannot work outside their home without child care. Indeed, states are finding lack of child care to be the single most important barrier to a single mother’s ability to work outside the home.⁵ This committee should recognize that providing appropriate care for their children is often the reason that recipients cannot meet work requirements or retain jobs.**

- **Welfare work programs will not succeed if the reality of violence in poor families is not addressed. Numerous studies have documented the prevalence of violence among TANF families: up to one half of adult TANF recipients have experienced domestic or sexual abuse and up to one-quarter have experienced a violent incident by an intimate partner in the last 12 months.⁶ Many women turn to welfare to provide the financial support they need to leave a violent relationship, or when they have lost their job because of the violence in their lives. The “work first” message in TANF can be detrimental to violence victims if their special needs are not taken**

¹We are responding to the written version of Commissioner Turner’s statements. See [http://waysandmeans.house.gov/humres/107 cong/4-3-01/4-3turn.htm](http://waysandmeans.house.gov/humres/107%20cong/4-3-01/4-3turn.htm).

²Urban Inst., “Families Who Left Welfare: Who Are They and How Are They Doing?” (1999).

³Department of Health and Human Services, Characteristics and Financial Circumstances of TANF Recipients, FY 1998 <http://www.acf.dhhs.gov/news/welfare/congress/tanfp7.htm>.

⁴Pamela Loprest, *Families Who Left Welfare: Who Are They and How Are They Doing?* (Urban Institute, 1999) 6, Table 1; Committee on Ways and Means, U.S. House of Representatives, 2000 GREEN BOOK (October 6, 2000) 437. This is considerably higher than the 32 percent of women in the low-income population generally with children under age 6. Loprest at 6.

⁵Sharon K. Long, Urban Inst., *Child Care Assistance Under Welfare Reform: Early Responses By the States* 7, 8 (1998); Loprest, n. 20.

⁶Eleanor Lyon, National Resource Center on Domestic Violence, *Welfare, Poverty, and Abused Women: New Research and its Implications* 1 (2000); U.S. Gen. Accounting Office, *Domestic Violence: Prevalence and Implications for Employment Among Welfare Recipients* 15-16 (1999). See also, Equal Rights Advocates, *From War on Poverty to War on Welfare: The Impact of Welfare Reform on the Lives of Immigrant Women* 38, 40 (1999). One reason for the high rates of domestic violence among TANF recipients may be that parents fleeing abusive relationships may turn to TANF to meet their economic needs.

into account. This committee should insure that the needs of domestic violence victims are addressed in TANF reauthorization.

• Mothers' care giving is work and does have value. In response to those testifying about the intrinsic moral value of "work" even without basic worker protections or supports, we want to make it clear that women caring for their children at home are performing socially valuable and important work. When crafting TANF policies, this committee should recognize the importance of the care provided by single mothers for their children (especially in the absence of affordable quality child care) and the time that care takes.

TESTIMONY

Thank you for this opportunity to submit a written statement for this hearing on welfare reform and work programs. The NOW Legal Defense and Education Fund has been working for thirty years to define and defend women's rights. One of our major goals is to eliminate barriers that deny women economic opportunities. In furtherance of that goal, NOW Legal Defense has litigated numerous cases to secure full enforcement of laws prohibiting employment discrimination. NOW Legal Defense has appeared before the Supreme Court of the United States in both gender discrimination and welfare cases. In addition, we address welfare reform issues from the perspective of ending women's poverty. To this end, we have convened the Building Opportunities Beyond Welfare Reform Coalition (BOB Coalition), a national network of local, state, and national groups, including representatives of women's rights, civil rights, anti-poverty, anti-violence, religious and professional organizations.

Our testimony focuses on the need to retain employment protections for TANF workers. In considering work requirements for welfare recipients, it is also important for this committee to understand the particular barriers that women with children face in obtaining and retaining paid work outside the home, and we have therefore addressed those issues as well.

Welfare recipients in work and training programs must be covered by Federal civil rights and labor laws.

In the current "work first" environment, one issue of paramount importance for welfare recipients is that of basic employment protections. Just like other employees, welfare recipients in work experience programs, welfare-to-work placements and job training programs should have the right to a discrimination free workplace. Indeed, regulations and guidelines issued by the federal Equal Employment Opportunity Commission (EEOC), the Department of Labor and the U.S. Department of Health and Human Services make clear that civil rights laws prohibiting racial and gender discrimination apply to welfare recipients in work and training placements.⁷ Contrary to representations made by Commissioner Turner, under current Federal law, civil rights statutes prohibiting harassment and differential treatment based on race and sex cover welfare recipients and constitute an important federal protection that state and local officials cannot take away. Congress should do nothing to lessen these critical protections. If Congress does act in this area, it should be to clarify that the Federal civil rights and labor protection statutes do apply to women in TANF work programs.

Over the past few years, a number of women in New York City's Work Experience Program (WEP) have come forward with discrimination claims.⁸ Their stories illustrate the plight of many welfare recipients. One woman, a client of NOW Legal Defense and the Welfare Law Center, complained that her WEP supervisor sexually harassed her repeatedly during a time when she, a mother of two, was homeless and living in a shelter. Her supervisor made inappropriate sexual comments to her, hinting that he could make life easier for her and her children if she would reciprocate. The woman felt she had nowhere to turn and feared retaliation by her supervisor for not giving in to his advances. She ultimately left the placement after her supervisor made a direct sexual proposition that she spend the night with him in a motel, which she rejected.

Other women have similar stories. One WEP supervisor would pinch the ribs and buttocks of his supervisee and put his hands down her pants. After many com-

⁷ EEOC Enforcement Guidance 915.002 (Enforcement Guidance on Application of EEO Laws to Contingent Workers Placed by Temporary Employment Agencies and Other Staffing Firms), EEOC Compl. Man. (CCH) (Dec. 3, 1997); Dep't of Labor, "How Workplace Laws Apply to Welfare Recipients," (1997), available at: <http://www.dol.gov/dol/asp/public/w2w/welfare.htm>; 45 C.F.R. § 260.365 (1999); 64 Fed. Reg. 17,881 (Apr. 12, 1999).

⁸ See Nina Bernstein, "Federal Agency Accuses City of Illegally Ignoring Harassment," N.Y. Times Oct. 1, 1999 at PIN.

plaints, the City agreed to transfer her but allowed her supervisor to follow her to the new placement and continue to harass her. Another woman complained of a WEP supervisor who would physically touch her in a sexual manner and would verbally abuse her after she rejected his advances. He also called her at home to continue the harassment. The supervisor went so far as to threaten the woman's life.

The City's response to each of these complaints was to claim that the workers were not entitled to federal civil rights protections. In 1999, the EEOC found that there was "reasonable cause" to believe that the New York City Human Resources Administration subjected the women to sexual harassment. The EEOC also determined through its investigation that the Human Resources Administration violated Title VII by failing to inform a class of employees who worked in the WEP program of their rights under Title VII and failed to provide a mechanism for them to complain about harassment. The U.S. Department of Justice is currently investigating the charges.

Some work experience proponents talk of the moral dignity of work. Yet they would treat work experience participants as second-class citizens by denying them basic civil rights protections. In New York City and around the country, welfare recipients work side by side with other employees, performing the exact same tasks. Such recipients are employees in every sense of the word and clearly are covered by federal anti-discrimination laws such as Title VII of the Civil Rights Act of 1964, which prohibits discrimination in employment based on race, color, sex and national origin, including racial and sexual harassment.⁹ Characterizing work experience as education does not eviscerate recipients' rights either. Welfare recipients in educational programs such as vocational education or other training programs are clearly covered by Title IX, the federal law that prohibits sex discrimination in federally funded education programs and activities.¹⁰

Congress has thus recognized the importance of protecting women from discrimination in both work and education. Leaving civil rights protections up to the welfare departments of individual counties and cities is a huge step backward for those most vulnerable. In New York City, despite the existence of language in a workfare manual disavowing discrimination, no information was given to workfare workers about what steps to take if they were harassed. Fortunately, the EEOC was available to take their complaints and investigate their claims; those very real complaints are a strong argument that Federal anti-discrimination laws are necessary to insure that workfare recipients are not excluded from basic workplace protections.

The women who courageously stood up for their rights in New York City speak for hundreds of thousands of welfare recipients around the country. Many who experience sexual harassment and other forms of discrimination suffer in silence out of fear that they will lose subsistence-level benefits if they speak out. Congress can and should remedy this situation when it reauthorizes TANF by clarifying that fundamental civil rights protections apply to welfare recipients in work and training programs.

Nontraditional job training opportunities should be increased and made available to women on welfare.

Job discrimination is a factor in placement of TANF recipients in jobs that pay wages that can lift a family out of poverty. Many jobs, in which women are poorly represented, such as jobs in the skilled trades, technology, law enforcement and the computer industry, to name just a few examples, pay good wages with benefits and provide opportunities for career advancement.

The importance of nontraditional jobs for women is highlighted by the wage gap. In 1999, women earned only 72% of what men earned.¹¹ Median weekly earnings for full-time wage and salary workers in 1999 were \$473 for women and \$618 for men.¹² Nationwide, working families lose \$200 billion of income annually to the wage gap. This amounts to an average loss of more than \$4,000 each for working women's families every year because of unequal pay, even after accounting for differences in education, age, location and the number of hours worked.¹³ The wage gap is even more pronounced for women of color. African-American women are paid 65% of the salaries averaged by white men, while Latinas receive a mere 52%.¹⁴

⁹ See Sherry Leiwant & Yolanda Wu, "Civil Rights Protections and Welfare Employment Programs," 31 Clearinghouse Rev. 454, 459-65 (Jan.-Feb. 1998).

¹⁰ See *id.* at 465-68.

¹¹ Nat'l Comm. on Pay Equity, "The Wage Gap: 1999."

¹² U.S. Dep't of Labor, Women's Bureau, "20 Facts on Women Workers," (Mar. 2000), available at http://www.dol.gov/dol/wb/public/wb_pubs/20fact00.htm

¹³ AFL-CIO fact sheets, available at: <http://www.aflcio.org/women/equalpay.htm> and <http://www.aflcio.org/women/exec99.htm>

¹⁴ Nat'l Comm. on Pay Equity, "Advocates Take Action for Fair Pay," press release (Mar. 13, 2001).

Welfare reform has further exacerbated the effects of the wage gap. The average disposable income of the bottom fifth of single-mother families increased between 1993 and 1995, but declined between 1995 and 1997 just as welfare reform was being implemented.¹⁵ For welfare recipients who have found jobs, occupational segregation by gender relegates women to low-paying jobs that provide no way out of poverty. One study by Mathematica Policy Research, Inc., found that 62.6 percent of welfare recipients were employed in female-dominated service sector or clerical jobs, with wages averaging \$6.50 an hour.¹⁶

Recognizing the disadvantages women face entering the work force solely because of their gender, Congress should be aware of the benefits of nontraditional employment for women. Numerous studies have documented the success of nontraditional job training programs in placing women in higher paying jobs. For example, a study by Wider Opportunities for Women found that women who received training for nontraditional jobs earned between \$8 and \$9 an hour.¹⁷ By contrast, in 1997 the average welfare recipient moving from welfare to work earned between \$5.60 and \$6.60 an hour.¹⁸ Not only do nontraditional jobs provide higher entry-level wages, but they also provide career ladders to higher wages. For instance, an operating engineer could start by earning \$9 per hour and eventually earn \$24 per hour.¹⁹ Nontraditional jobs also provide women with increased access to a full range of benefits, such as health, family leave, sick leave, retirement plans, and paid vacation. Finally, nontraditional jobs can provide women with tremendous job satisfaction. Women in nontraditional jobs may gain confidence in performing physical labor and take pride in learning new and technical skills.

The good news is that job availability is growing in many nontraditional fields, including service sector jobs in computer and data processing, and blue-collar jobs such as law enforcement, construction, and motor vehicle operation.²⁰ At the same time, recent reports have detailed a shortage of workers in nontraditional fields.²¹ Due to demographic and economic changes, the traditional labor supply for the building industry (men between the ages of 18 and 24) can no longer fill the demand for such jobs. Thus, for instance, the Home Builder's Institute has identified women as holding "tremendous promise for helping alleviate the labor shortage."²² In short, significant job opportunities await women who gain access to training in nontraditional fields.

When Congress reauthorizes TANF, it should prioritize nontraditional training and employment as a path towards economic self-sufficiency. One way to do so is to eliminate the current restrictions on education and training. Congress should also focus states' attention on the benefits of nontraditional employment by requiring states to describe in their state plans how TANF and other resources will be used to promote nontraditional employment opportunities and by rewarding states that focus resources on such programs.

Lack of Child Care is A Serious Barrier to Work for TANF Recipients And Leavers.

Both state and federal law recognize the importance of child care to parents in welfare-to-work programs by providing parents with certain rights and options. Federal TANF law includes an exemption from sanctions if a parent cannot work due to lack of child care.²³ In addition, TANF requires that information about the sanction prohibition be given to parents so they are not coerced into using unsuitable

¹⁵Center on Budget and Policy Priorities, "The Initial Impacts of Welfare Reform on the Income of Single-Mother Families," 9 (Aug. 1999).

¹⁶Rangarajan, Anu et al., "Employment Experiences of Welfare Recipients Who Find Jobs: Is Targeting Possible?" Mathematica Pol'y Res., Inc. (1998).

¹⁷Roberta Spalter-Roth et al., "Welfare That Works: The Working Lives of AFDC Recipients, A Report to the Ford Foundation" (1995), cited in Inst. for Women's Policy Research, Welfare Reform Network News 8 (Aug./Sept. 1997).

¹⁸U.S. General Accounting Office, "Welfare Reform: States and Restructuring Programs to Reduce Welfare Dependence," 107 (June 1998).

¹⁹Wider Opportunities for Women, Women and Nontraditional Work (June 1998) (citing U.S. Dept of Labor, Bureau of Labor Statistics, and the U.S. General Accounting Office).

²⁰U.S. Dept of Labor, Bureau of Labor Statistics (1999) (projecting an average annual growth rate of 7.6% for computer and data processing services, and projecting that law enforcement positions will grow 30.8% from 1998 to 2008, that construction jobs will grow 8.4%, and that motor vehicle operation jobs will grow 15.6%).

²¹Dirk Johnson, "Facing Shortage, Building and Labor Court Workers," N.Y. Times, Mar. 13, 1999, at A1.

²²Home Builder's Inst., "Nontraditional Labor: Other Sources of Workers" and "Nontraditional Labor: NAHB Women's Council and HBI Opening New Doors Guide," available at: <http://www.hbi.org/ls/index.htm>

²³42 U.S.C. § 607(e)(2) (2000); N.Y. Soc. Serv. Law § 342(1) (2000).

care.²⁴ In all states, Child Care Development Block Grant (CCDBG) money is available for TANF recipients and those moving off of welfare into work. Under the CCDBG, states must insure parental choice for families with child care subsidies.²⁵

Despite these legal protections, however, the “work first” initiatives of some states has made the sanction protection ineffective. Many poor women are either sanctioned for failing to cooperate with work requirements when they cannot find child care for their children or are forced to use inadequate child care so that they can meet work requirements and avoid sanctions. In New York City, for example, a recent survey conducted by NOW Legal Defense and Education Fund found that 79% of respondents had not received written information about their child care rights, as mandated by the state and city’s most recent policy directives; 95% of respondents were not informed by their caseworkers that they could not be sanctioned if they were unable to work due to lack of child care; 46% of respondents were threatened with sanctions if they were unable to work even if the reason was lack of child care.²⁶

Misinformation and threats of sanctions mean that parents may be effectively coerced into placing their children in inappropriate child care arrangements in order to comply with work requirements. For example, in New York, TANF recipients are given only 10 days to find child care for their children. It is not surprising with so little time to find care that 89% of parents on TANF in New York City use informal care—in contrast to only 2% of non-TANF low income families who receive child care from the City. This powerfully suggests that parents on TANF are being pressured into using unregulated, informal care—or no care at all—because they wrongly fear losing their benefits.

At the same time, subsidies are getting to only a fraction of the families eligible for them. This is a particularly serious problem for women leaving welfare for work. Although testimony by Commissioner Turner and Commissioner Howard indicated that child care is not a problem, this is inconsistent with statistical and survey data as well as the experiences of our clients. A recent HHS study found that only 10% of those eligible for child care subsidies receive them.²⁷ There are long waiting lists for child care in most states. In New York City alone, over 38,000 children are on waiting lists for subsidized care; in California, nearly 200,000.²⁸ Lack of child care for welfare leavers virtually assures they will not be able to retain employment or that their children will go uncared for.

Domestic Violence Is A Factor in the Lives of Many Poor Women and the Needs of Violence Victims Must Be Better Addressed in the TANF Program.

Domestic violence is a prevalent factor in the lives of TANF recipients and, in turn, can pose a significant barrier when an individual tries to leave welfare for work. Many abusers actively sabotage their partners’ job or job prospects by verbally abusing their partners before interviews, by inflicting injuries before important work events or by refusing child care at the last minute.²⁹ They may stalk, harass or even assault their partners at their work placements or new jobs.³⁰ In addition, individuals experiencing domestic violence may need to take time during business hours to seek legal, medical or other assistance. Unfortunately, unless the underlying violence is addressed, individuals who do succeed in leaving welfare may end up losing their new jobs because of the violence. Studies indicate that up to one-half of employees who have experienced domestic violence have lost a job due to that violence.³¹ For example, in a recent Wisconsin study of current and former welfare

²⁴ 45 C.F.R. § 261.56 (2000); 45 C.F.R. § 98.33 (2000).

²⁵ 42 U.S.C. § 9858C(c)(2)(A)(i); 45 C.F.R. § 98.30.

²⁶ Roslyn Powell and Mia Cahill, *Nowhere to Turn: New York City’s Failure to Inform Parents on Public Assistance About Their Child Care Rights* (NOW Legal Defense, 1999); *Still Nowhere to Turn* (forthcoming April, 2000)

²⁷ U.S. Dept. of Health and Human Services, *Access to Child Care for Low Income Working Families*, www.acf.dhhs.gov/programs/ccb/reports/ccreport.htm

²⁸ Child Care, Inc., *A Child Care Primer, Key Facts About Child Care and Early Education Services in New York City*, 2000, i.

²⁹ See U.S. Gen. Acct. Office, *Domestic Violence Prevalence and Implications For Employment Among Welfare Recipients* 7 (Nov. 1998); Thomas Moore and Vicky Selkove, Institute for Wisconsin’s Future, *Domestic Violence Victims in Transition from Welfare to Work: Barriers to Self-Sufficiency and the W-2 Response* 6 (1999); Jody Raphael, Taylor Institute, *Prisoners of Abuse: Domestic Violence and Welfare Receipt* 6–10 (1996).

³⁰ Studies indicate that between 35 and 56% of employed battered women surveyed were harassed at work by their abusive partner. See U.S. Gen. Acct. Office, *Domestic Violence Prevalence and Implications For Employment Among Welfare Recipients* 19 (Nov. 1998) (summarizing the results of 3 studies).

³¹ See U.S. Gen. Acct. Office, *supra* note 8, at 19.

recipients who had experienced domestic violence, 30% had lost a job due to violence and 58.7% were threatened so much that they were afraid to work or go to school.³²

In 1996, Congress recognized that the new welfare work requirements and time limits might unfairly penalize families attempting to leave violent relationships when it attached the Wellstone/Murray Amendment to the TANF statute. This amendment, popularly known as the Family Violence Option (FVO), permits States to provide temporary waivers of TANF program requirements.³³ The goal of the FVO is to permit individuals to engage in activities other than work that will help them escape from violence in the long run, such as attending counseling or seeking legal assistance, and to give extra time to families to become self-sufficient so that they are not forced to rely on batterers for financial assistance. Specifically, a state that adopts the FVO must create a mechanism to screen for domestic violence; refer recipients who screen for domestic violence to services; and may waive any TANF requirement that “would make it more difficult for individuals receiving assistance . . . to escape domestic violence or unfairly penalize such individuals”³⁴

Since 1996, a majority of states have adopted the FVO or have made some provision for domestic violence in their state policies or procedures.³⁵ Unfortunately, implementation of the FVO continues to lag. A case in point is New York City. New York City’s welfare department has persistently failed to follow state laws and procedures enacted to assist domestic violence victims who receive or apply for welfare benefits. In 1999, several organizations including NOW Legal Defense and Education Fund surveyed welfare recipients, domestic violence service providers, and domestic violence caseworkers to determine whether New York City was following state FVO laws and procedures. The survey results indicate that the New York welfare agency failed to meet its legal obligations to victims of violence in need of welfare.³⁶ For example, although the law requires screening of every welfare applicant and recipient for domestic violence, the majority of those interviewed in two surveys (56 percent and 72 percent) were never screened.³⁷ Fewer than half of survey participants who self-identified in writing as a domestic violence victim—and not one of the survey participants who orally told their regular caseworkers—were referred to a special domestic violence caseworker as required by state law.³⁸ According to New York City’s own data for September 1998 to August 1999, only one-third of the individuals who met with a liaison obtained any type of waiver. And, the vast majority of those waivers (71 percent) were “partial child support waivers,” under which victims still must cooperate with child support enforcement but the agency will “make every effort” to avoid contact for the victim with the absent parent in court.³⁹ These are not waivers that are likely to address the safety issues and service needs of domestic violence victims in the TANF program.

An audit by the New York State Comptroller of the case files of individuals who identified as domestic violence victims confirms NOW Legal Defense’s findings that New York City caseworkers are not following state laws and procedures.⁴⁰ The Comptroller’s audit sought to determine whether individuals were assessed for domestic violence in accordance with state guidelines, if safety plans were developed for individuals in crisis, and whether individuals receiving waivers were referred to services.⁴¹ In 50% of the New York City case files reviewed, there was no documentation of whether an assessment occurred and in 80% there was no written indication of whether the victim’s safety had been assessed.⁴² The Comptroller’s report

³² Moore & Selkove, *supra* note 7, at 5–6.

³³ 42 U.S.C. § 602 (a)(7).

³⁴ *Id.*

³⁵ See generally, Jody Raphael and Sheila Haennicke, Taylor Institute, Keeping Battered Women Safe Through the Welfare-to-Work Journey: How Are We Doing? A Report on the Implementation of Policies for Battered Women in State Temporary Assistance for Needy Families (TANF) Programs 4 (1999)

³⁶ Marcellene E. Hearn, NOW Legal Defense and Education Fund, et. al., Dangerous Indifference: New York City’s Failure to Implement the Family Violence Option (2000).

³⁷ *Id.* at 9.

³⁸ *Id.* at 10–11. In New York, only the domestic violence liaisons have the authority to grant Family Violence Option waivers.

³⁹ Dangerous Indifference, *supra* note 27 at 12–13; Family Independence Administration, Policy Directive #99–44R (Jan. 10, 2000).

⁴⁰ New York State, Office of the State Comptroller, Service Referral Process for Victims of Domestic Violence, 1999–S–4. [Comptroller’s Audit].

⁴¹ *Id.* at 2.

⁴² *Id.* at 9,11.

expressed concern that if individuals were not properly assessed then “victims of domestic violence may not be referred to services they need.”⁴³

New York City’s failure to properly implement the domestic violence protections under Federal and state law is, in part, the result of a “one size fits all” approach to work programs. Domestic violence, like child care problems discussed above, can create true barriers to participation in the kind of workfare program New York runs. Congress should insure that stringent work participation requirements or draconian sanction measures do not compel states to disregard the needs of domestic violence victims. If anything, Congress should strengthen the protections currently in the law and require states to address the needs of violence victims in their TANF programs.

Mothers’ Care Giving Is Work and Does Have Value

The idea that a mothers’ care giving work has no value is central to much of the testimony heard by this committee, and indeed to the welfare reform discussion generally. It is repeated over and over again that reform aims to move recipients “from welfare to work,” as if only mothers with paid employment are working. Rising employment for TANF recipients is said to show success in inculcating the work ethic, as if recipient mothers have been idling away their time in activities with no social value. This notion that mothers’ care giving work is valueless is false and pernicious.⁴⁴

As indicated in the discussion of child care, mothers who receive public assistance and former recipients of assistance are likely to be single and more likely than other low income women to have small children.⁴⁵ It is outrageous to claim that these women caring for their pre-school children have no exposure to a work ethic. Mothers were well acquainted with “24-7” eons before there were dot coms and e-commerce. Mothers have been obligated to work from the first instant of a child’s life long before “work first” became a slogan for denying women the opportunity to participate in education and training programs.

Perhaps mothers’ care giving work is ignored and dismissed because it is not paid, and therefore is not included in our Gross National (Domestic) Product. But our economic system’s failure to properly account for unpaid care giving should not blind us to care giving’s fundamental importance. Indeed, probably never before in human history has care giving been more important or essential to social and economic well being. Today, human capital is an even more important component of a nation’s riches than natural capital or physical capital. The quality of early care is one of the most important determinants of human intellectual and emotional development. Care and guidance of the young child lays the essential groundwork for the formation of knowledge and skills. Where valuing of care has been done, the value has been found to be high. In Canada, the 1996 census for the first time measured unpaid caregiving work done at home. The value placed on that work—two thirds of which was done by women—came to between \$221 and \$324 billion.⁴⁶ Those advocating this valuation stated that they did not expect actual payment, but their goal was to have this work “counted and recognized when formulating public policy.” Policy debates in the United States must also start counting and recognizing the valuable work that all mothers—including poor single mothers—perform when they care for their young children.

Indeed the dollar cost to the nation of providing quality care for poor young children while their mother works outside the home is potentially greater than the cost of income maintenance for that mother to care for her own child. Child care monthly reimbursement rates under the CCDBG, uniformly seen as inadequate, are still higher for a single infant in a licensed care facility in 40 states than is the monthly income maintenance grant for a family of 3 under TANF in those states.⁴⁷

While it is important that TANF maintain a focus on providing pathways to good jobs for poor families, it is also important that the value of the work done by women caring for young children be recognized and valued. Particularly in the absence of affordable child care for very young children, Congress should ask the question whether it might not be better, more moral and, indeed, more economical, to allow poor women who wish to do so to care for their young children in their own homes

⁴³ Id. at 9; Comptroller’s Audit Reporter, *supra*, note 31, at 12–13 (noting that individuals who received waivers were often not referred to any services during the waiver period).

⁴⁴ Fathers also give care, but even when fathers are present, mothers still typically perform the bulk of the care giving work. Ann Crittenden, *The Price of Motherhood* at 24–25 (2001).

⁴⁵ See n. 20, *supra*.

⁴⁶ Robin Harvey, “Women Want Value Placed on Unpaid Work in the Home,” TORONTO STAR (February 5, 1998) B5, available 1998 WL 17792562.

⁴⁷ National Child Care Information Center, *Child Care and Development Block Grant* (HHS, March 1998), 63–67; compare with *GREEN BOOK*, n. 4, *supra*, Table 7–10, pp. 389–390.

rather than insisting that the only valuable work to be performed is that which is done outside the home.⁴⁸

[The attachments are being retained in the Committee files.]

Statement of Diana Pearce and Jennifer Brooks, Wider Opportunities for Women*

Measuring the Impact of Welfare's Work Requirements on Family Income and Well-Being Using the Self-Sufficiency Standard

The Impact of TANF Work Requirements:

Work requirements under Temporary Assistance for Needy Families (TANF), combined with the expanding economy of the late 1990s, have resulted in an unprecedented decrease in the number of families currently on welfare. There is, however, substantial debate about which factor—the economy or TANF work requirements—has been more important, but together the impact has been dramatic:

- The majority of those leaving welfare have entered employment. The average number is about three in five, according to the Assistant Secretary for Planning and Evaluation's (ASPE) summary of 11 state or county welfare leavers' studies,¹ depending upon the measure used. (If any earnings during any month counts as "employed," the percentage is higher; if the measure is stricter, requiring a minimum amount of earnings (such as \$100 or \$500 per quarter), and/or work in all or most months, the percentage is substantially lower).

- Average wages have been low, averaging about \$7 to \$8 per hour. While the majority work full-time, a substantial number do not, so the average work week is about 30–35 hours. Thus, these wages and hours yield earnings of roughly \$900–\$1200 per month, which is approximately 75–100% of the poverty line for a family of three.

- Steady work has not characterized most of those employed, so that average earnings over the year are considerably less than the hourly or monthly numbers suggested above.²

- Not surprisingly, the level of material hardships found has been significant, affecting substantial proportions of current and former welfare recipients. Thirty-six percent of families have gone without meals, 2.5 million individuals have gone to food pantries, and one in 10 families have lost their housing and become homeless due to loss of TANF benefits.³

⁴⁸For an excellent portrait of a welfare "success story," and the enormous costs to both children and mothers when working outside the home is the paramount goal, see Katherine Boo, "After Welfare," *The New Yorker* (April 9, 2000), pp. 93–107.

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¹Initial Synthesis Report of the Findings from ASPE's "Leavers" Grants, Prepared by Gregory Acs and Pamela Loprest, The Urban Institute, Washington, DC 20037, January 4, 2001, <http://aspe.hhs.gov/hsp/leavers99/synthesis01/>.

²According to Acs and Loprest, although "slightly over half of all leavers work in any given post-exit quarter, it is not uncommon for leavers to cycle in and out of jobs; consequently, the share of leavers who ever worked over the year after exit is considerably higher and the share who worked in all four quarters is considerably lower." Initial Synthesis Report of the Findings from ASPE's "Leavers" Grants, Prepared by Gregory Acs and Pamela Loprest, The Urban Institute, Washington, DC 20037, January 4, 2001, <http://aspe.hhs.gov/leavers99/synthesis01/>.

³Arlow Sherman, et al., *Welfare to What? Early Findings on Family Hardship and Well-Being*, (Washington, D.C.: Children's Defense Fund and National Coalition for the Homeless, December 1998). According to the report, one in three children in families who recently lost TANF assistance (36%) were "eating less or skipping meals due to cost" according to a 1997 survey of 70 agencies (p. 20). Out of 27,700 clients surveyed at food banks and soup kitchens nationwide, one in eight had recently come off of public assistance—families and individuals. Second Harvests' survey represents more than 21 million individuals nationwide who use their food assistance program. If these numbers are representative, then more than 2.5 people turn to emergency food programs and food banks after losing public assistance (p. 20). An Atlanta survey found that nearly one-half (46%) of the 161 homeless families with children interviewed in shelters or other homeless facilities had lost TANF benefits in the past 12 months. In a survey of 777 homeless families in 10 cities nationwide in 1997 and 1998, one in 10 indicated their homelessness was due to loss of TANF benefits (p. 20).

In sum, the results of the TANF work requirements, though dramatic, are a mixed bag. On the one hand, more families have parents in the workforce, which potentially is a positive, for it decreases dependence on welfare and increases, at least potentially, economic independence. On the other hand, families with employed parents also have added work expenses, so that while income may increase (compared to cash assistance) expenses related to employment (such as child care, transportation, and taxes) may increase even more. Indeed, careful research by Edin and Lein⁴ concluded that when a straightforward comparison of expenses versus resources was made, welfare-reliant families were “better off” than work-reliant families.

Because of the substantial difference in expenses between families with parents in the workforce and those that are not, as well as the substantial differences in expenses such as housing and child care between different places, one cannot use a standard such as the poverty measure to determine the well-being of families, and ultimately, the impact of TANF work requirements. The poverty measure does not distinguish between families with adults in the workforce, and those with no working adults, nor does it take into account the differences between places in costs. Finally, the poverty standard does not take into account the differences in costs by age of children (especially child care).

Any real look at these questions requires an adequate measure of how much it takes to live in a given place, which is exactly what the Self-Sufficiency Standard is designed to do. Unlike the federal poverty standard, the Self-Sufficiency Standard accounts for the costs of living and working as they vary by family size and composition and by geographic location. The Self-Sufficiency Standard can help us to understand the quality and severity of the gap between resources and needs for families across the country who are leaving welfare and entering the workforce. For example,

- *In Washington D.C., a single mother with one preschooler and one school-age child needs a monthly income of \$3,993 to cover her costs if she receives no subsidies.*
- *However, in Rapid City, South Dakota, that same family would need a monthly income of \$2,235.*

These numbers are drawn from the Self-Sufficiency Standard for these states. The Self-Sufficiency Standard calculates how much money working adults need to earn to meet their families’ basic needs without subsidies of any kind. The Standard defines the amount of income necessary to meet basic needs (including paying taxes) in the regular “marketplace” without public subsidies (such as public housing, food stamps, Medicaid, or child care) or private or informal subsidies (such as free babysitting by a relative or friend, food provided by churches or local food banks, or shared housing). The Standard is varied by the age of the children, and by where one lives. (For further comparisons of the cost of living for various family types across a number of states and cities, please see the Appendix).

The Gap Between Welfare Leavers’ Wages and Self-Sufficiency:

If mothers leaving welfare earn the national average (\$7 to \$8 per hour), even in South Dakota they would have less than half the resources they need to cover their costs. In Washington, D.C., they would have only one-fourth of what they would need, at a minimum—not enough to even cover the rent. However, many families do not earn Self-Sufficiency Wages, particularly if they have recently left welfare for the workforce or live in high cost areas.

Without additional work supports, many families cannot afford their housing and food and child care—much less their other basic needs. They are likely to be forced to choose between needs, or accepting substandard or inadequate child care, insufficient food, or substandard housing. The gap between their earnings and the costs of their basic needs also affects their ability to keep a job, or progress in the workforce. If a single mother cannot afford childcare, her ability to sustain a full-time job is severely in jeopardy. Likewise, if a parent is forced into low wage work with little possibility for wage progression, he or she is not likely to be able to sustain his/her family for a long period of time. Thus, the problem is not about “bad budgeting” or “bad choices”: it is about inadequacy of wages alone for many families.

Covering Costs and Closing the Income Gap—Raising Wages and Lowering Expenses:

*There are two basic approaches to close this gap between what a family needs, and earnings that many are experiencing when leaving welfare. One approach is to **raise***

⁴ Kathryn Edin and Laura Lein, *Making Ends Meet: How Single Mothers Survive Welfare and Low-Wage Work*, (New York: Russell Sage Foundation Publications, 1997).

wages. *The other is to lower expenses through supports/subsidies—public and/or private, in cash or “in kind.”*

These two approaches can and should be used, as appropriate, sequentially or in tandem. There is not a single solution, a one-size-fits-all answer, for each parent and family is different. For example, some parents may combine work and study from the outset so that they can then move into jobs that pay higher wages. Alternatively, some parents may receive skill development through education and training, followed by jobs that are supplemented by supports (if necessary) until their wages reach the self-sufficiency level. Whatever choices are made, policymakers should ensure that parents are able to choose the path to self-sufficiency that best safeguards their family’s well-being and allows them to balance work, education and family responsibilities. Below, we describe some key strategies on either side of this equation—raising wages and providing public supports.

Raising Wages—Building Skills, Targeting Jobs:

In order to increase the wages received by parents leaving welfare for the workforce, the focus must be on the *first job*. It has long been recognized that women particularly experience substantial “occupational segregation” in the labor market, with many women workers crowded into a few occupations, such as cashier, clerical worker, and food service, many of which pay low average wages. Recently, research has documented that for welfare leavers in particular, “wage progression” does not happen automatically. In fact, if one enters the work force at a job with low wages, one is not likely to move up.⁵ Therefore, one’s first job needs to offer an adequate wage.⁶ Wider Opportunities for Women has, for over three decades, understood the value of building the skills of lower-income individuals and targeting resources on well-paying jobs. We support four approaches that increase the likelihood of achieving higher initial wages.

1. Training and Education: Research shows that neither job search nor basic education alone are particularly effective in moving welfare recipients into well-paid work. For many low-income parents moving into the workforce, the ability to move into jobs that pay Self-Sufficiency Wages will depend on access to effective skill upgrading services.⁷ According to Manpower Demonstration Research Corporation, entering the workforce with higher basic skills leads to modestly higher wages. However, education beyond high school is linked to *substantially* higher wages.⁸ Adults who have language difficulties, inadequate education, or who lack job skills or experience, cannot achieve Self-Sufficiency Wages without access to training and education. For some, this may mean ESL (English as a Second Language), Adult Basic Education (ABE) and/or the GED (General Education Degree). For others, this may mean two- or four-year degrees.

At the same time, it is clear that for single parents, pursuing post-secondary education simultaneously with meeting work requirements (of 20 to 30 hours per week), as well as single parenting, is difficult, a triple burden that is often very difficult to accomplish. Single parents need the opportunity to pursue post-secondary education to increase their access to well-paying employment. If the work requirements under TANF could be satisfied with post-secondary education, welfare recipients would be able to gain the skills that would help them become self-sufficient, and do so much more quickly than when they try to combine school and work simultaneously.

2. Functional Context Education: Rigorous research demonstrates that pre-employment services that provide “a flexible, individualized mix of services—primarily job search, work-focused education, life skills, and job training” and that make job quality a central goal⁹ effectively help welfare recipients find better jobs. Wider Opportunities for Women has long advocated for training programs to utilize instructional strategies that integrate literacy skills and job content. This approach—called Functional Context Education (FCE)—works well for many low-

⁵ Julie Strawn and Karin Martinson, *Steady Work and Better Jobs: How to Help Low-income Parents Sustain Employment and Advance in the Workforce*, (New York: Manpower Demonstration Research Corporation, 2000).

⁶ According to Strawn and Martinson, the factors predicting higher wages are: starting off in higher-paying jobs, changing jobs (but not too often), having or acquiring higher basic skills and postsecondary education/training, and starting off in certain occupations. Likewise the factors predicting steady work include: starting off in higher-paying jobs, working steadily initially, working in certain occupations (not sales), and having jobs with benefits.

⁷ Julie Strawn and Karin Martinson, *Steady Work and Better Jobs: How to Help Low-income Parents Sustain Employment and Advance in the Workforce*, (New York: Manpower Demonstration Research Corporation, 2000.)

⁸ *Ibid.*

⁹ *Ibid.*

skilled individuals who have experienced educational failures in the past. It provides skill development opportunities in the context that the learner will use them—in the context of a job. Strong employer input and participation is key. Programs using FCE are able to do in months what traditional programs take years to do because programs teach literacy and basic skills in the context in which the learner will use them rather than in isolated segments. This shorter timeframe is especially critical considering the time constraints under TANF and the personal time constraints of single parents.¹⁰

3. Targeting Higher-Wage Jobs: In every labor market, jobs exist that are in high demand by employers and pay decent wages. Starting out in better jobs (in terms of higher hourly wages or benefits) or in certain occupations (production, manufacturing, cleaning maintenance, etc. as opposed to sales) is linked both to job retention and to having higher wages later.¹¹ Many of these jobs do not require substantial post-secondary training or education. However, identifying such jobs requires that an analysis be done to determine which industries, in a given labor market: (1) pay Self-Sufficiency Wages, (2) are experiencing shortages (unmet demand), (3) what barriers exist between these jobs and jobseekers (such as transportation/location, skill sets, language, etc.), and (4) what infrastructure (such as training programs or transportation) is required to bring jobs and jobseekers together.¹² States should be required to identify higher-wage industrial sectors that need workers for welfare-to-work placements.

4. Increasing Access to Nontraditional Occupations: According to the U.S. Department of Labor, nontraditional occupations (NTOs) are jobs in which 25 percent or less of the workforce is female. NTOs pay 20–30% more than jobs traditionally held by women and offer excellent benefits and career advancement potential.

For many women, nontraditional jobs (such as construction, copy machine repair, X-ray technician, or computer-aided drafting) require relatively little post-secondary training, yet provide wages at Self-Sufficiency levels. To enhance women's access to these jobs—or training leading to these jobs—requires addressing a range of barriers that prevent women from entering and remaining in nontraditional occupations. Giving women the opportunity to learn about different career options, including their wages and benefits through career counseling, may be sufficient to access some of these jobs, while other nontraditional jobs require access to training or pre-apprenticeship preparation classes. Retention in nontraditional occupations may require supports such as nontraditional-hour child care or support for buying tools and special equipment.¹³

Lowering Costs—Public and Private Supports/Subsidies:

The other side of the self-sufficiency equation is reducing the costs and adequately meeting the needs of low-income families and welfare recipients through work supports/subsidies, both public and private. At the crucial point in their lives of entering employment, such subsidies can help a family achieve stability in meeting each basic need, without scrimping on nutrition, or living in overcrowded or substandard housing, or using inadequate child care. This stability can help a family maintain employment, which is a necessary condition for achieving wage adequacy and improving wages.

Below we discuss several of these alternatives: work supports (federal and state), child support, and health care coverage.

1. Work Supports (Food Stamps, Medicaid, cash assistance (TANF), housing and child care subsidies): Because many parents earn low wages after they leave welfare, they continue to be eligible for Food Stamps and/or Medicaid. However, the number of families receiving these supports is considerably lower than the number eligible.¹⁴ While this discrepancy may, in some cases, be by choice, the im-

¹⁰Wider Opportunities for Women, Six Strategies for Self-Sufficiency (Washington, D.C.: Wider Opportunities for Women, 1996). For examples of model Functional Context Education Programs see Center for Employment Training program in San Juan, California and Wider Opportunities for Women, Work Skills program in Washington, D.C.

¹¹Julie Strawn and Karin Martinson, Steady Work and Better Jobs: How to Help Low-income Parents Sustain Employment and Advance in the Workforce, (New York: Manpower Demonstration Research Corporation, 2000), p. 19.

¹²This approach is called a “sectoral employment intervention.” For more information, see Wider Opportunities for Women, Six Strategies for Self-Sufficiency (Washington, D.C.: Wider Opportunities for Women, 1996); or the National Network of Sector Practitioners at <http://www.nedlc.org/nnsfp/>.

¹³See Wider Opportunities for Women's <http://www.work4women.org/> for more information about nontraditional employment for women.

¹⁴Lissa Bell and Carsen Strege-Flora, Access Denied: Federal Neglect Gives Rise to State Lawlessness; Families Denied Access to Medicaid, Food Stamps, CHIP, and Child Care, May 2000.

pact is that families whose resources are, by definition, scarce and inadequate (otherwise, they would not be eligible for these programs), are forced to use their limited resources to try to meet all their needs, and in most cases cannot do so adequately. Subsidies or vouchers such as cash assistance (TANF), child care, and/or transportation (tokens or employer subsidies) all aid families as they struggle to become economically independent. Yet, there are many barriers to accessing these programs, including high co-payment schedules (in child care), lack of providers (for health care), and insufficient program funds (such as housing).

2. Child Support: While not an option for all families, whenever possible child support from absent, non-custodial parents should be sought. Higher unemployment rates and lower wages among some groups may result in lesser amounts of child support. Nevertheless, whatever the amount, child support payments reduce the amount required for a family to meet its needs, while providing the support of both parents to meet children's needs.

3. Health Care Coverage: Health care coverage results in better job retention, and decreased use of welfare. Without employer-provided or public health benefits, parents have to make the difficult choice between (1) not working and retaining eligibility for health care coverage (through Medicaid), and (2) employment without health care coverage for their families. However, families who enter the workforce from welfare are eligible for continued coverage by Medicaid for themselves and their children for one year in most states. With the expansions in the State Children's Health Insurance Program (SCHIP), many families now have the option of covering their children's health care needs when their employer does not offer family coverage after one year. Yet, many families are not receiving even this amount of support, either Medicaid or SCHIP.¹⁵

States should be rewarded for doing the "right thing" for welfare recipients and welfare leavers:

By rewarding states that move towards providing the means and supports for families to move not just off welfare, but towards self-sufficiency, Congress would be underscoring the importance of helping all families becoming self-sufficient.

• Federal lawmakers should support programs that increase access to better jobs by rewarding states that:

- meet the Self-Sufficiency Standard (including both wages and access to employer-provided health care coverage) for increased numbers of welfare leavers;*
- train, place and retain welfare leavers in higher-waged jobs, such as nontraditional occupations for women;*
- engage in labor market analyses that identify higher-waged jobs/sectors, and provide career development assistance related to higher-wage jobs;*
- encourage post-secondary education participation through supports such as child care and by counting such education as fulfilling work requirements;*
- provide literacy programs that strengthen basic skills in the context of employment (FCE, see above for description);*
- increase the number of families that receive work supports—both cash assistance and subsidies, such as child care; and*
- "stop the clock" for families receiving TANF who are engaged in work but whose earnings are so low that they remain eligible for partial TANF grants (see, for example, Illinois policy).*

Conclusions

As families in state after state approach their state (and/or federal) lifetime limits on welfare receipt, the question of job retention and wage adequacy takes on increasing urgency. Thus, we urge Congress to consider how best to ensure that states move towards programs that increase initial wage levels and adequacy, with work supports as needed (and until need ends), thus increasing job retention and reducing the numbers of families returning to welfare.

For a large number of families, the question of wage adequacy has taken on new urgency as the federal five-year lifetime limit approaches. Not all parents who leave welfare remain off welfare. For some parents whose wages are inadequate, a crisis (such as a health emergency, or inability to secure child care) may result in a return

¹⁵ According to a recent national report by the National Campaign for Jobs and Income Support, "applicants for Food stamps, Medicaid, Children's Health Insurance Programs, and Child Care programs routinely face diversion tactics by welfare offices . . . applicants must wade through misinformation, cumbersome application processes, unlawful practices, and degrading interactions in the hopes of obtaining benefits." Lissa Bell and Carsen Strega-Flora, *Access Denied: Federal Neglect Gives Rise to State Lawlessness; Families Denied Access to Medicaid, Food Stamps, CHIP, and Child Care*, May 2000.

to welfare. (Return rates range from 18% to 33%.¹⁶ As parents' total time on welfare approaches the five-year lifetime limit, they will no longer have available cash assistance through TANF, and yet they will not be able to meet their families' needs through their wages.

Only by effectively addressing the gap between the kinds of wages now being received and self-sufficiency—through both raising wages and lowering costs (through subsidies/work supports)—only then can we truly talk about success in welfare reform.

Appendix—The Self-Sufficiency Standard

The Self-Sufficiency Standard has been calculated for 13 states and one metropolitan area: California, Connecticut, Illinois, Indiana, Iowa, Massachusetts, New Jersey, New York, North Carolina, Pennsylvania, South Dakota, Texas, Wisconsin and the Washington, D.C., metropolitan area. It is also in progress in Washington, Colorado, Montana and Kentucky. Table 1 compares the Self-Sufficiency Standard hourly wages for several different family types for a large city and a rural county in each of 13 states and one metropolitan area. Although in every instance, the cost of living is less in the rural county selected than in the large city (usually the state's largest city), there is quite a bit of variation. Many of these states have "rural" counties, often either tourist areas (with high seasonal housing costs) or high-cost ex-urban communities, that are in fact as expensive, or more so, than the state's large urban areas. Thus, in Massachusetts, the standard is higher in Cape Cod and the Islands than in Boston.

Table 1 also shows how costs vary for different family types. It shows the Standard as an hourly wage and assumes that the adult(s) work full-time (40 hours per week). The amounts are thus what adults, supporting themselves or a family, must earn to meet the family's basic needs. Not surprisingly, it costs quite a bit more when a single adult becomes a single parent with a child, especially a very young child. The differential is such that the single parent's Self-Sufficiency Standard is at least 150 percent of that of a single adult in her geographical area and as much as 200 percent or, in a few instances, more. The addition of a second child under school age results in costs that are double to triple that of the single adult in the same community. Not just the number of children but the age of the children matters, too. The Self-Sufficiency Standard costs drop as the need for full-time child care lessens with older children. The last column shows the standard for two parents with a preschool-age child and a school-age child. Reflecting the additional costs of food, health care, taxes, and transportation associated with a second adult, these numbers are only slightly higher than those for the single parent with two children of these ages. However, since there are two adults, this total reflects two wages, not just one, thus reducing the required wage of each and making it much easier to meet a family's needs with two breadwinners rather than just one. (The Self-Sufficiency Standard assumes that when there are two adults, both work equally, and both work full-time, and thus each incurs the costs associated with employment, such as taxes and transportation, and that they share such costs as child care, rent, food, and so forth).

In table 2 and figure 1, for six different places we compare the Self-Sufficiency Standard for a single parent with a preschool-age and a school-age child to other benchmarks of income: (1) welfare and food stamps; (2) minimum wage (minus taxes); (3) the federal poverty line; (4) local median family income.

As can be seen in table 2, the cash value of food stamps and cash assistance varies in amount from state to state, but even more as a percentage of the relevant Self-Sufficiency Standard. While actual benefits are higher in higher-income or higher-cost locales such as New Jersey or Washington, D.C., these benefits are low relative to the actual cost of living when compared to states such as Indiana. In Indiana a three-person household's cash benefits, though \$1,500 per year less than in the District of Columbia, are more than one-third of the Self-Sufficiency Standard, while in Washington, D.C., the cash assistance is barely one-fifth of the standard.

Likewise, when one examines the adequacy of the minimum wage, one finds large variations among jurisdictions. Although the federal minimum wage is \$5.15 per hour, several states have higher minimums, and state taxes vary somewhat from state to state. (We do not include the value of tax credits because families at the

¹⁶Gregory Acs and Pamela Loprest, Initial Synthesis Report of the Findings from ASPE's "Leavers" Grants. [http://aspe.hhs.gov/hsp/leavers99/synthesis01/January 2001](http://aspe.hhs.gov/hsp/leavers99/synthesis01/January%2001). More than 15% of families leaving TANF returned within one year. Eight of the 11 study areas report the percentages of families who ever received TANF in the year after initially exiting. These numbers range from 18 to 35 percent. By quarter, the numbers fluctuate, indicating that families are constantly moving on and off of public assistance—cycling through the system.

minimum wage either do not qualify for them or will not receive them at this wage level.)¹⁷ **We find that working full-time and year-round at the minimum wage provides only about 25 percent to about 40 percent of the Self-Sufficiency Standard. Thus, even two adults working at minimum wage would in most states be below self-sufficiency (this does not take into account the additional expenses of a second adult not included in the standard used here).**

TABLE 1.—THE SELF-SUFFICIENCY STANDARD HOURLY WAGES, SELECTED FAMILY TYPES, 14 STATES AND AREAS

[In dollar amounts]

	One Adult	One Adult Preschooler	One Adult Preschooler Schoolage	Two Adults Preschooler Schoolage (per adult)
California, 2000				
Los Angeles-Long Beach PMSA	\$8.54	\$16.65	\$19.35	\$11.35
Alpine County	7.02	11.38	14.45	8.72
Connecticut, 1998				
Stamford-Norwalk Region	9.75	17.70	20.93	11.57
Northeast Region	6.59	12.18	15.57	8.96
Illinois, 1996				
Chicago, Cook County	7.15	12.19	14.48	8.24
Randolph County	4.62	7.49	9.80	6.41
Indiana, 1998				
Indianapolis, Marion County	6.45	11.01	14.21	8.28
Orange County	5.30	7.28	9.52	6.55
Iowa, 1994				
Davenport-Moline-Rock Island—Scott County	5.10	9.08	12.81	8.06
Marion County	4.91	8.53	11.30	7.24
Massachusetts, 1997				
Boston, MA-NH PMSA, Suffolk Cty., City of Boston	7.52	15.28	18.54	10.08
Berkshire County—Western Massachusetts	6.16	11.68	13.98	8.08
New Jersey, 1999				
Northern Bergen County	8.03	15.56	18.03	9.87
Atlantic County (Cape May)	7.28	13.91	16.28	9.40
New York, 2000				
Kings County (Brooklyn)	8.65	16.79	21.11	11.67
Clinton County (Plattsburgh)	6.27	11.01	13.72	8.38
North Carolina, 1996				
Raleigh-Durham-Chapel Hill MSA	6.71	11.01	13.51	7.78
Warren County	5.05	7.55	9.32	5.96
Pennsylvania, 1998				
Philadelphia, PA-NJ PMSA, Philadelphia County	7.10	12.70	15.35	8.58
Warren County	5.50	8.26	11.43	7.18
South Dakota, 2000				
Rapid City/Pennington County	6.06	10.26	12.70	7.78
Spink County	5.36	8.53	11.68	7.34
Texas, 1996				
Houston PMSA	5.74	9.84	13.85	7.94
Kerr County	4.96	7.84	9.61	6.20
Washington, DC, Metropolitan Area, 1998				
The District of Columbia	7.99	16.06	22.69	12.48
Montgomery County, MD	9.20	15.73	21.10	11.76
Prince George's County, MD	7.94	12.96	17.14	9.78
Alexandria, VA	8.66	15.16	20.46	11.47
Arlington County, VA	9.19	16.52	22.86	12.67

¹⁷ At the minimum wage (federal or state), a single parent with two children would not pay any federal taxes. Since both the child tax credit and the child care tax credit are credits against the federal tax, the single parent would not receive either of those. The single parent would, however, qualify for an earned income tax credit, at or near the maximum of \$3,756 in 1999. However, very few receive this credit on a monthly basis, and if they do, they are limited by law to only a portion, about \$116 per month in 1999. Because they are unlikely to receive it in the year in which they earn it, or at best only a partial payment, we do not include it here. See also Michael A. O'Connor, The Earned Income Tax Credit: Eligible Families at Risk of Losing Benefits, 33 Clearinghouse Rev. 433 (Nov.-Dec. 1999).

TABLE 1.—THE SELF-SUFFICIENCY STANDARD HOURLY WAGES, SELECTED FAMILY TYPES, 14 STATES AND AREAS—Continued
[In dollar amounts]

	One Adult	One Adult Preschooler	One Adult Preschooler Schoolage	Two Adults Preschooler Schoolage (per adult)
Wisconsin, 2000				
Milwaukee-Waukesha PMSA, Milwaukee County	6.90	15.36	19.96	11.13
Ashland County	5.49	10.60	14.38	8.40

TABLE 2.—COMPARING THE SELF-SUFFICIENCY STANDARD FOR A SINGLE PARENT WITH A PRESCHOOL-AGE CHILD AND A SCHOOL-AGE CHILD TO INCOME BENCHMARKS

City and STATE:	Welfare and food stamps	Minimum wage (minus taxes)	Federal poverty line	Self-suffi- ciency wage	Median family in- come	The self- sufficiency standard as a % of median in- come
Monmouth, NEW JERSEY (1999)	\$9,108	\$9,856	\$13,880	\$40,415	\$53,800	75%
as % of the Self-Sufficiency Standard	23%	24%	34%	100%	133%	.....
Muncie, INDIANA (1998)	\$8,928	\$9,578	\$13,650	\$24,564	\$37,832	65%
as % of the Self-Sufficiency Standard	36%	39%	56%	100%	154%	.....
Washington, DC (1998)	\$10,464	\$11,804	\$13,650	\$47,916	\$65,100	74%
as % of the Self-Sufficiency Standard	22%	25%	28%	100%	136%	.....
Pittsburgh, PENNSYLVANIA (1998)	\$8,928	\$9,578	\$13,650	\$26,388	\$36,810	72%
as % of the Self-Sufficiency Standard	34%	36%	52%	100%	139%	.....
Worcester, MASSACHUSETTS (1997)	\$10,272	\$9,856	\$13,330	\$35,460	\$45,900	77%
as % of the Self-Sufficiency Standard	29%	28%	38%	100%	129%	.....
Springfield, ILLINOIS (1996)	\$8,280	\$9,578	\$12,980	\$24,554	\$47,700	51%
as % of the Self-Sufficiency Standard	34%	39%	53%	100%	194%	.....

Similarly the federal poverty line for a family of three (which is the same for every jurisdiction, varying only by the year for which the standard was calculated) ranges from about one-third to about one-half of the respective Self-Sufficiency Standard. While adding the costs of employment, including child care, transportation, and taxes, would raise the poverty level closer to what a family really needs, the poverty level would still be substantially below the Self-Sufficiency Standard. Moreover, the variation across geographical jurisdictions reinforces the federal poverty standard's not taking into account the wide range in the cost of living. These comparisons again highlight the inappropriateness of using a standard such as the federal poverty measure to assess income adequacy for families with employed adults for, unlike the Self-Sufficiency Standard, the poverty measure does not incorporate geographical differences or include costs associated with employment.

In table 2 the Self-Sufficiency Standard is compared with the local median family income. In this case, we have calculated the Self-Sufficiency Standard as a percent of the area median income (for a family of three). As can be seen in table 2, the Self-Sufficiency Standard ranges from 51 percent of the area median income for a family of three (Springfield, Illinois) to 77 percent (Worcester, Massachusetts). As noted earlier, the U.S. Department of Housing and Urban Development uses area median income as a standard to assess families' needs for housing assistance. Those with incomes below 50 percent of the median area income are considered "very low income," while those whose incomes are below 80 percent of the median are considered "low income."¹⁸ Thus the Self-Sufficiency Standard in all of these states falls within the HUD definition of "low income" but not "very low income."

¹⁸ Almost all assistance is limited to those of very low income, and even then only about one-fourth of eligible families receive housing assistance.

Figure 1. Comparing the Self-Sufficiency Standard for a Single Adult With a Preschool-Age Child and a School-Age Child to Income Benchmarks

