

# IMPLEMENTATION OF WELFARE REFORM WORK REQUIREMENTS AND TIME LIMITS

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## HEARING BEFORE THE SUBCOMMITTEE ON HUMAN RESOURCES OF THE COMMITTEE ON WAYS AND MEANS HOUSE OF REPRESENTATIVES

ONE HUNDRED SEVENTH CONGRESS

SECOND SESSION

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**IMPLEMENTATION OF WELFARE REFORM  
WORK REQUIREMENTS AND TIME LIMITS**

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**THURSDAY, MARCH 7, 2002**

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

The Subcommittee met, pursuant to notice at 9:42 a.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  
February 27, 2002  
No. HR-11

CONTACT: (202) 225-1025

### **Herger Announces Hearing on Implementation of Welfare Reform Work Requirements and Time Limits**

Congressman Wally Herger (R-CA), Chairman, Subcommittee on Human Resources of the Committee on Ways and Means, today announced that the Subcommittee will hold a hearing on State implementation of Federal welfare work requirements and time limits, which are key features of the 1996 welfare reform law. **The hearing will take place on Thursday, March 7, 2002, in room B-318 Rayburn House Office Building, beginning at 9:30 a.m.**

In view of the limited time available to hear witnesses, oral testimony at this hearing will be from invited witnesses only. Witnesses will include representatives of the U.S. General Accounting Office, researchers, and other experts in welfare reform implementation issues. 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 The law repealed the former Aid to Families with Dependent Children (AFDC) program, and with it the individual entitlement to cash welfare benefits. In its place, the 1996 legislation created a new Temporary Assistance for Needy Families (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.

In exchange for the broad flexibility and fixed funding granted States, the 1996 law imposed certain key program requirements, notably work requirements and time limits on Federal benefits.

*Work Requirements.* In order to assist in the conversion of the old AFDC program to a program focused on work, the 1996 law required States to engage a specific and rising percentage of their welfare caseload in work or certain work activities each year; States that fail to satisfy this requirement lose Federal funds. States receive "credits" toward satisfying this work requirement to the degree their caseload declined from earlier levels. Given large caseload declines under welfare reform, this "caseload reduction credit" has sharply reduced the effective work requirement in all States, and eliminated it in most States. Other factors, including the large and growing share of families receiving assistance considered "child only" cases and the operation of separate State programs not subject to Federal work requirements, have further limited the impact of the 1996 law's work requirements.

*Time Limits.* Prior to the 1996 changes, average lifetime stay on welfare reached 13 years. The 1996 law sought to reduce such long-term dependence on benefits by

establishing a 5 year lifetime limit on receipt of Federal cash welfare benefits, with up to 20 percent of a State's caseload exempted for hardship in any year. A number of States also have created separate States programs to provide continued cash benefits after 5 years for families that remain in need of assistance.

In announcing the hearing, Chairman Herger stated: "Welfare reform has been a tremendous success. We've increased work and earnings, reduced dependence, and lifted almost three million children from poverty. The 1996 law's work requirements and time limits have played major roles in this transformation. Still, more can be done. As we reauthorize the welfare reform law this year, we will take steps to help even more families on welfare better prepare for work and a lifetime of independence."

**FOCUS OF THE HEARING:**

This hearing will focus on issues related to the implementation of welfare work requirements and time limits in preparation for the reauthorization of the TANF program, which expires on September 30, 2002.

**DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:**

**Please Note:** Due to the change in House mail policy, any person or organization wishing to submit a written statement for the printed record of the hearing should send it electronically to [hearingclerks.waysandmeans@mail.house.gov](mailto:hearingclerks.waysandmeans@mail.house.gov), along with a fax copy to 202/225-2610, by the close of business, Thursday, March 21, 2002. Those filing written statements who wish to have their statements distributed to the press and interested public at the hearing should deliver 200 copies to the Subcommittee on Human Resources in room B-317 Rayburn House Office Building, in an open and searchable package 48 hours before the hearing. The U.S. Capitol Police will refuse sealed-packaged deliveries to all House Office buildings.

**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. Due to the change in House mail policy, all statements and any accompanying exhibits for printing must be submitted electronically to [hearingclerks.waysandmeans@mail.house.gov](mailto:hearingclerks.waysandmeans@mail.house.gov), along with a fax copy to (202) 225-2610, in Word Perfect or MS Word format and MUST 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. Any statements must include a list of all clients, persons, or organizations on whose behalf the witness appears. A supplemental sheet must accompany each statement listing the name, company, address, telephone and fax numbers of each witness.

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.

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Chairman HERGER. Good morning. This hearing of the Ways and Means Human Resources Subcommittee will come to order. Today's

hearing will provide an important backdrop as we consider key features of the nation's welfare reform program, namely work requirements and time limits on benefits.

Welfare reform has been a tremendous success in reducing welfare caseload and moving millions of families out of poverty through increased work. We know that nearly 3 million children have been lifted from poverty since 1996, with the black child poverty rate now at a record low. Employment by mothers most likely to go on welfare rose by 40 percent between 1995 and 2000, and welfare caseloads have fallen by 9 million, from 14 million recipients in 1994 to just 5 million today. These changes are without precedent.

The 1996 law has made phenomenal progress, but there is still work to do.

I know many people will be surprised to learn that we do not require every welfare recipient to work or at least prepare for work today. In the year 2000, only 34 percent of the national caseload was engaged in any of a broad range of work activities, including education and training, for at least 30 hours per week. In some States, that figure is as low as 6 percent. According to the U.S. Department of Health and Human Services' (HHSs) most recent annual report, an astonishing 57.6 percent of families on welfare are doing nothing to prepare for work while receiving benefits. That is just not good enough.

I congratulate the President for proposing changes that will reinforce the pro-work message for many more individuals on welfare. Work is the only real path out of poverty, and only through helping more people work will we get the rest of the job done.

As we press on with further reforms, there are a number of issues we need to understand about how work requirements and time limit policies are working in practice. One set of issues involves what are called child-only cases. Work requirements and time limits do not apply to these cases, which represent more than one-third of the current caseload and the share is rising.

Other issues stem from separate State-funded Temporary Assistance for Needy Families (TANF) programs that exclude some participants from Federal work requirements on time limits. I asked the U.S. General Accounting Office (GAO) last year to provide us with some information about how these separate State programs affect the work participation targets and time limits. They will share their findings with us today.

A final set of issues involves the time limits included in the 1996 law. The 1996 law expected families to receive no more than 5 years of Federal cash benefits with up to 20 percent of the caseload exempted for hardship. The need for this change was clear. Prior to 1996, the average lifetime of then-current welfare recipients was an incredible 13 years. Welfare had become a trap, plain and simple.

Today, we will review how time limits have worked in practice. We will find that the vast majority of parents left welfare prior to their clock expiring. For these families, the time limit worked as intended to motivate both recipients and caseworkers to address family needs quickly and help recipients find and keep jobs. In a significant number of other cases, including child-only cases and



those receiving assistance under separate State programs, families effectively have been exempted from the time limits altogether.

Joining us today to provide perspective on how work requirements and time limits are applied in practice are distinguished researchers from the public and private sectors, along with State and local program leaders. We also are joined by Marge Thomas of Goodwill Industries and one of Goodwill's success stories, Ms. Fatima Wilkerson, to describe how parents with special challenges can succeed in the work place. We look forward to hearing from all of our witnesses.

Without objection, each Member will have the opportunity to submit their 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**

Good morning. Today's hearing will provide an important backdrop as we consider key features of the nation's welfare reform program, namely work requirements and time limits on benefits.

Welfare reform has been a tremendous success in reducing welfare caseloads and moving millions of families out of poverty through increased work. We know that nearly 3 million children have been lifted from poverty since 1996, with the black child poverty rate now at a record low; employment by mothers most likely to go on welfare rose by 40% between 1995 and 2000; and welfare caseloads have fallen by 9 million—from 14 million recipients in 1994 to just 5 million today.

These changes are without precedent. The 1996 law has made phenomenal progress, but there's still work to do.

I know many people will be surprised to learn that we don't require *every* welfare recipient to work or at least prepare for work today. In the year 2000, only 34 percent of the national caseload was engaged in any of a broad range of work activities including education and training for at least 30 hours per week. In some states, that figure is as low as 6 percent. According to HHS' most recent annual report, an astonishing 57.6 percent of families on welfare are doing nothing to prepare for work while receiving benefits.

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One set of issues involves what are called "child-only" cases. Work requirements and time limits do not apply in these cases—which represent more than one-third of the current caseload and the share is rising.

Other issues stem from separate state-funded TANF programs that exclude some participants from federal work requirements or time limits. I asked the General Accounting Office last year to provide us with some information about how these separate state programs affect the work participation targets and time limits. They will share their findings with us today.

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Joining us today to provide perspective on how work requirements and time limits are applied in practice are distinguished researchers from the public and private sectors, along with state and local program leaders. We also are joined by Marge Thomas of Goodwill Industries and one of Goodwill's success stories, Ms. Fatima Wilkerson, to describe how parents with special challenges can succeed in the workforce. We look forward to hearing from all of our witnesses.

Mr. Cardin, would you care to make an opening statement?

Chairman HERGER. Mr. Cardin, the Ranking Member is on his way, and we will allow him to make a statement when he arrives. Again, without further objection, all the written testimony will be made a part of the record.

To start the hearing today, we have Cynthia Fagnoni, Managing Director of Education, Work force, and Income Security Issues, the U.S. General Accounting Office.

Ms. Fagnoni.

**STATEMENT OF CYNTHIA M. FAGNONI, MANAGING DIRECTOR,  
EDUCATION, WORKFORCE, AND INCOME SECURITY ISSUES,  
U.S. GENERAL ACCOUNTING OFFICE; ACCOMPANIED BY  
GALE HARRIS AND KATRINA RYAN**

Ms. FAGNONI. Good morning. Mr. Chairman, I have with me today two of my colleagues, Gale Harris and Katrina Ryan, who have worked very hard on this testimony that I am going to give today.

Mr. Chairman and Members of the Subcommittee, my colleagues and I are pleased to be here today to talk about what we have learned from States' implementation of work requirements and time limits for welfare families. When the Congress created the Temporary Assistance for Needy Families grant, the TANF, in 1996, it included work requirements and time limits designed to focus welfare offices and welfare recipients on finding jobs and moving off the welfare rolls.

To help accomplish this, the law requires that States meet Federal mandated participation rates for the percentage of welfare recipients in work activities or work or face financial penalties. In addition, States must enforce a 60-month lifetime limit on families with adults that receive welfare. To receive its Federal TANF funds, each State must meet a maintenance of effort requirement by spending a specified amount of its own funds on welfare and related programs.

Today, I want to highlight key findings from our review of all 50 States and discussions with 12 of those States.

First, it is important to understand, as you have mentioned, that a significant share of welfare cases are comprised of children only with no adult receiving welfare. Because no adult in these families receives cash assistance funded by TANF or State dollars, work requirements and time limits do not apply.

In late 2001, nationwide, about 700,000, or one-third of the 2.1 million cash assistance cases funded by Federal or State dollars were child-only cases. In some States, the primary reason for child-only cases was a non-citizen parent not eligible for aid. For example, a large percentage of child-only cases in Texas had a non-cit-

izen parent. In several other States, child-only cases were primarily families where the care giver was someone other than the parent.

The second issue I will discuss today is the flexibility States have in implementing the Federal work requirements. When welfare reform mandated Federal work participation rates, it also included a caseload reduction credit provision. This provision specifies that each State's mandated participation rate is to be reduced if its welfare caseload declines.

Because of the dramatic declines in welfare caseloads that has occurred since 1996, States have generally faced greatly reduced mandated participation rates for their TANF programs. For example, in fiscal year 2000, caseload reduction credits reduced mandated participation rates to zero in 31 States instead of the mandated rate of 40 percent.

Some State officials told us that because of the work participation rates being so low due to caseload reduction credits, States have more flexibility in the types of activities or services they can provide, for example, substance abuse treatment or mental health services, while still meeting their Federal work participation rates.

We found in our previous work that some States included recipients in a range of work participation activities that extended beyond those that meet Federal work participation requirements, particularly to meet the needs of recipients considered hard to employ. We also found in our previous report on TANF recipients with mental and physical impairments that States and counties often exempted individuals they considered hard to employ from work requirements.

Twenty-six States also provided cash assistance to certain needy families through State-funded programs, in which case Federal work requirements do not apply. States told us they used this option because of concerns that some families would not be able to participate for the number of hours or in the types of activities required to meet Federally mandated rates. We also found, however, that when States provided cash assistance to which Federal work requirements did not apply, they imposed their own. This indicates that States are not providing aid through these State programs to circumvent work requirements but to minimize the risk of Federal financial penalties.

The third issue I will discuss is time limits. Nationwide, States excluded 11 percent of the 1.4 million welfare families with an adult from a Federal or State time limit. States generally targeted these time limit exclusions on families considered hard to employ and on working families not earning enough to leave the welfare rolls. For example, 22 States have policies in place to exclude working families from time limits. Maryland and Illinois told us they stop the clock for working families by funding them with State dollars rather than Federal TANF funds.

I would like to end by highlighting some issues related to States' implementation experiences. Even though we are 5 years into welfare reform, States still have limited experience with time limits. At the time we conducted our survey this fall, 22 States had not had TANF in place long enough for families to reach either the Federal or State time limit. Even in those States in which families have started to reach their time limits, many families have not

reached their time limit because they have cycled on and off welfare. As a result, only 15 States have begun to use the Federal 20 percent hardship exemption and all these States are applying it to less than 6 percent of their caseload.

The State officials we spoke with thought the 20 percent extension was adequate now but were less sure about the future. For example, Michigan told us it will use the Federal 20 percent extension for all recipients following the rules of the program. If the number of families they want to exclude begins to exceed 20 percent, they plan to continue providing assistance with State funds.

In talking with States, we generally found that State officials were supportive of work requirements and time limits. They also said that flexibility in implementing work requirements and time limits was important in allowing them to meet the needs of their recipients, such as the hard to employ. This flexibility helps to ensure that States can adapt the Federal program to meet State and local needs while still emphasizing work and the transitional nature of assistance.

Mr. Chairman, this concludes my prepared statement. We would be happy to answer any questions you or other Members may have. Thank you.

[The prepared statement of Ms. Fagnoni follows:]

**Statement of Cynthia M. Fagnoni, Managing Director, Education, Workforce, and Income Security Issues, U.S. General Accounting Office**

Mr. Chairman and Members of the Subcommittee:

Thank you for inviting me here today to discuss the extent to which families receiving cash assistance are excluded from work requirements and time limits. The 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) significantly changed federal welfare policy for low-income families with children, building upon and expanding state-level reforms. When the Congress created the Temporary Assistance for Needy Families block grant (TANF) to replace the previous welfare program, it emphasized that the new program was to be transitional in nature and focus on moving welfare recipients into employment. To this end, states are required to enforce work requirements and time limits on most families receiving cash assistance. More specifically, states face financial penalties if they do not include a minimum percentage of adults receiving cash assistance in work or work activities each year, referred to as the mandated participation rate requirement. This mandated rate increased each year, reaching 50 percent of all families in fiscal year 2002. In addition, states are to enforce a 60-month lifetime limit on families with adults who receive cash assistance. To receive its TANF block grant, each state must also meet a maintenance-of-effort requirement, under which it must spend at least a specified amount of its own funds, referred to as state maintenance-of-effort funds (MOE).

Along with these federal requirements, the law allows states considerable flexibility to exclude families from work requirements and time limits. First, these requirements only apply to families with an adult receiving aid, not to cases in which only children receive cash assistance. Second, PRWORA specifies that up to 20 percent of families receiving assistance may receive extensions to federal time limits. Third, states may provide cash assistance not subject to work requirements and time limits if they use their state MOE in specified ways, such as through a state program other than their TANF program.

As the Congress considers reauthorization of TANF, you asked us to determine and assess the states' implementation of these work requirements and time limits. More specifically, you asked us to determine (1) the extent of child-only cases among the cash assistance caseload funded by federal TANF and state MOE, (2) how states made use of work requirement flexibility, (3) the number of families states have excluded from time limits, and (4) key issues related to states' experiences in applying TANF work requirements and time limits. The information we gathered came from site-visits in 4 states, telephone interviews with TANF officials in 8 other states, and a survey administered to TANF officials in all 50 states and the District of Co-

lumbia.<sup>1</sup> We conducted our work from August 2001 through February 2002, in accordance with generally accepted government auditing standards.

In summary, of the 2.1 million cash assistance cases funded by federal TANF or state maintenance-of-effort dollars in the fall of 2001,<sup>2</sup> one-third of these cases, or 700,000, were composed of one or more children only. Because no adult in these families receives TANF or state MOE funded cash assistance, work requirements and time limits do not apply. Regarding work requirements, when PRWORA established federally mandated participation rates, it also included a “caseload reduction credit” provision. This provision specifies that each state’s mandated participation rate is to be reduced if its welfare caseload declines. Because of the dramatic declines in welfare caseloads that have occurred since 1996, states have generally faced greatly reduced mandated participation rates for the TANF programs. For example, in fiscal year 2000, caseload reduction credits reduced mandated participation rates to 0 in 31 states—instead of the mandated rate of 40 percent specified in the law. As a result, states have increased flexibility in determining the numbers of adults that are to be involved in work or work activities. Regarding time limits, after accounting for child-only cases, states excluded 11 percent of the remaining 1.4 million families with an adult from federal or state time limits. States’ experiences with implementing work requirements and time limits highlight key issues of interest for the reauthorization of TANF provisions, including the relatively limited number of families that have reached their time limits so far and the future adequacy of the federal 20 percent extension.

### **Background**

PRWORA made sweeping changes to national welfare policy, creating TANF and ending the federal entitlement to assistance for eligible needy families with children under Aid to Families With Dependent Children (AFDC). The Department of Health and Human Services (HHS) administers the TANF block grant program, which provides states with up to \$16.5 billion each year through fiscal year 2002. TANF was designed to help needy families reduce their dependence on welfare and move toward economic independence. The law also greatly increased the discretion states have in the design and operation of their welfare programs, allowing states to determine forms of aid and the categories of families eligible for aid. TANF establishes time limits and work requirements for adults receiving aid and requires states to sustain 75 to 80 percent of their historic level of welfare spending through a maintenance-of-effort requirement. In addition, TANF gives states funding flexibility, which allows states to exclude some families from federal time limits and work requirements.

### **TANF Establishes Time Limits and Work Requirements for Adults Receiving Aid**

TANF establishes a 60-month time limit for families receiving aid. States have the option of establishing shorter time limits for families in their state. A state that does not comply with the TANF time limit can be penalized by a 5 percent reduction in its block grant. While the intent of TANF is to provide temporary, time-limited aid, federal time limits do not apply to all forms of aid or to all families receiving aid. First, states are only to count toward the 60-month time limit any month in which an individual receives a service or benefit considered “assistance,” which is defined in the TANF regulations as cash or other forms of benefits designed to meet a family’s ongoing basic needs.<sup>3</sup> Second, time limits do not apply to the following types of cases:

1. Cases in which the adult in the household does not receive cash assistance, typically called “child-only” cases.<sup>4</sup>

<sup>1</sup> We visited California, Illinois, Maryland, and New York and conducted telephone interviews with Colorado, Hawaii, Florida, Michigan, Massachusetts, Mississippi, Texas, and Wisconsin. The states were selected to represent a range of factors, including variation in caseload size and in TANF program funding choices. The survey had a 100 percent response rate, although each state did not respond to all questions.

<sup>2</sup> This represents the number of families receiving cash assistance during 1 month between October and December of 2001.

<sup>3</sup> “Assistance” does not include things like nonrecurrent, short-term benefits, such as rent deposits or appliance repairs; work subsidies; work supports such as child care or transportation subsidies for working families; or any other services such as counseling, case management, and peer support that do not provide basic income support.

<sup>4</sup> HHS has indicated that it would be inconsistent with statutory intent for states to simply remove adults from assistance units once they reach their 60-month time limit and then continue to use federal dollars to pay benefits to the children as a child-only unit. States may choose to use their MOE funds to do this.

2. Families that received assistance while living in Indian country or an Native Alaskan village where 50 percent of the adults are not employed.

Third, all states have the option to use federal funds to extend assistance beyond the federal 60-month limit for reasons of hardship, as defined by the state. States can extend assistance for up to 20 percent of the average monthly number of families receiving assistance (“20 percent extension”).<sup>5</sup> States can also extend assistance for victims of domestic violence through federally approved domestic violence waivers.<sup>6</sup> Finally, assistance that is provided solely through state MOE is not subject to the federal time limit.

TANF also establishes work requirements for adults receiving aid. After 2 years of assistance, or sooner if the state determines the recipient is ready, TANF adults are generally required to be engaged in work as defined by the state.<sup>7</sup> In addition, TANF establishes required work participation rates—a steadily rising specified minimum percentage of adult recipients that must participate in federally specified work or work-related activities each year.<sup>8</sup> States were required in federal fiscal year 2002 to meet a work participation rate of 50 percent for all TANF families with adult members—referred to as the rate for all families. States were also required to meet a much higher rate—90 percent—for two-parent families.<sup>9</sup> States must meet these work participation rates to avoid financial penalties. While states have generally met the work participation rate for all families, many states have faced financial penalties due to failure to meet the two-parent required rate in recent years. HHS issued penalty notices to 19 states in fiscal year 1997, 14 in fiscal year 1998, 9 in fiscal year 1999, and to 7 states in fiscal year 2000.

In addition to establishing federal participation rate requirements, PRWORA specified that the required rates are to be reduced if a state’s TANF caseload declines. States are allowed caseload reduction credits, which reduce each state’s work participation requirement by one percentage point for each percentage point by which its average monthly caseload falls short of its fiscal year 1995 level (for reasons other than eligibility changes).

In addition, federal time limits and work requirements may not apply in some states that were granted federal waivers to AFDC program rules in order to conduct demonstration programs to test state reforms.

#### **States May Choose Various State Funding Options for Providing Cash Assistance**

Previously, under AFDC, state funds accounted for 46 percent of total federal and state expenditures. Under PRWORA, the law requires states to sustain 75 to 80 percent of their historic level of spending on welfare through a maintenance-of-effort requirement to receive their federal TANF block grant. The federal TANF funds and state MOE funds can be considered more like funding streams than a single program and states may use their MOE to assist needy families in state programs other than their TANF programs. In fact, states have flexibility to expend their MOE funds for cash assistance in up to three different ways, some of which allow states to exclude some families from time limits and work requirements.

- A state may use its state MOE funds in three different ways to provide cash assistance for needy families.

<sup>5</sup> In calculating the federal 20 percent extension, child-only cases are included in the denominator but not in the numerator. All things being equal, the larger the percentage of child-only cases in a state’s caseload, the greater the number of families with adults whose time limit may be extended.

<sup>6</sup> States can elect the Family Violence Option allowing states to waive any TANF requirement, under certain conditions, for victims of domestic violence. If a state elects the Family Violence Option and waives the time limits for such recipients and later faces a penalty for extensions that exceed the 20 percent cap, the state may qualify for a reasonable cause penalty exception.

<sup>7</sup> States may not penalize parents with children under age 6 for not working if child care is not available. States have the flexibility to exclude other categories of recipients from work requirements, although they cannot remove these individuals from the work participation calculation.

<sup>8</sup> States may choose to exempt parents with children under age 1 from calculation in the work participation rate. Work activities that count for federal participation rate purposes include employment, work experience programs, on-the-job training, community service, providing child care for other TANF recipients, job search, and (under certain circumstances) education and training.

<sup>9</sup> The two-parent work participation rate of 90 percent means that each two-parent family must participate in a federally defined work activity for an average of at least 35 hours per week and that a specified number of hours be attributable to specific work activities. A state may have one parent participate for all 35 hours, or both parents may share in the work activities. HHS issued penalties for not meeting the two-parent work participation rate in fiscal year 2000 to Alaska, Arkansas, Minnesota, Mississippi, New Mexico, North Carolina, and Wisconsin.

- **Commingling:** A state can provide TANF cash assistance by commingling its state MOE with federal funds within its TANF program.
- **Segregating:** A state can provide some TANF cash assistance with state MOE accounted for separately from its federal funds within its TANF program.
- **Separating:** A state can use its state MOE to provide cash assistance to needy families in any one or more non-TANF state programs, referred to as “separate state programs.”

Each state may choose one or more of these options to provide cash assistance. In some cases, in this testimony, we refer to the second and third options as using “state-only” funds when the distinction between segregating and separating funds is not necessary. In addition, we focus only on cash assistance and not on other forms of aid or services, including, for example, child care and transportation, for which time limits and work requirements generally do not apply.

How a state structures its funds determines which TANF rules apply to the needy families being served. (See table 1.) When a state commingles funds, it must meet all TANF requirements. For example, states that commingle all their state MOE with federal funds are only able to exclude families from time limits through the 20 percent extension, cannot exclude families from counting towards the federal work participation rate, and cannot provide assistance to certain groups of legal immigrants.

**TABLE 1: APPLICATION OF KEY TANF RESTRICTIONS AND REQUIREMENTS ON STATE MOE FUNDS UNDER THE THREE FUNDING OPTIONS**

	Application of PRWORA rules by state funding option		
Key program requirements and restrictions for cash assistance.	State TANF program with federal or commingled funds.	State TANF program with state MOE accounted for separately from federal funds (referred to as segregated).	State MOE for needy families in any non-TANF state program (referred to as separate state program)
Does 60-month time limit apply?	Yes, except for up to 20 percent of the cash assistance case-load.	No .....	No
Do work-activities count toward the federal work participation rate?	Yes .....	Yes <sup>a</sup> .....	No
Do restrictions on assistance to immigrants apply? <sup>b</sup>	Yes .....	No .....	No

<sup>a</sup> With this option, states have the flexibility to serve families they might not otherwise be able to serve in TANF, such as certain legal immigrants, but at the same time count their work activities toward meeting the federal participation target rate.

<sup>b</sup> Immigrants arriving in the United States after August 22, 1996, are barred from the receipt of federal TANF assistance for a 5-year period.

States may exclude families from time limits by funding their cash assistance with state MOE, either through “segregated funds” or in any non-TANF state programs. More specifically, any month of cash assistance funded solely by state MOE funds does not count toward the federal 60-month limit and may be provided to families who have reached their federal time limit. States may exclude families from federal time limits if they

- **Stop the clock.** States can “stop the clock” so that a family’s cash assistance does not count towards the federal time limit.
- **This is accomplished by funding any month of cash assistance with state-only funds rather than with federal or commingled federal and state dollars.** For example, if a state provides monthly cash assistance to working families with state-only funds, those months of assistance do not count toward the federal time limit. **Extend the time limit.** States can provide cash assistance beyond the 60-month time limit by using state-only funds. A state may extend a family’s time limit because it has determined that the adult needs more time to prepare for and find employment.

Finally, while not required by federal law, states may choose to apply time limits on their state-funded assistance. In this case, states may also decide to stop the clock or extend time limits for certain families.<sup>10</sup>

In addition, families provided cash assistance funded by state MOE through non-TANF state programs are not subject to federal work requirements, though states may choose to impose their own work requirements on these families.

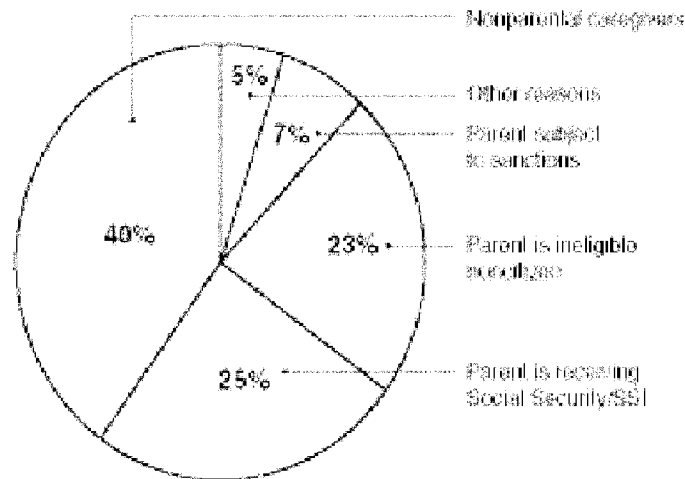
### One-Third of Families Receiving Cash Assistance Are Child-Only Cases Not Subject to Federal Work Requirements or Time Limits

States reported that in the fall of 2001, 2.1 million families received cash assistance funded with federal TANF or state MOE dollars, with about 700,000, or one-third, of these families composed of children only. Generally, child-only cases are not subject to work requirements or time limits.<sup>11</sup> The most common types of child-only cases were families in which the

- caregiver is a nonparent, such as a relative, often a grandparent (40 percent);
- parent is receiving Social Security or Supplemental Security Income and not eligible for TANF (25 percent);
- parent is a noncitizen ineligible for federally funded TANF (23 percent);<sup>12</sup> and
- parent is subject to sanctions (7 percent). (See figure 1.)<sup>13</sup>

The breakdown of child-only cases varied significantly across states, however. For example, child-only cases in which the parent is an ineligible noncitizen ranged from 0 percent in ten states to 39 percent in California and 77 percent in Texas; this variation is likely due to the variation in immigrant populations across the states. (For more information on each state's child-only caseload, see Appendix I.)

**Figure 1: Reasons for Child-Only Cases**



Note: States were only able to report on 434,420 of the 700,000 federally funded child-only cases. Eighteen states had no data on the reasons for their child-only cases.

Source: GAO survey.

<sup>10</sup>Nineteen states have chosen a time limit shorter than 60 months as allowed by PRWORA, with the most common limit being 24 months.

<sup>11</sup>Connecticut has a small number of state-funded child-only cases that are subject to a state-imposed time limit on state-funded assistance. The time limit exclusion rules in Connecticut's separate state program are the same for both recipient and non recipient parents.

<sup>12</sup>Some households may include parents who are illegal immigrants or legal immigrants ineligible for cash assistance in addition to children who are citizens and eligible for cash assistance.

<sup>13</sup>States can sanction individuals not complying with TANF program requirements by taking away part or all their TANF cash benefits and possibly other public benefits as well.



**States Use Flexibility Under PRWORA To Exempt Some Families From Federal Work Requirements**

Reduced federal participation targets—due to declining caseloads and the caseload reduction credit—and states' use of their MOE funds in non-TANF programs give states considerable flexibility in implementing work requirements. (For more information on how states use their MOE funds, see Appendix II). Since the implementation of welfare reform, states have experienced strong economic growth and welfare caseloads have declined dramatically, from 4.4 million in August 1996 to 2.1 million as of September 2001, marking a 52 percent decline in the number of families receiving cash welfare. The work participation target rate for every state in fiscal year 2002 is 50 percent for all families. However, once the caseload reduction credit is taken into account, the target rates can be greatly reduced. For example, as shown in table 2, the actual rate for all families reported by HHS for fiscal year 2000 was zero in 31 states and less than 25 percent in all but two states.

**TABLE 2: FISCAL YEAR 2000 REQUIRED ALL-FAMILY WORK PARTICIPATION RATE FOR EACH STATE AFTER FACTORING IN CASELOAD REDUCTION CREDIT (STATED RATE WAS 40 PERCENT)**

[Target Numbers in Percent]

State	Target	State	Target
Alabama .....	0	Montana .....	0
Alaska .....	11	Nebraska .....	14
Arizona .....	0	Nevada .....	0
Arkansas .....	6	New Hampshire .....	0
California .....	8	New Jersey .....	1
Colorado .....	0	New Mexico .....	17
Connecticut .....	28	New York .....	5
Delaware .....	0	North Carolina .....	0
District of Columbia .....	11	North Dakota .....	0
Florida .....	0	Ohio .....	0
Georgia .....	0	Oklahoma .....	0
Hawaii .....	25	Oregon .....	0
Idaho .....	0	Pennsylvania .....	0
Illinois .....	0	Rhode Island .....	24
Indiana .....	0	South Carolina .....	0
Iowa .....	1	South Dakota .....	3
Kansas .....	17	Tennessee .....	0
Kentucky .....	0	Texas .....	0
Louisiana .....	0	Utah .....	6
Maine .....	9	Vermont .....	40
Maryland .....	1	Virginia .....	0
Massachusetts .....	0	Washington .....	2
Michigan .....	0	West Virginia .....	0
Minnesota .....	9	Wisconsin .....	0
Mississippi .....	0	Wyoming .....	0
Missouri .....	0		

Source: The Administration for Children and Families, HHS.

As a result, states have had increased flexibility in determining the numbers of adults that are to be working or preparing for work and the types of activities required. For states to count families' activities towards the work participation rate, families have to be participating in federally approved work activities. In a previous report, we found that some states included recipients in a range of work and work-preparation activities that extend beyond those that meet federal work participation requirements, particularly to meet the needs of recipients considered hard to employ.<sup>14</sup> Officials in one state told us that because the work participation rates are so low due to caseload reduction credits, states have more flexibility in the types of activities or services provided, for example, substance abuse treatment or mental health services, without fear of not meeting their federal work participation rates. In other cases, the lower target rates give states more flexibility in exempting TANF

<sup>14</sup>For more information, see U.S. General Accounting Office, Welfare Reform: Moving Hard-to-Employ Recipients into the Workforce, GAO-01-368 (Washington, D.C.: Mar. 15, 2001).

recipients considered hard to employ from meeting work requirements, as we found in our report on TANF recipients with mental and physical impairments.<sup>15</sup>

In addition to the flexibility provided by reduced federal target rates, many states have increased work requirement flexibility by using state MOE funds to provide cash assistance through non-TANF programs, as allowed by PRWORA. Twenty-six states use state MOE funds to provide cash assistance through separate state programs, which allows states to exclude families from federal work requirements and to serve certain immigrants ineligible for federal TANF. Sixteen of these states provide cash assistance to two-parent families through these programs. Several state officials told us they provide aid in this way to avoid the risk of financial penalties for failing to meet the federal two-parent work participation rate. State officials told us that two-parent families often have as many or more challenges as single parents, making the higher target rate for two-parent families difficult to meet.<sup>16</sup>

While states expressed concern about failing to meet the federal target rate for two-parent families, all 16 of these states imposed their own state work requirements on these families. Thirteen of the 26 states used state MOE in separate programs to provide cash assistance to certain legal immigrants not eligible for federal TANF aid; these 13 states still apply a state work requirement for these families as well. Overall, approximately nine-tenths of the families receiving cash assistance in separate state programs are still subject to a state work requirement. While states generally imposed work requirements, about half of them also have policies in place to exclude families facing significant barriers to work from work requirements. For example, 13 states exclude families with an adult who is disabled and 13 states exclude families that care for someone with a disability.

#### **States Excluded 11 Percent of Adult Families From Federal and State Time Limits**

States generally targeted time limit exclusions to families they considered hard to employ, families that were working but not earning enough to move off of TANF, and families that were cooperating with program requirements but had not yet found employment. During fall 2001,<sup>17</sup> states excluded from federal or state time limits 11 percent of the 1.4 million cash assistance families with adults. The number of families excluded from time limits may increase in the future because most families have not yet reached their federal or state-imposed cash assistance time limit.

#### **Federal 20 Percent Extension and State-Funded Time Limit Exclusion Policies Generally Target Working or Hard-to-Employ Families**

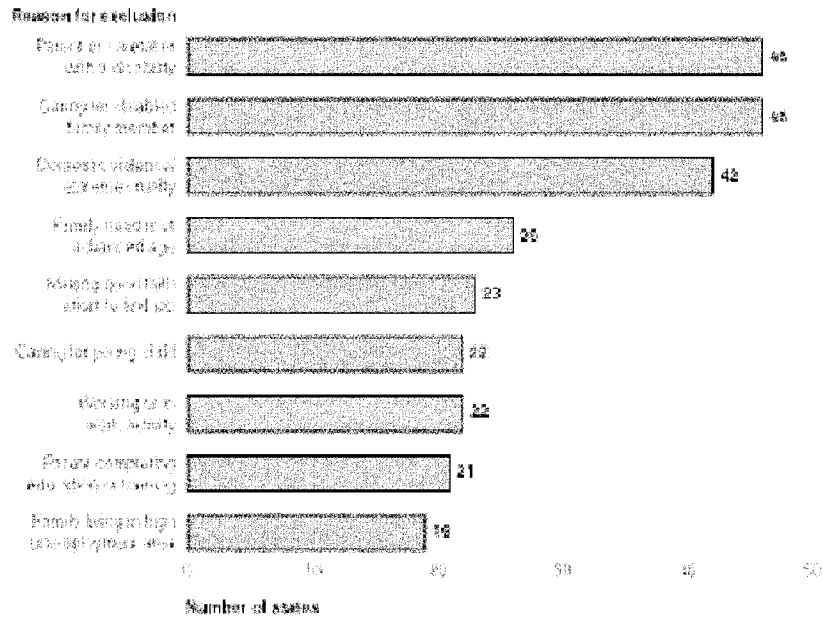
States targeted time limit exclusions to families they considered “hard to employ”, families that were working but not earning enough to move off of TANF, and families that were cooperating with program requirements. The majority of states excluded “hard-to-employ” families in which the parent had a disability or was caring for a child with a disability, families dealing with domestic violence, and families with a head of household of advanced age. (See figure 2.) Some of these exclusions are granted on a temporary basis (such as for disabled recipients pending transfer to the Supplemental Security Income program), and others are granted for longer periods of time (such as for family heads of advanced age).

<sup>15</sup>For more information on TANF and persons with disabilities, see our report entitled: U.S. General Accounting Office, Welfare Reform: More Coordinated Federal Effort Could Help States and Localities Move TANF Recipients With Impairments Toward Employment, GAO-02-37 (Washington, D.C.: Oct. 31, 2002).

<sup>16</sup>The caseload reduction credit would also decrease the 90 percent work participation requirement for two-parent families; however, some states told us that they still moved two-parent families into separate state programs because they did not want to rely on caseload reductions to avoid a financial penalty.

<sup>17</sup>In our survey, we asked states to provide us information for the most recent month for which they had complete data. Most states reported numbers from a month in the first quarter of federal fiscal year 2002.

**Figure 2: Number of States with Exclusions to Federal or State Time Limits by Recipient Characteristic**



Source: GAO survey.

Twenty-two states exclude working families from time limits, either through the federal 20 percent extension or by using state-only funds. Maryland and Illinois, for example, “stop the clock” for working families by funding them with state-only dollars. Officials from both states told us that their states adopted this policy to reward working families for complying with program requirements.

States that exclude families by using state-only funds use similar criteria to those used by states that rely solely on the federal 20 percent hardship extension. Using the 20 percent extension, states are able to extend time limits for a broad range of families, such as families cooperating with program requirements or making a “good faith effort” to find employment. For example, officials from Michigan, a state that commingles all of its state funds with federal funds, told us that they will use the 20 percent extension for all recipients following the rules of the program; if the number of families they want to provide and extension to begins to exceed 20 percent, they plan to continue providing assistance through state funds. Almost half of the states exclude families making a good faith effort to find employment.

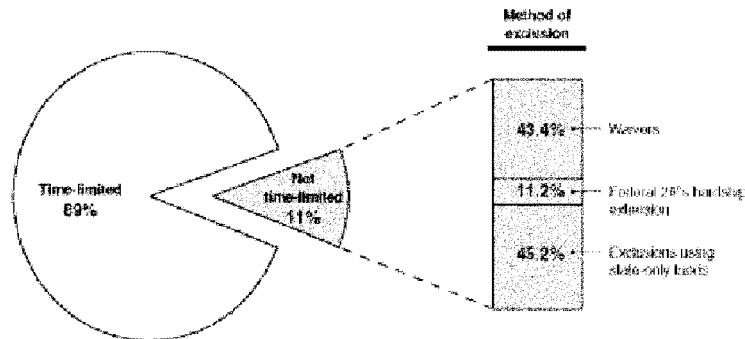
**While States Had Excluded 11 Percent of Families with Adults from Time Limits as of Fall 2001, This Percentage May Increase as More Families Reach Their Time Limits**

States have excluded from time limits 11 percent of the approximately 1.4 million families with adults receiving federal—or state-funded cash assistance. (See Appendix III for the percent of exclusions by state.) As shown in figure 3, 45 percent of these families—mostly in Illinois, Massachusetts, and New York—were excluded through states use of state-only funds. An additional 43 percent of the families were excluded from time limits under federal waivers granted to states before welfare reform to conduct demonstration programs. Many of these waivers remain in effect.<sup>18</sup>

<sup>18</sup> Eight states exclude federally funded families from time limits because of pre-existing waivers to their welfare programs that allow them to exempt federally funded families from the federal time limit. These states are Arizona, Hawaii, Indiana, Nebraska, Oregon, South Carolina, Tennessee, and Virginia. In addition, Connecticut was operating under a waiver through Sep-

Continued

**Figure 3: Percentage of Families with Adults Excluded from Time Limits and Method of Exclusion**



Note: Exclusions do not total 100% due to incomplete data from states. Delaware was unable to provide us with caseload data and is not included in this figure.  
Source: GAO survey.

Even though states are free to exclude all state-funded families from time limits, 64 percent of state-funded families that include adults were still subject to a time limit imposed by the state. Twenty-six of the 33 states with state-only funds apply a state time limit to some or all of their state-funded cases. (See Appendix IV for additional information on state choices regarding funding and time limits.)

The percentage of the caseload that is excluded from time limits may increase, since most families have not reached their time limit. In 22 states TANF had not been in effect long enough for families to reach either the federal or the state time limit by the time we conducted our survey.<sup>19</sup> Even in those states where it was possible to have received 60 months of cash assistance, many families had not reached their time limit because they have cycled on and off welfare, slowing their accrual of time on assistance. As a result, only 15 states had begun to use the federal 20 percent hardship extension, and all of these states were applying it to less than 6 percent of their total caseload. One state we visited, California, told us it estimated that over 100,000 families with adults would reach the federal time limit in the next year. California plans to use state-only funds to continue aid beyond 60 months to children by removing the adult from the case. California also plans to continue aid to families that are making a good faith effort to find employment and to families that are hard to employ because the adult is aged, disabled, caring for a disabled family member, or experiencing domestic violence.

#### States' Experiences with TANF Highlight Issues for Reauthorization

States' experiences with implementing TANF time limits and work requirements for families receiving cash assistance highlight key issues related to reauthorization of TANF provisions. Officials from the four states we visited and eight states we interviewed shared their views on work requirements and time limits, and the flexibility they have to implement them. Some state officials commented on the limited extent of states' experiences with time limits, given that many families have not yet reached their time limits, as well as their inexperience with operating TANF during times of state budget pressures. State officials also highlighted their concerns about the federal 90 percent work participation requirements for two-parent families.

#### States Support TANF Flexibility, but Some States Have Concerns

In general, state officials we spoke with were supportive of time limits and work requirements. For example, Maryland officials said that one advantage of time-limits assistance and work requirements was that families understood that the receipt

tember 2001. As a result, the federal clock did not start on federally funded families that were exempt from Connecticut's state time limit until October 2001. Therefore, Connecticut can extend cash assistance to some of its federally funded families well beyond 60 months without using the federal 20 percent extension.

<sup>19</sup>States responded to our survey using their most recent month of data available—generally a month in the first quarter of fiscal year 2002 (October through December of 2001).

of cash assistance was no longer an entitlement, thereby changing the culture of welfare. In addition, another Maryland official noted that time limits encourage caseworkers to link families, particularly the hard to employ, to the services they need to become self-sufficient. States also said that, for the most part, flexibility in implementing time limits and work requirements were important in allowing them to meet the needs of special populations while supporting the federal goal of reducing dependency. The flexibility in implementing their own time limits helps to ensure that states can adapt the federal program to meet state and local needs while still emphasizing the transitional nature of cash assistance through time limits.

While state officials were generally supportive of TANF flexibility, officials in almost all of the states we spoke with expressed the desire to have more flexibility in counting education and training towards the federal work participation rate. Some states officials also expressed a desire to count activities such as mental health and substance abuse counseling towards the federal work participation rate. The states that did not opt for additional flexibility through the use of state-only funds expressed two general concerns. First, they were uncertain about the consequences of their funding flexibility under TANF. A Mississippi TANF official told us that the state plans to follow the federal regulations rather than risk penalties by establishing its own program rules that could become confused with the federal regulations. Second, Colorado state officials were concerned about the potential administrative burden that could result from creating separate funding or programs that used state-only funds.

#### **Changing Economic Conditions May Pose Difficult Choices for States in the Future**

Up until very recently, TANF has been implemented under conditions of strong economic growth, with declining cash assistance caseloads and the resulting increase in resources available to states to assist families. This has fostered increased flexibility in how state officials use their federal TANF and state maintenance-of-effort dollars. Several states we interviewed now face budget pressures and increasing cash assistance caseloads, which could affect the policy choices they make about funding mechanisms and time limit exclusions in the future. This could affect some states' choices regarding continued support for families that take longer to become self-sufficient. California state officials noted that its plan to continue aid for all children whose parents have reached time limits may pose a future financial burden on the state.

#### **States' Experiences with Adequacy of the 20 Percent Federal Extension May Change as More Families Reach Time Limits**

State officials generally thought the 20 percent federal extension was adequate now, but were less sure about the future, given that many families have not yet reached the 60-month time limit. Given that states' experiences with families reaching their time limits is still limited, it is important to emphasize that much remains unknown nationwide about the numbers, characteristics, and experiences of families who have reached or are close to reaching federal time limits on assistance. In the past we have recommended that HHS work with state officials on this issue to promote research and provide guidance that would encourage and enable state officials to identify who has reached the 60-month time limit before they are able to work. HHS has taken steps to do so.<sup>20</sup>

#### **States Support the Goal of Helping Two-Parent Families Reduce Their Dependency but Would Like More Flexibility in the Federal Two-Parent Work Participation Rate**

State officials cited their difficulties in meeting the federal work participation target rate for two-parent families and a few discussed their solutions—serving two-parent families in separate state programs to avoid potential financial penalties. These states typically apply their own work requirements and time limits to these families, demonstrating the states' expectation that these families take steps to reduce dependency in the absence of a federal requirement to do so.

Mr. Chairman, this concludes my prepared statement. I will be happy to respond to any questions you or other members of the subcommittee may have.

#### **GAO Contacts and Acknowledgments**

For future contacts regarding this testimony, please call Cynthia M. Fagnoni at (202) 512-7215 or Gale Harris at (202) 512-7235. Individuals making key contribu-

<sup>20</sup> For more information, see GAO-01-368.

tions to this testimony included Sigurd Nilsen, Katrina Ryan, Elisabeth Anderson, Kara Kramer, Kim Reniero, and Patrick DiBattista.

#### APPENDIX I: STATES' CHILD-ONLY CASELOADS AND REASONS FOR CHILD-ONLY CASES

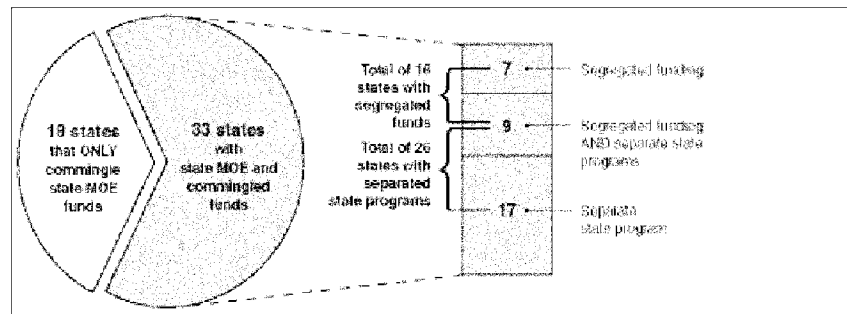
Percentage of TANF and state MOE child-only cases by reason						
Percentage of total caseload that is child-only	Parent receiving SSI	Parent is ineligible noncitizen	Parent is subject to sanctions	Non-parental caregivers	Other reason	
Alabama	45					
Alaska	19	39	6	0	55	0
Arizona	44	0	33	0	63	4
Arkansas	42					
California	34	14	39	16	23	8
Colorado	38	27	0	0	55	17
Connecticut	34	40	5	1	54	0
Delaware						
D.C.	19					
Florida	57					
Georgia	46	0	0	0	100	0
Hawaii	13					
Idaho	42	0	0	0	100	0
Illinois	40	58	10	0	28	4
Indiana	20	42	4	13	41	0
Iowa	25					
Kansas	33	35	4	5	56	0
Kentucky	44	0	0	0	100	0
Louisiana	45	45	0	0	55	0
Maine	24					
Maryland	33	18	1	1	76	5
Massachusetts	37					
Michigan	32	54	3	3	40	0
Minnesota	21	47	11	0	40	2
Mississippi	45					
Missouri	25	50	1	0	49	0
Montana	22	37	7	0	56	0
Nebraska	31	64	0	0	36	0
Nevada	31	9	12	0	76	3
New Hampshire	29	30	0	0	51	19
New Jersey	34					
New Mexico	15					
New York	32					
North Carolina	50					
North Dakota	25	18	0	32	50	0
Ohio	45					
Oklahoma	44	34	6	0	60	0
Oregon	35	28	25	3	37	7
Pennsylvania	28					
Rhode Island	18	52	32	0	16	0
South Carolina	45	41	1	0	58	0
South Dakota	57	22	0	0	78	0
Tennessee	28	41	0	0	58	0
Texas	34	0	77	0	0	23
Utah	29	30	0	0	70	0
Vermont	16	56	0	0	44	0
Virginia	27					
Washington	32	28	21	0	48	3
West Virginia	31					
Wisconsin	61	51	0	0	49	0
Wyoming	73					

#### APPENDIX II: STATE FUNDING CHOICES

Most states use some form of state MOE funding to provide cash assistance to families. Eighteen states relied solely on federal or commingled federal and state

funds in their TANF programs to provide cash assistance, as shown in figure 4. The other 33 states used at least one of the state MOE funding options in addition to commingled funds: 7 had segregated funds; 17 had separate state programs; 9 had both segregated funds and separate state programs.

**Figure 4: Number of States That Use Different Funding Mechanisms to Expend State Funds on Cash Assistance**



Source: GAO survey.

States across the nation have opted to use state MOE funds to provide cash assistance. (See Table 3.) States with larger caseloads are more likely to use segregated funds or separate state programs than smaller states; similarly, states with the smallest caseloads are more likely to commingle all of their state and federal funds.

**TABLE 3: FUNDING STREAMS IN ALL STATES AND THE DISTRICT OF COLUMBIA**

Commingled funds	Commingled + segregated state funds	Commingled + separate state programs	Commingled + segregated + separate state programs
Alaska .....	Arizona .....	Alabama .....	California.
Arkansas .....	Massachusetts .....	Georgia .....	Connecticut.
Colorado .....	Minnesota .....	Hawaii .....	District of Columbia.
Idaho .....	Nebraska .....	Indiana .....	Delaware.
Iowa .....	Oregon .....	Maine .....	Florida. <sup>b</sup>
Kansas .....	Pennsylvania .....	Missouri .....	Illinois.
Kentucky .....	Washington .....	Montana .....	Maryland.
Louisiana .....	.....	Nevada .....	Rhode Island.
Michigan .....	.....	New Jersey .....	Vermont.
Mississippi .....	.....	New Mexico .....	
North Carolina <sup>a</sup> .....	.....	New York .....	
North Dakota .....	.....	Tennessee .....	
New Hampshire .....	.....	Texas .....	
Ohio .....	.....	Utah .....	
Oklahoma .....	.....	Virginia .....	
South Carolina .....	.....	Wisconsin .....	
South Dakota .....	.....	Wyoming .....	
West Virginia .....	.....	.....	

<sup>a</sup> North Carolina uses only federal funds to provide cash assistance  
<sup>b</sup> Florida has segregated and separate state programs but no federal/commingled.  
 Source: GAO survey.

Even though two-thirds of the states have opted to use segregated funds, separate state programs, or both to provide cash assistance, only 11 percent of the total number of families receiving cash assistance is funded with these funds.

**APPENDIX III: PERCENTAGE OF TANF OR MOE FAMILIES WITH ADULT RECIPIENTS IN EACH STATE NOT SUBJECT TO FEDERAL OR STATE TIME LIMITS**

State	Percentage	State	Percentage
Alabama .....	1	Montana .....	0
Alaska .....	0	Nebraska .....	26
Arizona .....	76	Nevada .....	0
Arkansas .....	0	New Hampshire .....	3
California .....	0	New Jersey .....	0
Colorado .....	0	New Mexico .....	0
Connecticut .....	27	New York .....	28
Delaware .....	(a)	North Carolina .....	0
D.C. ....	2	North Dakota .....	0
Florida .....	2	Ohio .....	4
Georgia .....	0	Oklahoma .....	1
Hawaii .....	27	Oregon .....	97
Idaho .....	0	Pennsylvania .....	2
Illinois .....	34	Rhode Island .....	6
Indiana .....	7	South Carolina .....	26
Iowa .....	0	South Dakota .....	0
Kansas .....	1	Tennessee .....	29
Kentucky .....	0	Texas .....	0
Louisiana .....	0	Utah .....	4
Maine .....	25	Vermont .....	7
Maryland .....	9	Virginia .....	54
Massachusetts .....	53	Washington .....	0
Michigan .....	8	West Virginia .....	0
Minnesota .....	10	Wisconsin .....	0
Mississippi .....	0	Wyoming .....	6
Missouri .....	6	.....	.....

<sup>a</sup> Delaware was not able to provide us with data on the families excluded from time limits in its caseload. Source: GAO survey.

**APPENDIX IV: STATE-BY-STATE INFORMATION ON STATE FUNDING, APPLICATION OF TIME LIMITS, AND USE OF 20 PERCENT EXTENSION**

States	Have state MOE funds in segregated and separate state programs	Apply state time limit to some/all families served through state MOE funds	Have not reached federal and/or state time limit at time of survey	Were using 20 percent extension at time of survey
Total .....	(33)	(26)	(22)	(15)
Alabama .....	X	X	.....	X
Alaska .....	.....	.....	.....	X
Arizona .....	X	.....	.....	.....
Arkansas .....	.....	.....	.....	.....
California .....	X	X	X	.....
Colorado .....	.....	.....	.....	X
Connecticut .....	X	X	.....	X
Delaware .....	X	X	.....	(a)
DC .....	X	.....	X	.....
Florida .....	X	X	.....	.....
Georgia .....	X	X	.....	.....
Hawaii .....	X	X	X	.....
Idaho .....	.....	.....	.....	.....
Illinois .....	X	X	X	.....
Indiana .....	X	X	.....	.....
Iowa .....	.....	.....	X	.....
Kansas .....	.....	.....	.....	X
Kentucky .....	.....	.....	X	.....
Louisiana .....	.....	.....	X	.....
Maine .....	X	.....	.....	X
Maryland .....	X	X	X	.....
Massachusetts .....	X	X	.....	.....
Michigan .....	.....	.....	.....	X



**APPENDIX IV: STATE-BY-STATE INFORMATION ON STATE FUNDING, APPLICATION OF TIME LIMITS,  
AND USE OF 20 PERCENT EXTENSION—Continued**

States	Have state MOE funds in segregated and separate state programs	Apply state time limit to some/all families served through state MOE funds	Have not reached federal and/or state time limit at time of survey	Were using 20 percent extension at time of survey
Minnesota .....	X	X	.....	X
Mississippi .....	.....	.....	.....	X
Missouri .....	X	X	X	.....
Montana .....	X	X	X	.....
Nebraska .....	X	X	.....	.....
Nevada .....	X	X	X	.....
New Hampshire .....	.....	.....	.....	X
New Jersey .....	X	X	X	.....
New Mexico .....	X	X	X	.....
New York .....	X	.....	X	X
North Carolina .....	.....	.....	.....	.....
North Dakota .....	.....	.....	X	.....
Ohio .....	.....	.....	.....	X
Oklahoma .....	.....	.....	.....	X
Oregon .....	X	X	.....	.....
Pennsylvania .....	X	.....	X	.....
Rhode Island .....	X	X	X	.....
South Carolina .....	.....	.....	.....	.....
South Dakota .....	.....	.....	X	.....
Tennessee .....	X	X	.....	.....
Texas .....	X	X	X	.....
Utah .....	X	X	.....	X
Vermont .....	X	.....	X	.....
Virginia .....	X	X	.....	.....
Washington .....	X	X	X	.....
West Virginia .....	.....	.....	X	X
Wisconsin .....	X	X	.....	.....
Wyoming .....	X	.....	.....	.....

<sup>a</sup> Delaware was not able to provide data on their use of the federal 20 percent extension.  
Source: GAO survey.

**Related GAO Products**

*Welfare Reform: More Coordinated Federal Efforts Could Help States and Localities Move TANF Recipients with Impairments Toward Employment.* GAO-02-37. Washington, D.C.: October 31, 2001.

*Welfare Reform: Challenges in Maintaining a Federal-State Fiscal Partnership.* GAO-01-828. Washington, D.C.: August 10, 2001.

*Welfare Reform: Moving Hard-to-Employ Recipients Into the Workforce.* GAO-01-368. Washington, D.C.: March 15, 2001.

*Welfare Reform: Work-Site-Based Activities Can Play an Important Role in TANF Programs.* GAO/HEHS-00-122. Washington, D.C.: July 28, 2000.

*Welfare Reform: Improving State Automated Systems Requires Coordinated Federal Effort.* GAO/HEHS-00-48. Washington, D.C.: April 27, 2000.

*Welfare Reform: State Sanction Policies and Number of Families Affected.* GAO/HEHS-00-44. Washington, D.C.: March 31, 2000.

*Welfare Reform: Assessing the Effectiveness of Various Welfare-to-Work Approaches.* GAO/HEHS-99-179. Washington, D.C.: September 7, 1999.

*Welfare Reform: Information on Former Recipients' Status.* GAO/HEHS-99-48. Washington, D.C.: April 28, 1999.

*Welfare Reform: States' Experiences in Providing Employment Assistance to TANF Clients.* GAO/HEHS-99-22. Washington, D.C.: February 26, 1999.

Chairman HERGER. Thank you very much, Ms. Fagnoni.  
Maybe at this time, before going into questioning, the Ranking Member from Maryland would like to make an opening statement.

Mr. CARDIN. Thank you, Mr. Herger. Let me thank the Chairman. I apologize for being a little bit late. I had a morning meeting in Baltimore and sometimes the commute between Baltimore and Washington gets a little bit longer because of some of the road construction. If Congress would only appropriate the right amount of money for the roads, I could get here on time.

[Laughter.]

Mr. CARDIN. Mr. Chairman, over the last 6 years, the percentage of welfare recipients who are working has tripled. Furthermore, the percentage of never-married mothers who are working has climbed from less than 50 percent to almost 70 percent. Many of the women in this group have left welfare for work.

Now, obviously, this has been as a result of the TANF legislation passed 5 years ago. It has been as a result of a growing economy. We have also made work pay by increasing the earned income tax credit. All of this has contributed to the fact that we have more people working off of the welfare rolls. I find that noteworthy, despite the fact that I think most States would agree that the Federal work participation requirement did not really mean that much because of the credit that was available on people coming off of the welfare rolls.

I make that point, Mr. Chairman, because the States have acted responsibly without a Federal mandate on the work requirements, effectively. So I think we need to understand that the trust that we had in the States 5 years ago was well placed.

As we now look at the next step in welfare reform, I think we need to be somewhat cautious about being so prescriptive on the work requirements and taking away flexibility from the States that it makes it more difficult for the States to really carry out the intent of welfare reform.

So, yes, I believe very strongly in a work requirement and a work requirement that is meaningful. In fact, the legislation that I filed on behalf of my Democratic colleagues changed the credit from the caseload reduction to the employment so that we offer positive incentives for finding employment for people coming off the welfare rolls. But I just urge us not to be so prescriptive and restrictive to the States that they really cannot accomplish the purpose of welfare reform.

I am concerned that some of the requirements that are proposed by the President could, in fact, work just the reverse. It could encourage the States to go into work there rather than into private sector employment, and our objective is to get people into private sector employment, not into workfare jobs. I am concerned that by the work requirements that have been put into the President's proposal that we may actually be contrary to the trend we have seen over the last 5 years of finding private sector employment for the people coming off of welfare.

I think that is also true with the fact that the President's budget does not provide any additional funds for child care. If we are going to increase the work participation rules, then obviously we are going to have to put more attention on child care. If, in fact, there are no additional resources put on child care, to a certain degree, I think this becomes an unfunded mandate on the States and something this Committee needs to take a very careful look at.

So, Mr. Chairman, I look forward to the panel that we have. I look forward to our questioning of Ms. Fagnoni and her work with the panel that you have brought together so that we can come to a meaningful work requirement within the TANF reauthorization, one that affords the States the flexibilities that they need in order to make sure people not only come off the welfare rolls but have meaningful employment and can take care of their needs and do not have to live in poverty.

[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, over the last six years, the percentage of welfare recipients who are working has tripled. Furthermore, the percentage of never-married mothers who are working has climbed from less than 50% to almost 70%. Many of the women in this group have left welfare for work.

Obviously the strength of the economy over the last eight years, plus the work supports enacted by Congress over the last decade, especially the increase in the Earned Income Tax Credit, have substantially contributed to this trend. But I believe that welfare reform also has played a positive role in raising employment levels. Interestingly, States have managed to achieve this progress without massive work participation requirements coming from Washington. As we have heard before, and will hear again today, the caseload reduction credit greatly reduced or eliminated the Federal participation rates under TANF for every State.

This raises a key question. If welfare reform has been successful in promoting work without Federal work participation requirements, why does the Administration believe that much stricter Federal requirements are now central to the continued success of welfare reform?

I do not have a problem with replacing the current caseload reduction credit with an employment credit. In legislation that I introduced earlier this year, I proposed just such a change in order to reward States for helping people leave welfare for work, rather than simply exiting the rolls. However, I am concerned that drastically increasing the work participation rates and hours on the States, as proposed by the Administration, could actually have a harmful impact on the States efforts to move welfare recipients into real jobs.

Forcing States to focus time, money and effort on enrolling welfare recipients in unpaid, short-term work experience programs could distract them from their efforts to move welfare recipients into long-term, wage-paying jobs. For example, States could be forced to cut child care assistance for former welfare recipients and the working poor in order to pay for the day care costs of participants in workfare programs, especially since the Administration's plan does not include a single dime of new money for child care.

Furthermore, research suggests that unpaid work experience programs are not particularly beneficial in promoting long-term employment compared to other activities. For example, a study conducted by the University of Washington found that State's workfare program was less effective in boosting future earnings of welfare leavers compared to vocational training or even simple job search activities.

Perhaps that is one of the reasons that so few States have implemented workfare programs over the last six years. I do not see any reason why the Federal government should demand they do so now.

Finally, before I conclude, let me say a word about the five-year limit on TANF benefits. I believe that time limits send an important and necessary message to welfare recipients, namely that they need to take responsibility for their lives and attempt to move toward self-sufficiency.

But once an individual heeds that call, and they begin working and doing everything else we are asking of them, I believe States should have the flexibility to provide a wage subsidy to that person with TANF funds, without that assistance counting toward the individual's time limit. Considering that many welfare recipients may find low-wage, less-than-full-time employment, we should not discourage States from providing wage supplements to make work pay and to help working families escape poverty.

Thank you.

Chairman HERGER. I thank the Ranking Member for his comments. Now we will turn to questions, and the gentlelady from Connecticut, Mrs. Johnson, to inquire.

Mrs. JOHNSON. Thank you very much for your testimony, Ms. Fagnoni. You did move through a lot of very, very important information very rapidly, and I do not think any of us realize the extent to which the work requirements were not a problem to States because they were not being met.

After all the President's proposal does start out with the same 50 percent that is current law. While he phases in higher work requirements, in looking just at that 50 percent, what are the three or four key things, changes in the law that we would need to make in order to really require States to meet that 50 percent?

One that comes to mind from your testimony is that we would have to say that you cannot move these folks into State programs unless those State programs also have work requirements. Moving people into State programs that do not have work requirements seems to be a significant dodgeball move. Is that true or not? Could you give us any sense of proportionality in terms of these different actions that end up undermining the work requirements so that we can get a better picture of what we would have to do to make sure that the work requirement currently in the law does hold?

Ms. FAGNONI. Actually, what we have found is that while States use the flexibility given to them in part because of the caseload reduction credit, and they did use that flexibility to, in some cases, provide assistance to people through State funding, that in most cases, the individuals in these programs were still subject to State-imposed work requirements. I believe the figure is 90 percent.

The difference, though, is that in the State programs, States often will define work activities somewhat more broadly than what is allowed for under the Federal participation rate rules. So States might include things such as having somebody attend substance abuse treatment, something like that, somebody who needs that kind of help they feel to help move them into the work force. Under the States' program, that might count as a work activity. So States have used the flexibility to impose their own types of work requirements on most of the people who are in the State programs.

Mrs. JOHNSON. Are you saying that 90 percent of the State programs do have work requirements?

Ms. RYAN. Ninety percent of the families served with separate State programs are subject to a State work requirement.

Mrs. JOHNSON. And do we count the people in State programs that work toward the Federal work requirement?

Ms. FAGNONI. Not in all cases, that is right, because again, the States may be defining this differently than the Federal definition.

Mrs. JOHNSON. Well, ignoring for a moment the fact that the definition may be different, because under the new law that may not be such a problem, it would be useful to know that if we included the people in State work programs, then are the States—how close are the States coming to meeting the current 50 percent requirement? The idea that they are meeting 5 percent is very disturbing. On the other hand, if 90 percent of the States have people in pro-

grams that have work requirements, and then we can get into the definitional issue later, but we need to know that.

Ms. FAGNONI. I do not think we have a specific number that it would raise the percentage to, but again, these percentages are what they are required to meet. It does not necessarily mean that they have only done that amount, even through the Federal rules.

In fact, we did a report a couple of years ago where we looked at the fact that about 42 percent of TANF recipients on the rolls were engaged in some kind of Federal type of work activity, work activity as defined under the Federal laws. So just because they have a very low actual percentage, they need to meet does not mean that States, even under the Federal definition, have only met that amount.

Mrs. JOHNSON. It would be very helpful in going forward if you could look at sort of that last report and this report and help us see, under Federal law, how many actually are working, meeting the work requirements, and then under those who have been moved into State programs—

Ms. FAGNONI. If we added those in.

Mrs. JOHNSON. Because otherwise, it sounds like they are just moving them out of sight, out of mind, and that they are not part of the same program, and most of the State programs are very similar, but because of some of the lack of flexibility in our program, they have dealt with them differently. I do not know whether you have any statistics that would indicate how many of the people in State work programs are spending what percentage of their time in drug treatment and so on.

Ms. FAGNONI. No, we do not have that specific information.

Mrs. JOHNSON. Thank you.

Chairman HERGER. I thank the gentlelady from Connecticut. Now the Ranking Member, Mr. Cardin, from Maryland.

Mr. CARDIN. Thank you, Mr. Chairman.

Reading over your report, I see that you say that officials in almost all States we spoke to expressed the desire to have more flexibility in counting education and training toward the Federal work participation rate. Can you elaborate any further on that? What were the reasons for this? Is this just the fact that they want more flexibility in dealing with a Federal requirement or did they find that helpful in trying to find permanent placements for people who are leaving the welfare rolls?

Ms. FAGNONI. I think one of the issues is there seems to be some confusion over what kinds of education might count. It is supposed to be education that leads to employment, so there is some confusion there, some restrictions on the amount of vocational education that can count. And I think what States tend to tell us is that they want the flexibility to be able to decide, and sometimes on a case-by-case basis, that somebody needs some somewhat different package of services that they think will move that person into the workforce. States would like to have that ability to do that.

Mr. CARDIN. That is totally consistent with what we have heard from the National Governors and what we have heard from our State legislators who have been here talking about the fact that one size does not fit all and that is the real advantage of the original TANF bill. But you are right. We have found that some States

have interpreted Federal law on vocational education differently, and they have asked us for some help in giving them more flexibility in trying to meet their own individual needs.

One of my concerns is that, if I understand the President's proposal, there is a significant additional restriction on vocational education in that for the average person on welfare, they have to be in an employed position for 24 hours a week before they can get into vocational education. Did you have any conversations with the States as to how they would feel about such a proposal?

Ms. FAGNONI. At the time we were doing our work, specific proposals had not yet been introduced. Certainly, there were some general discussions about possible actions that might be taken, such as raising the Federal work participation rate, and basically what States told us with that was that some States at least said they think they could deal with a higher rate if they had some more potential flexibility in what might count toward that, as a work activity toward that new higher rate.

Mr. CARDIN. And I think that is consistent with what we are hearing, as you said, more flexibility. Some States are using more intensive vocational education for different types of people that could not fit into a 24-hour work week, is that not correct? Are they not using some—

Ms. RYAN. States did not specify that with us. They had just mentioned more flexibility in the area of vocational education and training, substance abuse treatment and mental health treatment, but we did not get into specifics.

Mr. CARDIN. More flexibility with the amount of time, with the 1-year restriction? More flexibility with the percentage of their caseload that could be in vocational education? More flexibility as to what is considered vocational education, or all of the above?

Ms. FAGNONI. I think it would probably be all of the above as it relates to the Federal requirement. You came back to the discussion with Mrs. Johnson. States with their own State funding are already using the flexibility that that provides to define work activities a little bit differently than the Federal definition.

Mr. CARDIN. That is very helpful. You also mentioned the fact that my State of Maryland is instituting wage supplements but feel that it is unfair that it counts toward the 5-year clock. So instead, what they are doing is using State funds only. Does that seem to be occurring more among the States, the use of State funds rather than using TANF funds in order to do things that are not permitted or that run counter to the intentions of the Federal TANF law?

Ms. FAGNONI. There are certainly States that are using State funds under the provisions of TANF to not meet Federal requirements but often placing their own types of requirements, including time limits. Some States have chosen, including Maryland, Illinois is another example, have chosen to use the State funding to allow them to, if you will, stop the clock for those who are receiving TANF but working. So they are, again, using that flexibility provided through the State funding. Some States have made that choice, others have not.

Mr. CARDIN. It is interesting, because all the studies that we have seen show that wage supplements are positive. It helps. It

helps people leave welfare and be able to have permanent employment and take care of their families, et cetera, and the wage supplements are good. As you point out, States have not had a problem yet with the 20 percent exemptions generally on the 5-year clock but they are concerned in the future that they are going to have a problem with the 20 percent meeting the 5-year clock, and therefore they are reluctant to use the wage supplements toward the 5-year clock, and that is one of the reasons I think they are asking us to modify that rule.

Thank you, Mr. Chairman.

Chairman HERGER. Thank you, Mr. Cardin. Would the gentleman from Louisiana, Mr. McCrery, wish to inquire?

Mr. MCCRERY. Yes. Thank you, Mr. Chairman.

My colleague from Maryland has spoken in his opening statement about his confidence in the States to do the right thing when given flexibility. I look forward to working with them on the unemployment compensation situation to give them the same flexibility.

Mr. CARDIN. Absolutely. We will put it together.

Mr. MCCRERY. Ms. Fagnoni, again, tell us what percentage of the current TANF caseload is not subject to the work requirements.

Ms. FAGNONI. Well, there are two ways we have presented this in the testimony. One has to do with the child-only cases, which, because there is no adult in the case, they are exempt from both the work requirements and time limits and that is about a third of the total caseload.

The work requirements, what we have is that under the separate State programs, the fact that about 90 percent of families are still subject to some sort of State-imposed work requirement while they may not be subject to the Federal requirement. But again, the child-only cases are not subject to the work requirement at all.

Mr. MCCRERY. Do you have a percentage of the current caseload that is not subject to the Federal work requirement?

Ms. FAGNONI. No, we do not. We do not have that information other than for the child-only cases.

Mr. MCCRERY. Is it not a fact that of the current caseloads, an extremely low percentage of those left because of the caseload reduction credit that the States get are not subject to the work requirement?

Ms. FAGNONI. Well, as I pointed out a little bit earlier, what the caseload reduction does is specify the rate that the States would have to meet to be in compliance, so it is a minimum. It does not mean that that is all States are doing, and in fact, from a report we did a couple of years ago, about 42 percent of TANF recipients are engaged in some kind of work activity who are receiving TANF. So while the effective rate, the minimum is very low, States—and, of course, it varies across States—States are having participants, even with the Federal funds, participate in work activities.

Mr. MCCRERY. So what you are saying, I think, is that under the current Federal law, the States would not be required to have a large percentage of their caseload working, but, in fact, because of State work requirements, there is a higher percentage than is required by the Federal law.

Ms. FAGNONI. Or their own choices about how they are dealing with TANF recipients to ensure that they are moving into the work

force before they hit the 5-year time limit. Many of them are having them in work activities even under the Federal definition to prepare them for work. So the caseload reduction credit and how that affects their rate is not what is driving States as much as it is their own decisions about how to help people while they are on welfare.

The other thing that States have told us, just as an aside, is they do not always—actually, when they are looking at their Federal participation rate, they often are not sure how the caseload reduction credit is going to be applied, so in some cases, they just have not even thought about that. They were too worried that they might miscalculate and be out of compliance, so they have gone ahead and tried to meet Federal work requirements that they thought might apply to them. So they have actually found that reduction credit somewhat confusing.

Mr. McCRERY. Mr. Chairman, we do not have with us today HHS, but they have a recent report that shows that a very high percentage of recipients are not doing anything to prepare for work while receiving their benefits. So I think we need to get some more testimony on this to clear it up and find out just where we are.

How many States do not have any work requirement?

Chairman HERGER. Excuse me, Secretary Thomas will be before us next week, so we will be able to inquire.

Mr. McCRERY. Good. How many States have no work requirements for those in separate State programs?

Ms. RYAN. I think we have found that the majority of States have implemented State work requirements in those separate State programs.

Ms. FAGNONI. So that 10 percent are not.

Ms. RYAN. Of the families.

Ms. FAGNONI. Of the families would not be subject to a work requirement, again, of the families with an adult.

Mr. McCRERY. OK. Just one quick question, Mr. Chairman. As the States spend money on separate programs, and they do not use the Federal dollars for whatever reason, do those expenditures count against their maintenance of effort requirement?

Ms. FAGNONI. Yes, they do. Yes.

Mr. McCRERY. Thank you.

Chairman HERGER. Thank you, Mr. McCrery. Now we will turn to the gentleman from Michigan, Mr. Levin, to inquire.

Mr. LEVIN. Thank you very much. This has turned out, Mr. Chairman, I think to be a useful hearing. I hope that all the Members will read and listen to what you say. I sense there is a polarization growing in this place about the next step of welfare reform that I do not understand.

Mr. Cardin pointed to a portion in your report where you talk about while State officials were generally supportive of TANF flexibility, officials in almost all the States we spoke with expressed the desire to have more flexibility in carrying education and training toward the Federal work participation rate. Those of us who supported, especially as we finally shaped it, welfare reform believe the States should have some flexibility, and the curious thing is now that some of those supporters seem to be saying the dictate should come from here and I do not really understand that.



Also, I did not see it in the written testimony, if you would read back, if you would, Ms. Fagnoni, what you said about States not using caseload reductions. I just got the first part of that. I think I got the first four words right, but I am not sure.

Ms. FAGNONI. What we said basically was that because of the caseload reduction credit, a number of States, their mandated participation rates were, in effect, much lower than one might think from just looking at the law, and for 31 States, the mandated participation rate was zero once one factored in the caseload reduction credit.

Mr. LEVIN. And then you said something about the States were not using—what did you say about that?

Ms. FAGNONI. Well, my point was—

Mr. LEVIN. Do you remember? Is it in your written testimony?

Ms. FAGNONI. Well, my point was that while this is the mandated participation rate, that does not mean that is what States have done in fact in terms of placing people in work activities, either with the Federal funds or with the State funds. What that specifies is what they are mandated to do to, at a minimum, to not have a financial penalty.

Mr. LEVIN. But I think you then went on to say that the States were not using caseload—

Ms. FAGNONI. Well, what I said was this is not something that is given to them in advance. It sort of depends on how the caseload declines and some States were worried that they might not be sure of what the mandated rate would turn out to be, so they tended to not place so much weight on what a caseload reduction credit might end up being because of that concern.

Mr. LEVIN. I think the main point here is that States are using the flexibility by and large to get people to work and that even those who are on cash assistance, and substantial numbers are in some kind of a work or work-related activity. Mr. McCrery talked about an HHS report. Do you know, does the HHS collect data on the work participation as defined by Federal law or—

Ms. FAGNONI. Yes.

Mr. LEVIN. So when you cite or talk about the HHS report, those data are, as I understand it, in terms of the Federal definition and not what the States may be doing within their own programs. Is that an accurate statement of HHS data?

Ms. HARRIS. Their data reporting changed dramatically. I think for fiscal year 2000, it is supposed to be the first year that they had some information on not just activities that count toward the Federal participation rate but a broader set of activities, and we have not seen that data yet and you might have that data. With the old data reporting system, it was more just geared toward those federally counted activities, and I think there is new data now on a broader set of activities.

Mr. LEVIN. And those data, in terms of State programs, is that a comprehensive report from the States? Would that cover all of the work or work-related activities as defined by the States?

Ms. HARRIS. I do not have the details of it.

Mr. LEVIN. You are not sure.

Ms. HARRIS. I believe that was the intent.

Mr. LEVIN. The reason is I think that we need to discuss what are the major challenges before us today as we look at welfare reform. There has been no discussion here today about the average wage of people who move off of welfare into work, which according to unemployment data is \$2,050 a quarter, about \$8,000 a year. I think before we get polarized over the issue of work requirements, we had better ask ourselves whether an objective of welfare reform is to help people move out of welfare into work and in a way that they will in a foreseeable future be earning enough so that they can feed and educate their children and actually snip the dependence that they once relied on. Thank you.

Chairman HERGER. I thank the gentleman from Michigan. Now I recognize another gentleman from Michigan to inquire, Mr. Camp.

Mr. CAMP. Thank you, Mr. Chairman, and thank you for holding this hearing.

Ms. Fagnoni, I have been listening carefully to your testimony, and I think it does get a little bit confusing between what the Federal requirements are and what States are actually doing. I am interested in kind of your assessment on what implication your testimony about exceptions to work requirements and time limits has for the President's proposal, which would require 24 hours a week of work as opposed to the current 30, and then 16 hours of any other activity, which many of us would view as strengthening the work requirement. Even though it means that we may be expecting more of parents receiving cash assistance, would a large portion of the caseload not be exposed to those increased requirements given the data as you have seen it?

Ms. FAGNONI. In some cases, it is difficult to exactly know what all the interactions might be between what is going on now and what a specific proposal might do, but certainly one would have to set aside the child-only cases which are—I mean, we cite the one-third, but it is a number that has been growing. So that portion of the caseload, because there is no adult receiving assistance, would be exempt. So that is one piece of the story.

Then there are some other pieces of the story related to, you know, some of the States' decisions to serve individuals, families with adults through their State funds, either because in some cases they were concerned. For example, two-parent families, they were concerned they might not be able to meet participation rates given what they thought were some of the problems that two-parent families faced, or where they felt that serving people with State funds might allow them to, again, expand the definition of work activities a little bit, or their choices in things like stopping the clock when people are working and receiving TANF.

So based on what States were telling us, and again, not linked to any specific proposal, but based on what at least some of them were telling us, they felt that they could handle somewhat higher work participation rate requirements if they were given perhaps some more flexibility with how those activities might be defined, but we did not get into specifics and did not have specific proposals in front of us to talk through with them.

Mr. CAMP. And part of that also, the two-parent families, would likely be enrolled in separate State programs and—

Ms. FAGNONI. That is what is being done quite a bit now, yes.

Mr. CAMP. In looking at this data, you mentioned that 11 percent of the caseload is not subject to time limits, but only 11 percent of that group is using the Federal hardship exemption. So am I understanding that about 1 percent of the caseload, total caseload, currently uses the Federal hardship exemption?

Ms. RYAN. Of the adult caseload, that is correct.

Mr. CAMP. The adult caseload.

Ms. RYAN. But, obviously, the time limits have not been in place, or some States, 5 years is just beginning to hit. So a lot of States have not even begun to use the Federal 20 percent extension.

Mr. CAMP. I see also that on page 22, Oregon and Arizona stand out as exempting a significant portion of their caseloads. How have these States been able to avoid imposing time limits almost of any kind?

Ms. RYAN. Through waivers. Oregon has a waiver in place that exempts anyone if they are participating in a self-sufficiency activity, so that is all underneath waivers that were implemented before the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) was passed.

Mr. CAMP. I also want to bring attention to a Congressional Budget Office (CBO) view on child care funds. In 1996, they estimated that if States continued to spend, they would be underfunded by about \$13.1 billion, and, of course, that did not happen. We ended up having a surplus in TANF, contrary to CBO's predictions. I think part of the difficulty in projecting this is not really understanding what the caseload dynamic is going to be in the future. Do you have any way of telling us or predicting that?

Ms. FAGNONI. We do not have a way of predicting that. We can tell you that for the national data that are available through HHS, which lags somewhat, it is through September, I think it was about 28 States that were experiencing some relatively modest increase in their TANF caseloads. But the national caseload was still declining by a modest amount.

We actually have work currently underway for Mr. Cardin where we are collecting more up-to-date information on caseloads from 25 States and that will take us through December, which may give us a better idea of whether caseloads might be creeping up a little bit. But again, even that does not necessarily tell us what the future will look like, given economic conditions.

Mr. CAMP. But there is nothing to say that the additional 16 hours in any other activity, which might include training, might actually cause another dramatic drop in welfare caseloads. There is nothing to say that might not happen.

Ms. FAGNONI. Yes. I think it would be really difficult to predict because of a lot of interactions that might occur related to the availability of jobs and things like that. For much of welfare reform, there are a lot of jobs in the private sector that were pretty readily available for people.

Mr. CAMP. I see my time has expired. Thank you, Mr. Chairman.

Chairman HERGER. Thank you, Mr. Camp. Now the gentleman from Pennsylvania, Mr. English, is recognized.

Mr. ENGLISH. I thank you, Mr. Chairman, and Ms. Fagnoni, it is great to have you before us again.

Ms. FAGNONI. Thank you.

Mr. ENGLISH. Your testimony shows that 23 percent of child-only cases involve ineligible non-citizen parents receiving benefits for their eligible citizen children. What about in separate State programs? Do we know what proportion of the families being served are non-citizens?

Ms. FAGNONI. We do know that 13 States have chosen to provide assistance to immigrants who are ineligible for the Federal funding, to provide them with assistance, and in all 13 States, they do apply work requirements to these individuals.

Mr. ENGLISH. Do we know how many parents in child-only cases or separate State programs are actually illegal aliens?

Ms. FAGNONI. We have had a discussion about that. It is most likely that the child-only cases, the illegal alien is likely to show up there because that individual would not be eligible for assistance, either really probably through the Federal or State programs. I think what the States are doing is providing assistance to people who are here legally but who, because of the Federal requirements, are not eligible for TANF for some period of time.

Mr. ENGLISH. You also note in your testimony, on page 13, that States impose work requirements on non-citizens—

Ms. FAGNONI. Right.

Mr. ENGLISH. And that has been reiterated here, and that would be through a separate State program using only State funds. What about in cases where Federal assistance is provided to citizen children of non-citizen or illegal alien parents? Can there be any work requirements on these families receiving Federal assistance?

Ms. FAGNONI. If the individual is here legally, then I think that could be the group of people who are being served through the separate State programs. If somebody is here illegally, then they are not going to be eligible for assistance and, therefore, not having work requirements imposed on them. In fact, it is illegal for them to be here, and it is illegal for them to work here. It is an issue that has been problematic for policy makers for a number of years, where you have a mixed household where some of the people and often the children are actually citizens while their parents may be illegal aliens.

Mr. ENGLISH. Are there any recommendations out there for how we could close the loop and subject non-citizen families to work requirements or time limits?

Ms. FAGNONI. Certainly, where the immigrant is here legally, States have taken that approach in some cases by not just providing them assistance but by imposing the work requirement.

Mr. ENGLISH. Which States?

Ms. FAGNONI. There were 13 States.

Ms. RYAN. I know California and Maryland are a couple of them. I can get you the other ones.

Mr. CARDIN. Would the gentleman yield for one moment?

Mr. ENGLISH. Certainly.

Mr. CARDIN. It seems to me that, and I am looking at Texas where a large percentage of the child-only caseload is where the parent is an ineligible non-citizen, if we gave the States the flexibility under TANF to cover legal immigrants and then they cover

these cases, would there then not be a work requirement on the parent?

Ms. FAGNONI. There would, although it is not likely unless there were a decision to also provide assistance to illegal aliens. What we do not know is what portion of that percentage represents illegal alien heads of households.

Mr. ENGLISH. Reclaiming my time, I guess this is reiterated in the last question, but have there been any proposals put forward that you are aware of that speak directly to this?

Ms. FAGNONI. I think it has been more problematic with the illegal alien population because the root problem really is they are not supposed to be here in the first place, and so there have really not been any proposals that have gone anywhere that really address that issue. I think with people who are here legally, if they receive some kind of assistance, then I think there could be work requirements imposed.

Mr. ENGLISH. Thank you, Mr. Chairman. I yield back the balance—

Mr. CARDIN. Would the gentleman yield? I think you have another 30 seconds. Would you yield?

Mr. ENGLISH. Yes.

Mr. CARDIN. I want to clarify one point, if you would.

Mr. ENGLISH. Sure.

Mr. CARDIN. That is, if we gave the States the rights to cover legal immigrants as a discretion and they then covered these child-only cases where there is a legal immigrant as a parent, would not then the Federal work requirement apply if the States so choose to cover that family?

Ms. FAGNONI. It would no longer be a child-only case. It would then be a case with an adult in it and then they would have to make the decision what kind of work requirements to impose, that is right.

Mr. ENGLISH. And in that case, we would be fundamentally changing our policy toward welfare for non-citizens?

Ms. FAGNONI. That is right.

Mr. ENGLISH. Thank you, and I yield back the balance of my time.

Chairman HERGER. I thank the gentleman from Pennsylvania. Now the gentleman from Kentucky, Mr. Lewis, is recognized to inquire.

Mr. LEWIS. Thank you, Mr. Chairman.

Ms. Fagnoni, on page 14 of your testimony, you illustrate that of the 11 percent of the caseload not subject to time limits, only 11.2 percent of that group has been categorized as a hardship exemption. Is it right that only 1 percent of the caseload is currently using this exemption?

Ms. FAGNONI. That is correct, and that is, we think, primarily because while this TANF program has been in place at the Federal level for 5 years, the time limits are just beginning to come into play, and so in a lot of cases, States really do not have a very good handle on what proportion of their caseload might end up reaching this 5-year time limit and what they might need in terms of some kind of hardship extension.

Mr. LEWIS. That is all, Mr. Chairman. Thank you.

Chairman HERGER. Thank you. Ms. Fagnoni, how is the number in separate State programs expected to change over time, especially as more families reach Federal time limits? I understand that New York and California, comprising about one-third of the national caseload, are among the States that provide State benefits after a family has received Federal benefits for 5 years, and in these and other States with such policies from the families' perspective, is there an effective 5-year limit on their welfare checks?

Ms. FAGNONI. You are correct that some States at this point have said they have made the decision to extend benefits to individuals who remain on welfare even after the 5 years. Some States have told us, though, including California, that they might need to reconsider how much they are able to support based on State budgetary considerations and concerns. So there are States that do intend or are starting to extend benefits through their State programs, even after people reach the 5-year time limit, that is correct.

Chairman HERGER. I want to thank our witnesses. Thank you very much, Ms. Fagnoni, for your good testimony.

Ms. FAGNONI. Thank you, Mr. Herger.

Chairman HERGER. I would like to call up our second panel. This morning, we will be hearing from Marge Thomas, Chief Executive Officer, Goodwill Industries of the Chesapeake, Baltimore, Maryland, accompanied by Fatima Wilkerson, Baltimore, Maryland; the Honorable Jennifer Reinert, Secretary, Wisconsin Department of Workforce Development, Madison, Wisconsin; Dannetta Graves, Director, Montgomery County Department of Job and Family Services, Dayton, Ohio; Mark Greenberg, Senior Staff Attorney, Center for Law and Social Policy; Michael Fishman, Lewin Group, Falls Church, Virginia; Douglas Besharov, Professor, University of Maryland School of Public Affairs, College Park, Maryland, and Resident Scholar, Public Policy Research, American Enterprise Institute.

We will begin this panel with testimony from Marge Thomas, Chief Executive Officer of Goodwill Industries of the Chesapeake, Baltimore, Maryland, who is accompanied by Fatima Wilkerson of Baltimore, Maryland. A key focus of their testimony will be serving TANF recipients with barriers to employment.

At this time, I would like to insert into the record a recent study by the Urban Institute that shows that despite what seems to be commonly accepted belief that the welfare caseloads have gotten harder and harder to serve as the easiest cases have left for work, the caseload is generally the same as it was a few years ago. On page 30 of the report, the author notes that, "Contrary to conventional wisdom, our results did not indicate that adults on TANF in 1999 were significantly more disadvantaged than those on welfare in 1997."

[The material follows:]

The majority of adults on TANF reported significant barriers to employment. However, contrary to conventional wisdom, our results did not indicate that adults on TANF in 1999 were significantly more disadvantaged than those on welfare in 1997. While the data suggested somewhat poorer health status for the 1999 cohort of TANF recipients compared with the 1997 cohort, the differences were not statistically significant. Education levels and caregiving responsibilities also did not differ significantly. Of course, our results reflect a time period when TANF was just getting underway (1997) and one after TANF policy had evolved further (1999). While

caseloads were dropping rapidly during our two periods of observation, it may be that adults on TANF in 1997 and 1999 were more disadvantaged than those on welfare prior to 1997.

The clearest difference between the two cohorts of TANF recipients was increased work activity, especially paid work, among 1999 TANF recipients. While still at a relatively low level, paid work among those with multiple barriers to employment increased fourfold (from 5 percent in 1997 to 20 percent in 1999). These results clearly indicate the influence of a very strong economy coupled with states' strong "work first" programs that try to move recipients into paid jobs as quickly as possible.

Welfare cycling continued to characterize the TANF population. Some left but came back on, and new entrants comprised the same percentage of TANF adults in 1999 as in 1997. Our results highlight the continuing needs of a group of disadvantaged single mothers with low education levels and high levels of mental and physical health problems. The fact that one-third of new entrants were caring for an infant (compared with 1 in 5 cyclers and about 1 in 16 stayers)

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

Chairman HERGER. With that, I turn to Ms. Thomas for your testimony. Ms. Thomas.

**STATEMENT OF MARGE THOMAS, CHIEF EXECUTIVE OFFICER,  
GOODWILL INDUSTRIES OF THE CHESAPEAKE, BALTIMORE,  
MARYLAND, AND CHAIR, PUBLIC POLICY COMMITTEE,  
BOARD OF DIRECTORS, GOODWILL INDUSTRIES INTER-  
NATIONAL, INC.**

Ms. THOMAS. Thank you. Good morning, Chairman Herger, other Members of the Human Resources Subcommittee. I am Marge Thomas. I am the President of Goodwill Industries of the Chesapeake, which is located in Baltimore, Maryland. I am also representing today Goodwill Industries International. I chair the Public Policy Committee for the Board of Directors for Goodwill Industries, International, so I am also wearing that hat today.

Goodwill Industries International currently consists of 177 Goodwills who are operating throughout the United States. We are celebrating 100-year anniversary this year as a movement. Since 1902, we have had the experience of working with people who have multiple barriers to employment. I come to you speaking on behalf of all 177 Members.

In the year 2000, Goodwill Industries served 150,000 TANF recipients. We have served over 450,000 since 1996. Getting a little bit closer to home and talking specifically about our own Goodwill, Goodwill Industries of the Chesapeake operates in the Baltimore metropolitan area and the entire Eastern Shore. We have experience working with people with a variety of barriers, from folks who are crab pickers in the summertime and do not have jobs in the winter to individuals who are living in the inner city of Baltimore.

We operate 17 stores and 21 donation centers, which provide a great deal of employment to individuals, some of whom could not work if it were not for Goodwill Industries. We also operate nine custodial and mailroom contracts, primarily with the Federal and State governments. Those programs are used specifically for people with multiple or severe disabilities. In those programs, we also have been able to employ some individuals coming off of TANF who are not disabled in the support positions.

In addition to all of that, we operate 15 career centers located throughout our territory. This past year, we served over 4,000 people in a variety of different training programs. We placed 1,140 into competitive employment outside of Goodwill.

We operate a temporary employment agency. I was interested in reading in some of the studies that have been referred to during the proceedings today that a number of people who have been on TANF are actually accessing jobs through temporary employment. That is precisely why we started a temporary agency. Many of our recipients were not able to go directly into regular full-time employment because they lacked any work experience. By starting our temporary agency, we were able to put them out into temporary jobs. Many of the employers would then hire them into permanent positions as a result of their temporary work. This past year, we placed 399 people into temporary jobs, and of that, 75 were hired into full-time employment.

We target a variety of populations. We have a significant problem with high school dropouts in the City of Baltimore, so we certainly are serving that population. We work, obviously, with people who are preparing to leave welfare or who have left welfare. We also are operating programs with ex-offenders who have been released or are still incarcerated. That population also comprises a large number of people in the City of Baltimore.

We are finding more frequently that TANF recipients coming to us have been incarcerated or had experience with the judicial system. This creates yet another barrier to their employment. Additionally, we are working with a lot of people who have been involved in substance abuse. That is probably one of the largest number of individuals we serve as we move further and further along in the reduction of welfare.

What it takes a person to leave and stay off of welfare obviously gets significantly complicated as we add on all these different barriers. In our 100-year history, we have worked with people with disabilities. Again, that adds still another barrier if these individuals coming off of welfare have disabilities or have children with disabilities.

We operate a variety of programs. I want to highlight just a couple of things that we have found are absolutely critical in not just getting people off of welfare and but them off. Primarily this has to do with services after they are in jobs. Folks who are entering the job market are almost always entering at low wages. In order to help them to move up in the job market, we must do follow-up work. I would strongly encourage funding for post-employment support be part of whatever is considered for TANF reauthorization.

Finally, putting on my hat for Goodwill Industries International, we have been holding a series of forums across the country called Consensus to Build the 21st Century. We will soon have results available from all of these communities. Issues raised include the difficulty of working with multiple funding streams and the variety of requirements resulting from legislation to serve people in need. More coordination is critical. We will be happy to share more information from our consensus meetings as it becomes available.

I would like now to introduce somebody who I think you all need to hear far more than you need to meet any of the rest of us. That



is Fatima Wilkerson and Fatima will tell you her story and how she successfully did use the TANF legislation to gain employment and a new life.

[The prepared statement of Ms. Thomas follows:]

**Statement of Marge Thomas, Chief Executive Officer, Goodwill Industries of the Chesapeake, Baltimore, Maryland, and Chair, Public Policy Committee, Goodwill Industries International, Inc.**

Good Morning Chairman Herger and members of the Human Resources Subcommittee, I am Marge Thomas, CEO of Goodwill Industries of the Chesapeake, located in Baltimore, Maryland. In addition, I currently serve as the chairwoman of Goodwill Industries International's Public Policy committee. I would like to thank you for inviting me and Goodwill at large here today to speak on the issue of helping TANF recipients with multiple barriers enter and stay in the job market.

I am here representing my particular Goodwill, as well as all of the Goodwills in the United States, a group comprised of 177 local entities that are autonomous, community-based, non-profit corporations that provide career services and job training for people with barriers to employment.

Over its 100 year history, Goodwill has maintained a strong commitment to serving people with barriers to employment, providing the assistance and training necessary to enable these individuals to be engaged and effective members of our nation's labor force. Since our beginning in serving immigrant populations in Boston in 1902, through decades of work with persons with disabilities, to our current expansion of services to a broad range of individuals, Goodwill continues to back up its belief in the power of work for all people with quality service provision.

For the context of today's testimony, it is significant to note that since 1996, Goodwill collectively has served through pre—and post employment services, job training, soft skills training, and job search assistance over 450,000 TANF individuals and in 2000 alone, served over 150,000 TANF recipients.

Today, I am here to speak to you about the work Goodwill Industries of the Chesapeake is doing to move welfare recipients into stable employment.

Goodwill Industries of the Chesapeake serves the Baltimore Metropolitan area and the Eastern Shore of Maryland. Our retail network comprising 17 stores and 21 donation centers help to generate revenue for our employment services. We also have 9 custodial and mailroom contracts with federal agencies and the State of Maryland. These contracts allow us to employ 194 persons, 145 of whom are persons with severe disabilities. We are especially proud of our long-standing, 15 year + contract with the Social Security Administration.

Additionally, we operate 15 career centers where we prepare people for employment. In 2001, these career centers and our family support center provided services to 4,110 people. The staff at the Goodwill of the Chesapeake helped 1,140 people to obtain employment with employee benefits and career advancement opportunities. We operate a temporary employment agency, Goodwill Staffing Services that in 2001 helped 399 people to gain valuable paid work experience. Of the 399 individuals, 75 were hired permanently following their temporary employment.

All of the people we serve have one or more barriers to employment and we help them find and stay in good jobs. By design, we have targeted employment readiness programs for high school dropouts, for persons who need to leave welfare for employment, and for ex-offenders leaving prison and returning to Baltimore. I also want to stress how important it is to consider the special efforts that must be made to assist TANF recipients who are involved with the criminal justice system. We currently serve people who are in recovery from substance abuse, who are homeless, and those with severe disabilities.

I would like to give the subcommittee a brief idea of what it takes to help a person to leave and stay off welfare. To do this work, we take our clients through a number of steps that include:

1. Intake and assessment work that consists of determining a person's literacy and math abilities, interests and aptitudes, and need for services such as childcare and transportation.

2. Three or more weeks of job-readiness training to fully prepare job-seekers for employment focusing on the "soft skills" of how to accept supervision, what it means to give value to your employer, arriving at work on time and getting along with co-workers. For some of the people we serve, three months of occupational skills training is necessary to close a "skills gap," especially the basic computer skills many employers expect their employees to have.

3. A period of subsidized employment, usually three months, is often required for welfare recipients who have had little or no paid work experience. Often employers will hire these individuals permanently following a period of subsidized employment.

4. Transition into unsubsidized employment and follow-up support services is the most critical step in the work we do. Goodwill job placement staff also work closely with the more than 400 employers we place clients with and frequently makes visits to the workplace to get progress reports.

5. On-going case management support is also an essential service we provide to persons who have left welfare for work. Goodwill staff helps when benefits are mistakenly cut off. They provide support and guidance in the evenings and weekends to help clients cope with the multiple changes that they are experiencing as full-time employees.

These are a few of the many activities we undertake to help place and keep people in jobs.

I am accompanied by Ms. Fatima Wilkerson, who graciously agreed to take time off from work to join me today. She has benefited from the services I have described to you. Ms. Wilkerson will share with you her experiences of being served by Goodwill and her successful efforts to get and keep employment with job advancement potential.

We are particularly pleased that Goodwill has been very involved with welfare reform and will continue to be in the future. Over the last six months, Goodwill has been engaged in a yearlong public policy initiative, *Consensus to Build the 21st Century Workforce*. This initiative is an effort to understand the needs of our members and the communities they serve in developing and advancing the workforce needed in this new millennium.

Our goal is to help communities create effective programs and systems that help individuals with barriers to work gain access to skills, jobs and successful careers. We convened 13 grassroots meetings in medium and large cities as well as rural communities across the country. One of those meetings, I'm happy to share with you, was held in Baltimore.

At these meetings, Goodwill brought together leaders from business and government, service providers and other stakeholder communities to elicit information on the effectiveness and efficiency of the myriad of federal, state and local workforce development programs targeted to individuals with low wages, low skills and/or other barriers to successful entry into the workforce. Building on the results of these meetings, Goodwill is working with Congress, the Administration and the full Goodwill community to ensure better coordination and even more successful workforce programs now and in the future.

As part of the Consensus initiative, we are hosting an international forum this April in Austin, Texas, focusing on inclusion of the hardest to serve in the 21st century global workforce. This meeting will bring together CEOs, directors and managers from local Goodwills, non-profit organizations and foreign leaders. We will focus on lessons learned from serving those with multiple barriers, particularly in the U.S., United Kingdom, Hungary, the Netherlands, Ireland, Canada, Latin America and Mexico. We are particularly excited about what we can both learn from our international neighbors as well as share to help those with barriers find and keep a job.

Before I close, I would like to say that Goodwill is very pleased to be asked to comment on TANF and to be part of the ongoing discussion concerning reauthorization. As we have learned through our Consensus initiative, flexibility is key to eliminating the confusion among workforce programs and rules governing those programs. We have also learned that:

- There are too many issues and too little collaboration among programs and organizations with the same mission;
- The existing infrastructure is debilitating, not facilitating;
- There is a call for leveraging our commitment to workforce development now because time is of the essence; and
- There is a strong desire for a more coordinated system.

Therefore, we are particularly happy with the President's proposed "super waiver" which is a good first step in providing a more cohesive solution in communities to help people with multiple barriers to acquire and maintain employment. We at Goodwill are very happy to make ourselves available for further technical assistance in the effort to help as many welfare recipients find and maintain careers and excel in the workplace as possible.

Chairman and members of the Subcommittee, I am now happy to address any questions that you may have concerning my testimony.

**STATEMENT OF FATIMA WILKERSON, BALTIMORE, MARYLAND**

Ms. WILKERSON. Good morning. Good morning, Chairman and Members of the Subcommittee. My name is Fatima Wilkerson, and I currently receive support services through Goodwill Industries through the Work Matters program.

When I was 16, I became pregnant with my first child, and I was faced with a multitude of barriers before he was even born. I was a high school dropout. I had no work experience or job skills training and my son's father was shot in the head and partially paralyzed and so I had to single-handedly support my son.

When I was 17, I became employed working the night shift as a housekeeper, from 11:00 at night to 7:30 in the morning. Even though I had become employed, I was faced with new barriers in finding child care and finding transportation. I also had the burden of taking care of my two younger brothers, 12 and 6, because both my mother and father were incarcerated. It became too much for me, and I ended up eventually quitting my job.

I began to receive benefits from the Department of Social Services (DSS) when I was 18. I was put into a GED, General Education Development, training course, where I eventually received my high school diploma. Receiving my high school diploma was a very strong point in my life. It made me realize that I could achieve goals, but I had no idea, no direction of what those goals were, and how I would attribute them to me.

Being referred to Goodwill due to the Office of Employment and Development was a changing point in my life. I was given the support and assistance I needed to overcome my barriers. I received assistance in transportation and with finding day care, and I received assistance in maintaining a stable household after constant problems with my landlord. I was given work experience and skills training through subsidized employment from Goodwill, and I was awarded the Better Opportunities Through Online Education scholarship from Goodwill, which allowed me to attend the University of Maryland University College.

Goodwill is responsible for finding my current employer, the MCS Group, and I was referred by Goodwill to the East Harbor Village, which helped me open an individual development account which will put me on the path to home ownership.

Goodwill helped me to assess where I was in life and connect it to where I eventually want to be. Goodwill never sheltered me from my problems. Instead, Goodwill and its staff provided me with the support and assistance I needed to face those problems without being sidetracked from my aspirations of independence.

Moving from welfare to work was a very hard transition. I was faced with problems during my subsidized employment from DSS, being cut totally off of my cash benefits and still having to face paying rent and maintaining my child and paying gas and electric and just buying food and maintaining a household. My transition from welfare to work is still in progress. However, I am more than convinced that the services that I received at Goodwill thus far have brought me to the level of independence that I have achieved today, and if the Subcommittee would contribute a little bit more

time and effort and money, then I know that I will be able to move forward and become even more independent from the system and be more of a success.

Thank you for your time.

[The prepared statement of Ms. Wilkerson follows:]

**Statement of Fatima Wilkerson, Baltimore, Maryland**

Good Morning Chairman and Human Resources subcommittee.

My name is Fatima Wilkerson and I currently receive support services through the Goodwill industries work matters program.

When I was 16 I became pregnant with my first child. Before my son was even born I was faced with a multitude of barriers that would prevent me from being able to support my child on my own. I was a high school drop out, I had no job skills or training and my son's father had been shot in the head and partially paralyzed leaving me to single-handedly support my child.

I turned 17 and was able to find work as a housekeeper from 11 o'clock at night to 7:30 in the morning. As I tried to make advances without the help of Social Services, new problems like daycare and transportation began to arise. I also had the burden of caring for my 12 and 6 year old little brothers due to the incarceration of both my mother and father. These crippling circumstances soon became too overwhelming for me and I eventually quit my job.

I began to receive benefits from social services at 18. After a few months of receiving benefits, I was enrolled into a GED training course and eventually received my high school diploma. Receiving my diploma helped me to realize that I could achieve goals with effort, perseverance and patience. However, I had no idea what those goals were. I had received my High School diploma, but had no idea what to do with that diploma.

Being referred to Goodwill through the Office of Employment and Development was a changing point in my life. I was given the support and assistance I needed to overcome my barriers. I received assistance in transportation and with finding daycare. I received assistance in maintaining stable housing after constant problems with my landlord.

I was given work experience and skills training through subsidized employment from Goodwill, and I was awarded the Better Opportunities Through Online Education scholarship from Goodwill, which allows me to attend the University of Maryland University College.

Goodwill is responsible for finding my current employer, The MCS Group, Inc., and I referred by Goodwill to I.D.A., a program which gives assistance that will put me on the path of home ownership.

Goodwill helped me to assess where I was in life and connect that to where I eventually want to be. Goodwill never sheltered me from my problems instead, Goodwill and its staff provided me with the support and assistance I needed to face those problems without being side-tracked from my aspirations of independence.

My transition from welfare to work is still in process. However, I am more than convinced that the services that I received at Goodwill thus far have brought me to the level of independence that I have achieved today.

Thank You For Your Time.

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Chairman HERGER. Thank you, Ms. Wilkerson. You did an outstanding job. I know everybody joins me and all the Members here in congratulating you and commending you on a job very well done—

Ms. WILKERSON. Thank you.

Chairman HERGER. And for being the role model that you have become, as well. So thank you very much.

[Applause.]

Chairman HERGER. With that, we do have a vote on the floor, and we will recess and return immediately following the vote.

[Recess.]

Chairman HERGER. The hearing will reconvene. Ms. Reinert, I apologize for the interruption, but with that, we will open it up to your testimony. Thank you for being with us.

**STATEMENT OF THE HON. JENNIFER REINERT, SECRETARY,  
WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT,  
MADISON, WISCONSIN**

Ms. REINERT. Thank you. Chairman Herger, Ranking Member Cardin, and Members of the Subcommittee, thank you for inviting me here today to give Wisconsin's perspective on how TANF reauthorization can move the nation forward in our welfare reform efforts.

I would venture to say that everyone in this room and the State legislators and Governors of all 50 States share the same set of goals, a reduced need for government assistance, full employment, and healthy, self-sufficient families. The 1996 Personal Responsibility and Work Opportunities Reconciliation Act gave us the tools to work toward those shared goals, and we have seen remarkable success as a result.

The lessons learned in the past 5½ years of administering the TANF programs have added tremendously to our base of knowledge. Some of our strategies for achieving desired outcomes have changed as a result. But the basic program elements are still there.

The success of Wisconsin's TANF program, called Wisconsin Works, or W-2, stems from its work focus philosophy, its wide range of work training opportunities and work support, and its flexibility, all targeted at empowering parents to achieve personal responsibility for the welfare of their families.

President Bush's reauthorization proposal retains the welfare-to-work philosophy so fundamental to our reform efforts and leaves the funding levels and distribution formula unchanged. These are critical to helping States move to the next level of welfare reform. His proposal also introduces new program elements that will serve to enhance States' efforts. For example, a program integration waiver brings new opportunities for States to break down the silos separating our work programs for the betterment of our service delivery system as a whole, and the philosophy of full engagement is one of the cornerstones of the W-2 program, which has been in place since implementation.

Raising the bar on work participation will make a significant difference. States must, however, retain the ability to decide what activities are most appropriate on a case-by-case basis.

Given the time constraints, I am going to highlight five key elements of W-2 that we believe have contributed to the program's success. First, community partnerships. Wisconsin's geographic diversity, ranging from small rural communities to urban industrialized cities, calls for unique approaches that match the need of participants with the local employment conditions. To accomplish this, partnerships have developed amongst W-2 providers, community-based organizations, and employers, enabling communities to develop innovative solutions and communicate on a much broader scale.

Many of our W-2 participants have multiple problems in their lives and require a network of supporting guidance from outside

sources, and this need for support carries over into the workplace. In response, employers are providing mentoring relationships, specialized training, release time for education that helps parents to balance the needs of their family and work. Business brings invaluable resources to the program. Their participation is critical to program success and sustaining a healthy community.

The second element is outcome-driven performance standards for local W-2 providers. A set of 15 performance standards deal with such measures as successful attachment to the work force, educational activities attainment, and increased earnings. Our performance standards impact on W-2 agencies' contract dollars and future eligibility to be granted a W-2 contract. The competitive process to select the best and most enthusiastic providers and then to hold them accountable is essential to W-2 and performance standards are what drives this process.

The third element is retention and advancement. The initial focus of W-2 was helping people get jobs. The focus is also now on helping participants keep their jobs and advance in their jobs. Training, education, skill development, all enhance employment stability and advance to higher-wage jobs.

The fourth element is integration of work force programs. In the past, the focus was on referring to W-2 participants as former Aid to Families with Dependent Children (AFDC) recipients. That is being reframed. We are looking now at Wisconsin workers versus former welfare recipients. We have merged two major divisions within the Department of Work force Development, enabling us to look at all of our work force programs as a spectrum of services with a goal of promoting upward mobility and lifelong learning for all of Wisconsin's work force.

The fifth, the last and the most important, is full engagement. We engage everyone in work-related activities from day one with no exceptions. Time limits, work participation, and work requirements are important components to keep both participants and case managers fully engaged.

In conclusion, TANF reauthorization is an opportunity for Congress to further strengthen families through work. PRWORA's success thus far is based on flexibility provided by Congress, not in spite of it, and State and local innovations are driving factors. It is difficult for researchers to study and quantify our success because of the multiplicity of strategies across States has created a program that looks a lot like a patchwork quilt, but we owe it to our children and families to stay on this path where meeting individual needs are at the very center of every individual decision. Thank you.

[The prepared statement of Ms. Reinert follows:]

**Statement of the Hon. Jennifer Reinert, Secretary, Wisconsin Department of Workforce Development, Madison, Wisconsin**

Introduction

Chairman Herger, Ranking Member Cardin and members of the Subcommittee, thank you for inviting me here today to give Wisconsin's perspective on how TANF reauthorization can move the nation forward in our welfare reform efforts.

I venture to say that everyone of us in this room, and the legislatures and Governors of all 50 states share the same set of goals—a reduced need for government assistance, full employment and healthy, self-sufficient families.

The 1996 Personal Responsibility and Work Opportunities Reconciliation Act gave us the tools to work toward those shared goals and we've seen remarkable success as a result. The lessons learned in the past 5½ years of administering the TANF program have added measurably to our base of knowledge. Some of our strategies for achieving desired outcomes have changed as a result. But the basic program elements are still there. The success of Wisconsin's TANF program, called Wisconsin Works or W-2, stems from its work-focused philosophy, its wide range of work-training opportunities and work support, and its flexibility—all targeted at empowering parents to achieve personal responsibility for the welfare of their families.

President Bush's reauthorization proposal retains the welfare-to work philosophy so fundamental to our reform efforts and leaves the funding levels and distribution formula unchanged. These are critical to helping states move to the next juncture of welfare reform. His proposal also introduces new program elements that will serve to enhance states' efforts. For example, the Program Integration Waiver brings new opportunities for states to break down the silos separating our work programs for the betterment of our service delivery system as a whole. And the philosophy of full-engagement is one of the cornerstones of the W-2 program which has been in place since implementation. Raising the bar on work participation will make a significant difference as long as states can retain the ability to decide what activities are most appropriate on a case-by-case basis.

#### W-2 Overview

The W-2 program is open to all of Wisconsin's low-income families including non-custodial parents with income under 115 percent of the Federal Poverty Level. Once eligible, other sources of income such as receipt of child support, do not lower the individual's grant. The eligibility and job service provider functions are combined to allow the participants to develop a close relationship with one primary case manager. All adult W-2 participants are required to work to the very best of their ability. Like work, W-2 payments are based on participation, not on the number of children in the family. Each hour the individual fails to participate without good cause, the payment is reduced by the minimum wage of \$5.15.

W-2 is a multi-level program we call our ladder of employment. There are four rungs on this ladder including:

*Unsubsidized Employment:* Applicants who are ready for an unsubsidized job do not receive a cash grant, but do receive supportive services and case management to help them find or maintain employment.

*Trial Jobs:* Employer receives a subsidy to provide on-the-job training to the participant. The participant receives regular employment wages and may be hired permanently by the employer upon successful completion of the trial job.

*Community Service Job:* Participants receive \$673 per month in exchange for work training and educational activities.

*W-2 Transitions:* Participants with more severe barriers to work receive \$628 per month in exchange for participation in appropriate activities that move the participant towards employment.

What has Wisconsin accomplished with the flexibility granted to us under TANF?

*We are able to tailor employment services to the needs of the individual.* States' continued flexibility here is most critical because no two families have the same set of service needs. W-2's unique approach combines education with a progression of subsidized work training placements, allowing participants to get the type of training they are most in need of. Everyone is required to participate to the extent his or her abilities allow. Parents who are found to have more severe barriers such as substance abuse, physical or mental health issues or domestic violence, are offered a legitimate opportunity to address their needs through counseling, treatment, or vocational rehabilitation.

Let's take a case example from Wisconsin: This is a 35-year old woman living in an urban area of Wisconsin. She struggles with both physical and psychological issues including a back problem that is aggravated by obesity, post traumatic stress syndrome, depression and panic attacks. She continues on medication for depression, pain, blood pressure, and muscle relaxants. While the W-2 agency is assisting her in an appeal for SSI benefits, they also continue to work with her on activities that may help her someday become self-sufficient. Activities include:

- basic education studies—12 hours per week with a goal of completing her General Equivalency Diploma;
- Physical therapy, Dr's and dietitian appointments—24 hours per week;
- Mental Health Counseling—2 hours per week;
- Support groups for pain management and grief—1 hour per week;

The next steps for the agency and this participant are a vocational evaluation and assessment and exploration of career goals when physical and mental health symptoms are under control. You see can see by this example, how critical it is for agencies to have discretion in determining what activities are most appropriate.

Once participants are employed, cash benefits end, but employment supports continue. Child care subsidies, family health care coverage, transportation assistance, Job Access Loans and case management provide working participants with a network of support services that help them stabilize and prosper in their new work environment. Through case management, case workers help newly hired participants think through their work related needs and develop a plan for such things as back-up child care arrangements, money management and reliable transportation.

*We are engaging the whole community.* Wisconsin's geographic diversity—ranging from small rural communities to urban, industrialized cities—calls for unique approaches that match the needs of participants with the local employment conditions. To accomplish this, partnerships have developed amongst W-2 providers, community based organizations, and employers, enabling communities to develop innovative solutions and communicate on a much broader level about problems that impact on their participants.

Many of our W-2 participants have multiple problems in their lives that require a network of support and guidance from outside sources. And this need for support carries over into the work place. In response, employers are providing mentoring relationships, specialized training, and job retention services that help these parents learn to balance the needs of their family and work. Business brings invaluable resources to the program in the form of employment opportunity, leadership, vision and financial support. Their participation is critical to sustaining a healthy community.

*We have revolutionized how we do business with our local W-2 providers through outcome driven performance standards.* A set of 15 performance standards deals with such measures as successful attachment to the workforce, educational activities attainment and increased earnings. Our Performance Standards impact on W-2 agencies' contract dollars and future eligibility to be granted a W-2 contract.

The competitive process to select the best and most enthusiastic providers is essential to W-2 and Performance Standards are what drives this process. How did we come to rely so heavily on this strategy? We took a step back and analyzed what administrative requirements were making the greatest impact on our program. In the end, we came to realize that if we tell agencies what outcomes we expect for our participants, they will find the means to make it happen. The flexibility and empowerment strategies combined with these performance standards and accountability are what made welfare reform such a success in Wisconsin.

*We've invested in initiatives that not only support parent's entry into the workforce, but also more broadly help them work toward their career and life aspirations:*

Workforce Attachment and Advancement: offers services designed to promote upward mobility for low-income working families and non-custodial parents. WAA provides job retention and training services, which are essential to improving employment stability and advancement to higher wage levels.

Literacy Initiative: established workplace and family literacy programs for low-income families to provide job-specific literacy and vocabulary skills to adults in the workplace; and provide child and family tutoring to improve the literacy skills of individual family members.

*We have merged two major Divisions within the Department of Workforce Development enabling us to look at all of our workforce programs as a spectrum of services with the goal of promoting upward mobility and lifelong learning for all of Wisconsin's workforce.* While W-2 is the stepping stone into the workforce for parents with barriers to employment, the program by itself may not raise someone out of poverty. But the service delivery system in which W-2 participants are served extends work supports and training opportunities to individuals at income levels well above the poverty level.

#### Time Limits

Wisconsin views the 60 month time limits as an important means of motivation for both the participants and the case managers. The philosophy is quite simple: Time limits stress mutual responsibility. Government provides support and services designed to promote employment while, in return, participants are expected to prepare for and enter employment. Therefore, from the moment participants begin participating in W-2, they are urged to increase their work skills through work activities and education and training and enter the workforce as soon as possible, thus saving months of eligibility for future use.



Although the time limit provisions under TANF prompted states to develop their own tougher state-specific time limit provisions, Wisconsin is different in that it allows up to 60-months of lifetime eligibility for W-2 benefits, but it limits the amount of time a person can participate in each W-2 subsidized employment positions to just 24-months. This is meant to encourage moving up the “W-2 ladder” towards self-sufficiency without abruptly ending benefits. Based on the Department’s analysis of current TANF law and regulations, Wisconsin’s estimated caseload that will go beyond 60 months can continue to be funded using TANF, and will stay well under the 20% for a significant period of time.

#### Implementation of Time Limit Policies and Procedures

As we developed our policies and procedures and implemented time limits, we found a number of consistencies across our W-2 caseload:

- Although participants may be aware of time limits, they do not understand the specific details of the policy.
- The topic of time limits was neither at the forefront of participant’s minds nor a factor in influencing their actions.
- Participant’s time limited benefits as one-time deadline without considering whether they will have to return to cash assistance or not.

Wisconsin developed policies and procedures to address these consistencies. Frequent explanation of time limits and the details of the policy, beginning with application and continuing throughout a participant’s time on W-2, assists them in understanding the detail of the policies. Our FEPs (Financial and Employment Planners) must continually assist participants in sorting through the day-to-day complexities they may experience and create short-term strategies for helping them—using the reinforcements the law and policy have given them. And, the FEPs must assist participants in exploring other resources the participant may be able to use and explain the need to save for the future in case of emergencies such as labor market downturn.

In addition, because we were not the first state to reach time limits, we looked to other states for their experiences. What we observed is that a number of states turned to a multitude of exemptions and extensions that allowed thousands of cases to continue receiving assistance despite the end of the time limit. As a result, the participants and the local agencies cannot take time limits seriously. This was an approach Wisconsin did not want to mirror. Based on other states’ experiences, Wisconsin found that:

- Blanket exemptions or extensions lessen the sense of urgency time limits place on recipients, case workers and service providers;
- Under some circumstances, allowing cases additional time on cash assistance is a step backward into a trap that leaves these harder-to-serve cases dependent upon cash assistance, just as we experienced under AFDC;
- Allowing wholesale extensions to state-imposed time limits fails to prepare participants for the 60-month TANF time limit;

From the start, Wisconsin saw the need to prepare our administering agencies for the impacts of time-limits by ensuring that they were providing up-front, intensive case management. However, we recognized that even with encouragement and application of appropriate policies, not everyone would be successful in finding employment prior to reaching the time limits. For that reason, Wisconsin allows for extensions on a case-by-case basis to the time limits to give participants additional time in obtaining the skills, education and training and other supports they need. When determining if a W-2 participant is appropriate for an extension, considerations include prior cooperation with work requirements; inability to work due to incapacitation; caring for other incapacitated family members; significant limitations to employment, such as low achievement ability; and inability to find work due to local labor market conditions.

#### Thoughts on Time Limits for TANF Reauthorization

TANF reauthorization should retain time limits as they currently exist for the following reasons:

1. We need to continue to infuse a sense of URGENCY: by nature, people procrastinate.
2. Forging an attachment to the workforce takes time. The longer a work history you have—the more likely you can hold onto the job you have or get another one when times are tough.
3. Our employees who run the program need to help people quickly—because their clients need the income now. Staff need the push of a time limit as much as our participants do.

4. Employers need workers today not tomorrow, and the job that's there for our participant today may be filled with someone else tomorrow.

5. Our children need parents who are working role models TODAY. Researchers Wolfe and Haveman followed 1,700 families for 21 years—discovered: incidences of a child dropping out of school dropped by one-half when the parent worked full-time.

And finally,

6. A lifetime limit encourages people to treat government income assistance like an insurance policy or a savings account. Used sparingly, and as a last resource.

#### Child-Only Caseload

Our child-only caseload is stable and consists of children of SSI recipients and Kinship Care cases. In these cases, the parent of the child is either unable to work due to a disability or not caring for the child due to child welfare concerns. Both of these programs are run by the Wisconsin Department of Health and Family Services—this is particularly critical for the Kinship Care cases. It ensures that child welfare interventions and family reunification efforts can be made as necessary.

#### Where do we go from here?

In Wisconsin, we are extending our efforts at serving the more severely barriered segment of the caseload. The W-2 program is built on the premise that everyone is capable of doing some form of work and there is a place for everyone in the program who is willing to participate to their ability. Given that premise, Wisconsin was careful to build in features that ensure those individuals with more barriers to employment will not fall through the cracks: the extension policies I mentioned earlier for both the 24-month and 60-month time limits; formal assessments are required for all W-2 participants placed in the lowest rung of the W-2 program; and flexibility in participation requirements which allow for services such as mental health counseling, AODA treatment, or domestic abuse services. We have a number of new initiatives underway that will serve to enhance our understanding of what strategies are most successful with this population. Among other things, we are contracting with the University of Wisconsin-Milwaukee to design a screening tool for multiple barriers and we recently implemented a performance standard that bases W-2 contract dollars on appropriate assessment of participants.

#### Conclusion

TANF Reauthorization is an opportunity for Congress to further strengthen families through work. But in doing so, Congress must keep in mind the very real differences, not just across states, but from one community to the next:

- Rural communities vary drastically in their makeup of human service resources, transportation services, and safe, affordable housing when compared with Urban areas of a state; and
- Pockets of high unemployment are a reality in most states. These communities need special consideration for programs that attract new businesses and retraining of workers—an effort that requires a long-term planning approach;

PRWORA's success thus far is based on the flexibility provided by Congress, not in spite of it. And state and local innovation are driving factors. It is difficult for researchers to study and quantify our successes because the multiplicity of strategies across states has created a program that looks like a patchwork quilt. But we owe it to our children to stay on this path where meeting individuals needs are paramount to meeting the needs of the system that serves them.

Thank you.

Chairman HERGER. Thank you very much, Ms. Reinert, and particularly for the great example that your State has set in this area.

Now, we have the great pleasure of turning to our next witness, Ms. Dannetta Graves, Director, Montgomery County Department of Job and Family Services, Dayton, Ohio.

Ms. Graves.

**STATEMENT OF DANNETTA GRAVES, DIRECTOR, MONTGOMERY COUNTY DEPARTMENT OF JOB AND FAMILY SERVICES, DAYTON, OHIO**

Ms. GRAVES. Thank you. To the honorable Members of the Human Resources Subcommittee of the House Committee on Ways and Means and Representative Wally Herger, Chairman, I am here today to briefly discuss from a local perspective the implemented program strategies and the necessary flexibility and resources for the effective administration of work requirements and time limits under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

Ohio welfare reform legislation, in response to PRWORA, not only challenged counties to implement programs and strategies that would assist families to reach and maintain their maximum level of economic self-sufficiency, but also limited their receipt of TANF cash assistance to 36 months. The family is ineligible for 24 consecutive months before eligibility for cash assistance can be reconsidered for an additional 24 months.

The flexibility provided by Congress in PRWORA allowed Ohio's legislature to give counties two programs under which TANF assistance to families is provided, Ohio Works First, the cash assistance program, and the Prevention, Retention, and Contingency program. While Ohio's work requirements, self-sufficiency contracts between recipients and the county department, sanctions for those who fail without good cause to fulfill their obligation, and their time limits played a role in our reform of the welfare system, it was the PRC program that allowed us to achieve the level of success we continue to enjoy, despite the current economic slowdown.

Montgomery County in July 1992 had 41,450 individuals, nearly 15,000 families, receiving cash assistance at an average cost of \$4.58 million per month. Today, this number is 11,448 individuals, which is 5,128 families, and \$1.67 million per month.

This reduction is a direct result of Montgomery County's heavy emphasis on work and work preparation, investment in our Nationally recognized job center, which has some 48 partner agencies in it, a PRC program that focuses on providing people with the help they need to stay off public assistance, and our ability to involve the community and faith-based organizations, along with public agencies throughout the PRC-funded contracts to provide a myriad of programs to adults and youth. Many of these programs and services are targeted in Montgomery County's poorest neighborhoods and academic-deficient school districts.

The programs are designed to achieve the following: Improve a families' opportunity to obtain and retain employment, promote youth academic success and career exploration and development, connect families to resources that enhance career advancement and earnings potential, reduce out-of-wedlock pregnancies, promote family formation, provide mentoring for families and youth, reduce substance abuse, increase general education attainment and knowledge of community resources, promote payment and receipt of child support, promote the opportunities for homeownership, reduce school dropout rates, and reduce family violence.

Montgomery County in July 1999 was faced with 1,370 families reaching the 36-month time limit in the first 3 months beginning

October 1 of 2000. The need was clear. We had to implement a strategy that would significantly reduce the number of families who would face time limits and provide follow-up activities to those who actually did. In Ohio, each county had to establish the hardship criteria for extension of cash benefits.

The agency established the outreach unit, which provides intensive treatment to all families who have reached receipt of 20 months of cash assistance. This treatment includes home visits and assessments of the family situation to determine the barriers to self-sufficiency and provide access to the resources to address or relieve them. The intense treatment provided greater insight to the dynamics that prevent the realization of productive potential and growth. It also directed our efforts to seek other, more permanent resources, such as Supplemental Security Income (SSI) and Social Security disability, as well as other interventions to improve the family's stability and chances of achieving self-sufficiency.

This strategy resulted in only 170 families that actually faced time limits in the first 3 months beginning in October of 2000. The family situations discovered from the intensive efforts of the outreach unit, along with community forums with various stakeholders, established the hardship criteria. Once the criteria was applied, only 37 families had to face cash assistance termination in the first 3 months of the time limit. Also attached to my testimony, is information on these statistics so you can see where we are today.

TANF reauthorization proposed by the President, in general, has strong support from those of us who are responsible for its local administration. However, increasing required work hours from 30 to 40 hours per week will dramatically increase the cost of child care. Adopting the work first philosophy means you must provide quality child care at the level necessary to achieve your goal. Limiting a State's ability to transfer TANF funding to the social service block grant from 10 percent to 4.25 percent will severely impact some of our more innovative and effective programs to move families out of poverty.

Maintaining an enhanced TANF flexibility will be an ongoing theme from all who come before you. It is that flexibility that allows us to assist families that are on cash assistance as well as those who recently left the rolls and those poor families who do not receive or have not received cash assistance.

Remember, welfare reform is not just getting an adult member of the family a job. That is just the beginning. It is making sure that the children receive quality child care, after-school academic and cultural enrichment services, and career preparation. It is the availability of retention and advancement services to ensure employment now and in the future. Finally, it is the involvement of our community and faith-based organizations to enhance the efforts of our public agencies to improve the quality of life in our communities.

[The prepared statement of Ms. Graves follows:]

**Statement of Danetta Graves, Director, Montgomery County Department of  
Job and Family Services, Dayton, Ohio**

Good Morning:

To the Honorable members of the Human Resource Subcommittee of the House Committee on Ways and Means; Rep. Wally Herger, Chairman.

My name is Danetta Graves and I am the director of the Montgomery County Department of Job and Family Services, Dayton, Ohio.

I am here today to briefly discuss from a local perspective, the implemented programs, strategies, and necessary flexibility and resources for the effective administration of the work requirements and time limits under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA). Ohio's Welfare Reform legislation, in response to PRWORA, not only challenged counties to implement programs and strategies that would assist families to reach and maintain their maximum level of economic self-sufficiency, but also limited their receipt of TANF cash assistance to 36 months. The family is ineligible for 24 consecutive months before eligibility for cash assistance can be reconsidered for up to 24 additional months.

The flexibility provided by Congress in PRWORA allowed the Ohio legislature to give counties two (2) programs under which TANF assistance to families is provided: Ohio Works First (OWF), the cash assistance program, and the Prevention, Retention, and Contingency (PRC) program. While Ohio's work requirements, Self-Sufficiency Contracts between the recipients and the county department, sanctions for those who failed without good cause to fulfill their obligations and time limits played a role in our reform of the welfare system, it was the PRC program that allowed us to achieve the level of success that we continue to enjoy despite the current economic slow-down.

Montgomery County in July of 1992 had 41,450 individuals (nearly 15,000 families) receiving cash assistance at an average cost of \$4.58 million per month. Today that number is 11,448 individuals (5,128 families) at \$1.67 million per month. This reduction is a direct result of Montgomery County's heavy emphasis on work and work preparation, investment in our nationally recognized Job Center (One-Stop Career Center with 48 partner agencies), a PRC program that focuses on providing people with the help they need to stay off public assistance, and our ability to involve Community and Faith-Based organizations along with public agencies through PRC funded contracts to provide a myriad of programs for adults and youth. Many of these programs and services were targeted in Montgomery County's poorest neighborhoods and academic deficient school districts. The program services are designed to achieve the following:

- Improve a family's opportunity to obtain and retain employment
- Promote youth academic success, career exploration and development
- Connect families to resources that enhance career advancement and earnings potential
- Reduce out-of-wedlock pregnancies
- Promote family formation
- Provide mentoring for families and youth
- Reduce substance abuse
- Increase general educational attainment and knowledge of community resources
- Promote the payment/receipt of child support
- Promote the opportunities for home ownership
- Reduce school drop-out rates
- Reduce family violence

Montgomery County in July of 1999 was faced with 1,370 families reaching their 36 month time limit in the first three months beginning October 1, 2000. The need was clear. We had to implement a strategy that would significantly reduce the number of families who would face time limits and provide follow-up activities to those who actually did. In Ohio, each county had to establish the Hardship Criteria for extension of cash benefits. The Agency established the Outreach Unit which provides intensive treatment to all families who have reached receipt of 20 months of cash assistance. This treatment includes home visits and assessment of the family's situation to determine the barriers to self-sufficiency and provide access to resources to address or relieve them.

This intense treatment provided greater insight to the dynamics that prevent the realization of productive potential and growth. It also directed our efforts to seek other more permanent resources (i.e., SSI and SSA disability) as well as other interventions to improve family stability and the chances of achieving self-sufficiency. This strategy resulted in only 170 families that actually faced time-limits in the first three (3) months beginning in October 2000. The family situations discovered from

the intensive efforts of the Outreach Unit along with community forums with various stakeholder groups established the Hardship Criteria for extended benefits. Once the criteria was applied, only 37 families had their cash assistance actually terminated in the first three (3) months under time limits. Once again, PRC funded programs are used in the intensive efforts to reduce the number of families that face losing eligibility for cash benefits.

TANF Reauthorization proposed by the President in general has strong support by those of us who are responsible for its local administration. However, increasing the required work hours from 30 to 40 hours per week will dramatically increase the cost of child care. Adopting the "Work First" philosophy means you must provide quality child care at the level necessary to achieve your goal. Limiting a state's ability to transfer TANF funding to the Social Service Block Grant from 10% to 4.25% will severely impact some of our more innovative and effective programs to move families out of poverty. Maintaining and enhancing TANF flexibility will be an ongoing theme of all who come before you. It is that flexibility that allows us to assist families that are on cash assistance as well as those who recently left the rolls and those poor families who do not receive cash assistance.

Remember, Welfare Reform is not just getting the adult members of the family a job—that's just the beginning. It's making sure that children receive quality child care, after school academic and cultural enrichment services, and career preparation. It's the availability of retention and advancement services to ensure employment now and in the future. Finally, it's the involvement of our Community and Faith-Based organizations to enhance the efforts of our public agencies to improve the quality of life in our communities.

[Attachments are being retained in the Committee files.]

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Chairman HERGER. Thank you very much, Ms. Graves. Now, we will hear from Mr. Mark Greenberg, Senior Staff Attorney, Center for Law and Social Policy. Mr. Greenberg?

**STATEMENT OF MARK H. GREENBERG, SENIOR STAFF  
ATTORNEY, CENTER FOR LAW AND SOCIAL POLICY**

Mr. GREENBERG. Thank you. Mr. Herger and Members of the Committee, I appreciate being asked to testify today and appreciate your continuing interest in welfare reform.

As we look ahead to reauthorization of the 1996 law, I think it is important to step back and acknowledge what an extraordinary shift there has been in the basic direction and orientation of State programs in recent years. This shift began well before the 1996 law, but was clearly accelerated by the 1996 law. It has had the effect of fundamentally reorienting State welfare programs as programs that see their goals as helping to link families with employment. There are sometimes controversies about how States go about doing it and the best ways to do it, but I think there has been a broad-based shift across the country toward this basic orientation.

A number of features of the 1996 law, not just the participation rates, contributed to this reorientation. The fixed funding contributed, both by telling States they had a limited amount of funding to use and at the same time that when their caseloads went down, that they would be able to redirect it to an array of other activities, including a whole set of activities to support low-income working families.

The time limits likely contributed to the reorientation. The provisions of the law that involved engagement and work within a 2-year period contributed. The increased funding for child care contributed. The increased availability of health care outside the wel-

fare system contributed. In short, a whole set of things contributed to a fundamental reorientation of how States saw what they were trying to do.

Over the last number of years, we have seen an unprecedented caseload decline and we know from a lot of research that most of the families that have left assistance have entered into employment. At the same time, we know that often that employment is not stable, often that employment is low-wage, without basic benefits.

As States and others now focus on the next directions for welfare reform, a lot of the conversation involves the families still receiving assistance, and there is a very strong sense that many of those families have multiple barriers to employment. While these barriers may not prevent work, they do call for different strategies.

I am aware of the Urban Institute research and the GAO research on this topic, and I can only tell you that if you talk to State and local administrators, they will readily describe to you the extent of multiple barriers that they are now seeing and trying to figure out how to address.

At the same time, there is enormous interest in trying to address the issue of how to help people find better jobs. Part of it is a conversation about what should happen while families are receiving assistance. Part of it is focused on what should happen to provide supports after families receive assistance. And there is a conversation about how to try to ensure that those families who do enter work are able to meet their health care needs and their child care needs and make ends meet.

I have been struck over the course of the morning at the extent of focus on things like child-only cases and separate State programs. I can tell you that I know of no State in the country that is interested in trying to find ways to structure programs where people who are able to work can avoid work obligations. That is not the focus of the State efforts.

There was clearly a significant number of States that did move two-parent families into separate State programs. They did so because they looked at the Federal participation requirements, they saw a 90-percent rate, and they recognized that if they helped two-parent families in their TANF programs, they would face serious risk of Federal penalties. That is why they did it. But politically, fiscally, conceptually, they have no interest in running programs where people are provided indefinite assistance without being expected to work.

I do think that there is a serious data issue in trying to have a better picture of the extent of engagement in work-related activities. From Federal participation data, we have good information about the numbers of families who are engaged in activities enough to count toward Federal participation rates. We do not have good information about what families are doing that does not count toward participation rates, because States are free to report that information on a voluntary basis but are not required to report it. A number of States clearly do not. We can state with confidence that at least 40 percent are engaged in activities. We know that the numbers are surely higher than that, but we do not have good information as to what those are.

As you look ahead to reauthorization, it surely makes sense to get rid of a caseload reduction credit, because it simply rewards caseload reduction without regard to employment. It makes sense to put the focus on employment, and to have a measure of people leaving due to employment.

It makes sense to broaden the countable activities to give States broader flexibility. I think it makes sense to provide additional funding to States so they expand the use of subsidized work programs, not on an indiscriminate basis, but for targeted use for families with serious employment barriers. And, it makes sense for States to have the flexibility to provide ongoing help to low-income working families without having to face Federal time limits restricting the ability to help those who go to work.

I hope that these themes can be explored in the continuing discussion of reauthorization. Thank you.

[The prepared statement of Mr. Greenberg follows:]

**Statement of Mark H. Greenberg, 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 closely followed research and data relating to implementation of Personal Responsibility and Work Opportunity Reconciliation Act. In addition, we often talk and visit with state officials, administrators, program providers, and individuals directly affected by the implementation of welfare reform efforts.<sup>1</sup>

Today's hearing focuses on implementation of work requirements and time limits in state programs under the 1996 law. In the next few minutes, I'll briefly discuss the requirements of the law, experience since 1996, and potential issues for reauthorization. While I'll focus on the specific details of the law, my principal points are:

- Since 1996, the nation has seen an unprecedented increase in employment among welfare recipients and, more generally, among low-income single parent families.
- Work-related provisions, time limits, and other features of TANF made important contributions, but have not been the only factors, in this employment growth.
- The 1996 law set broad directions, but allowed states enormous flexibility in the structuring their programs, and states have used that flexibility to take a range of approaches, but all focusing on expanding work among low-income families.
- While work has increased, there are at least three work-related concerns that need to be addressed in reauthorization: how to increase employment among those families with the most serious barriers; how to help families get better jobs; and how to ensure that low-earning families receive needed health care and child care assistance and have enough income to make ends meet.
- To address these concerns, Congress should:
  - broaden states' abilities to count a range of activities toward participation rates, so that states can develop individualized plans that are most effective in helping families enter sustainable employment;
  - end restrictions on states' ability to use vocational training as a strategy for helping parents attain access to better jobs;
  - eliminate the TANF caseload reduction credit, which currently rewards states for any caseload reduction, whether or not it is due to employment; instead, establish a structure under which states are rewarded based on families leaving assistance due to employment, with greater emphasis on higher-paying jobs;

<sup>1</sup>This testimony reflects ongoing collaborative work with a number of CLASP colleagues, including Steve Savner, Julie Strawn, Rutledge Hutson, and Hedieh Rahmanou.



- provide additional dedicated funding to encourage states to implement transitional jobs programs for TANF recipients and other low-income individuals with serious employment barriers;
- improve access to public benefits for low-earning families, expand child care funding, and allow states to use federal TANF funds to provide ongoing help to low-earning working families without that help being subject to TANF time limits.
- The Administration's proposal would raise TANF participation rates, require 40 hours of participation to fully count toward participation rates, and limit the activities that could count toward the first 24 hours of participation to a set of "direct work" activities. Unfortunately, this approach would significantly restrict state flexibility, compel states to adopt models that do not reflect their best judgments about how to structure programs, and pressure states to adopt approaches that are not consistent with key research findings about the most effective welfare-to-work programs. Moreover, any proposal that envisions significant increases in numbers and hours of participants needs to carefully consider and adequately address the program and child care costs that would necessarily arise in meeting such requirements.

#### **Employment Outcomes Under TANF**

The 1996 welfare law sought to emphasize work in a number of ways: by giving states fixed funding that would remain constant as caseloads fell, expanding child care funding, imposing time limits on federally-funded assistance, ending entitlements to assistance, ensuring that low-income families could receive Medicaid without participating in welfare, encouraging a "work first" philosophy, requiring that families must be "engaged in work" as defined by states within 24 months, and by providing that states would face federal penalties unless they met annual work participation rates. At this hearing, much of the focus will be on participation rate rules. While it is valuable to review states' experience with participation rates, it is also important to appreciate that participation rates have only been one aspect of an overall effort to reorient welfare systems and promote and support work.

All available evidence points to a dramatic increase in employment among low-income single mothers in recent years. In announcing its welfare reform proposal, the Administration reported that after a decade in which the annual employment rate for single mothers hovered around 58%, the rate had increased every year through 2000, and reached over 73% of mothers heading families in 2000. Moreover, employment rates for never-married mothers increased from under 46% in 1995 to nearly 66% in 2000, an increase of over 40% in just five years. The Administration observed: "These employment increases by single mothers and former welfare mothers are unprecedented. By 2000, the percentage of single mothers with a job reached an all-time high."<sup>2</sup>

TANF played an important role in this employment growth, though it is probably impossible to isolate TANF's independent role. The growth in employment of low-income single mothers with young children began between 1992 and 1993. During the 1990s, a set of factors contributed to this employment growth: the strong national economy, the expansion of the Earned Income Tax Credit, increased availability of child care subsidies, expansion of health coverage for children, the minimum wage increase, and improved child support enforcement. There seems to be a consensus among researchers that welfare reform efforts played an important role, with the effects more pronounced in latter years.<sup>3</sup> Other factors occurring at the same time all pushed in the same direction, and we don't know how the same policies would have worked in a different economy, or how one component would have worked without the others.

The "TANF effect" involved both additional requirements and federal block grant funds that became available because of caseload declines. Since funding levels were generally set to reflect welfare caseloads from the early-mid 1990s, and caseloads began falling in 1994, states were able to redirect funds previously spent on cash assistance to employment-related services, among other activities. Notably, by FY 2000, nearly \$4 billion in TANF funds was being committed to child care, much of it directed to expanding child care for low-earning working families outside the welfare system. States also committed freed-up funds to expanding transportation assistance; state earned income tax credits, nonrecurrent-short term benefits, employ-

<sup>2</sup> Working Toward Independence, pp. 6–7.

<sup>3</sup> Rebecca M. Blank, "Declining Caseloads/Increased Work: What Can We Conclude About the Effects of Welfare Reform?," *FRBNY Economic Policy Review*, (New York: Federal Reserve Bank of New York, September 2001), Available online: [www.newyorkfed.org/maghome/econ-pol/2001/801rbla.pdf](http://www.newyorkfed.org/maghome/econ-pol/2001/801rbla.pdf)

ment retention and advancement initiatives, and other expenditures to help low-earning working families.

#### Challenges in the next stage of welfare reform

As states, researchers, and others have reviewed TANF's record, there has been little dispute about states' strong emphasis on work. Rather, work-related concerns have often centered in three key areas:

- how to help families with the most serious employment barriers enter employment;
- how to help families get better jobs; and
- how to help families entering employment receive needed health care and child care assistance and have enough income to make ends meet.

First, families still receiving assistance often have serious and multiple barriers to employment. A General Accounting Office study found that 44% of TANF recipients had at least one physical or mental impairment.<sup>4</sup> Estimates of the prevalence of substance abuse among TANF recipients range from 6% to 27%.<sup>5</sup> Two studies found that about a quarter of TANF recipients have a child with an illness, disability or emotional problem.<sup>6</sup> Estimates of recent or current domestic violence are generally in 20–30% range—while estimates of lifetime experience of domestic violence tend to be in the 50–60% range.<sup>7</sup> In 1999, about 44% of adult TANF recipients lacked a high school diploma or GED.<sup>8</sup> Studies in three states suggest that between a fifth and a third of parents receiving TANF have learning disabilities.<sup>9</sup> Limited English proficiency is also a problem in many places; for example, in Los Angeles County, 41% of the TANF caseload had limited English proficiency.<sup>10</sup> The existence of barriers doesn't preclude work, but multiple barriers make it more difficult.

Second, while employment growth has been dramatic, much of the employment has been in low-wage jobs. For working adults receiving assistance, earnings averaged \$597.97 per month in FY 99.<sup>11</sup> According to the Urban Institute's Nation Survey of America's Families, median wages for recent welfare leavers in 1999 were \$7.15 an hour.<sup>12</sup> State studies typically report wages in that range. A CLASP review of more than 30 recent leavers studies found that median wages ranged from \$6.00 to \$8.47 an hour, while median first quarter earnings ranged from \$1,884 to \$3,416, with most states showing median quarterly earnings of \$2,000 to \$2,500.<sup>13</sup> In CLASP's review, five states reported average annual earnings for leavers continuously employed since leaving, and in no case did the average earnings exceed the poverty guideline for a family of three. Moreover, while there is some earnings

<sup>4</sup> U.S. General Accounting Office, *Welfare Reform: More Coordinated Federal Effort Could Help States and Localities Move TANF Recipients With Impairments Toward Employment*, GAO-02-37, (Washington, DC, October 31, 2001), 3. Available online: <http://www.gao.gov>

<sup>5</sup> Amanda Barusch, Mary Jane Taylor, and Soleman Abu-Bader, *Understanding Families with Multiple Barriers to Self-Sufficiency*, (Salt Lake City: University of Utah, Social Research Institute, 1999), 21; Sandra K. Danziger, Ariel Kalil, and Nathaniel J. Anderson, "Human Capital, Physical Health, and Mental Health of Welfare Recipients: Co-occurrence and Correlates," *Journal of Social Issues*, Vol. 56, (4), (Malden, MA: Blackwell Publishers, 2000), 635–654; Rukmalie Jayakody, Sheldon Danziger, and Harold Pollak, "Welfare Reform, Substance Use and Mental Health," *Journal of Health Politics, Policy and Law*, Vol. 25(4), (Durham, NC: Duke University Press, 2000); Gretchen Kirby & Jacquelyn Anderson, *Addressing Substance Abuse Problems Among TANF Recipients: A Guide for Program Administrators*, Final Report, (Washington, DC: Mathematica Policy Research Inc., July 2000).

<sup>6</sup> Heidi Goldberg, *Improving TANF Program Outcomes for Families with Barriers to Employment*, (Washington DC: The Center on Budget and Policy Priorities, January 2002) available online at <http://www.cbpp.org>.

<sup>7</sup> Richard M. Tolman and Jody Raphael, "A Review of Research on Welfare and Domestic Violence," *Journal of Social Issues*, Vol. 56(4), (Malden, MA: Blackwell Publishers, 2000), 655–82.

<sup>8</sup> Sheila R. Zedlewski and Donald Alderson, *Before and After Reform: How Have Families on Welfare Changed?*, (Washington, DC: The Urban Institute, April 2001), available online at: [http://newfederalism.urban.org/html/series\\_b/b32/b32.html](http://newfederalism.urban.org/html/series_b/b32/b32.html)

<sup>9</sup> Heidi Goldberg, *Improving TANF Program Outcomes for Families with Barriers to Employment*, (Washington DC: The Center on Budget and Policy Priorities, January 2002) available online at <http://www.cbpp.org>.

<sup>10</sup> Heidi Goldberg, *Improving TANF Program Outcomes for Families with Barriers to Employment*, (Washington DC: The Center on Budget and Policy Priorities, January 2002) available online at <http://www.cbpp.org>

<sup>11</sup> U.S. Department of Health and Human Services, "Characteristics and Financial Circumstances of TANF Recipients, Fiscal Year 1999," Available online: <http://www.acf.dhhs.gov/programs/opre/characteristics/fy99/analysis.htm>

<sup>12</sup> Pamela Loprest, *How Are Families That Left Welfare Doing? A Comparison of Early and Recent Welfare Leavers*, (Washington, DC: The Urban Institute, April 2001), 3. Available online: [http://newfederalism.urban.org/pdf/anf\\_b36.pdf](http://newfederalism.urban.org/pdf/anf_b36.pdf)

<sup>13</sup> Elise Richer, Steve Savner, and Mark Greenberg, *Frequently Asked Questions about Working Welfare Leavers*, (Washington, DC: Center for Law and Social Policy, November 2001).

growth over time, earnings remain low for most of the affected families. CLASP's review found that in most states, earnings in the fourth quarter after exit grew by only a few hundred dollars above first quarter earnings.

Third, the fact that those entering employment often have low earnings underscores the importance of access to "work supports"—Food Stamps, Medicaid, child care assistance, and child support services—as a strategy for helping families in low-wage jobs meet basic needs. However, participation in Food Stamps and Medicaid sharply declines after families leave assistance, most working leavers do not receive child care assistance, and most leavers do not receive child support. And, under current law, if a state uses TANF funds to provide ongoing help to a low-earning working family, that assistance counts toward the federal five-year time limit. Thus, one key set of issues for reauthorization concerns how to improve access to work support programs for low-earning working families.

#### **TANF participations rates: background**

The 1996 law has two separate participation rates: an overall rate and a separately calculated two-parent rate. States risk penalties if they do not satisfy these requirements. To count toward a participation rate, an individual must participate in a federally "countable activity" for a specified number of hours each week. The overall rates increased from 25% in 1997 to 50% in 2002, and two-parent rates increased from 75% to 90%; however, under a provision known as the caseload reduction credit, a state's actual rates can be adjusted downward if the state's caseload has fallen since 1995 for reasons other than changes in eligibility rules, and as a result, states have typically had effective rates far below the listed ones.

To count toward the overall rate, single-parent families with children under age six must be engaged in countable activities for at least 20 hours a week; all other families must be engaged for at least 30 hours a week. Generally, a state can count hours in paid or unpaid work, job search and job readiness (for up to six weeks) and vocational training (for up to a year for part of the caseload) toward the first 20 hours of activity, and a broader list toward required hours in excess of 20.<sup>14</sup>

In FY 2000, every state met its overall participation rate requirement.<sup>15</sup> The national overall participation rate was 34%. Every state qualified for a caseload reduction credit, and most states had adjusted required rates of 10% or less. At the same time, most states exceeded their adjusted required rates by thirty percentage points or more.

The most common activity counting toward satisfying participation requirements was participation in unsubsidized employment: In FY 2000, two-thirds (66%) of those counting toward participation rates did so through unsubsidized employment, followed by job search (11.7%); work experience (10.6%); vocational educational training (10.5%); community service (6.4%), with the remainder in other countable activities. At the same time, states varied significantly in their approaches. For example, in five states (Montana, Wisconsin, South Dakota, West Virginia, and Wyoming) more than half of countable participants were engaged in work experience or community service. But, in most states, less than 10% of those counting toward par-

<sup>14</sup> More precisely, under current law, to count toward the all-families rate, at least 20 hours per week must be attributable to:

- Unsubsidized or subsidized employment;
- Work experience and community service programs, i.e., work without wages in return for receiving the welfare grant;
- On-the-job training;
- Provision of child care services to an individual who is participating in a community service program;
- Vocational educational training for up to 12 months, provided that no more than 30% of those counting toward a state's participation rate may do by being engaged in vocational educational training or by being teen parents engaged in school completion;
- Job search and job readiness assistance for up to 6 weeks (or twelve weeks in periods of high unemployment).

In addition, teen parents can count toward the participation rates by being engaged in school completion or education directly related to employment, but such activities are counted within the 30% cap described above.

For the all-families rate, hours in excess of 20 may be counted when an individual participates in:

- Job skills training directly related to employment;
- Education directly related to employment, for a recipient who has not received a high school diploma or a certificate of high school equivalency; or
- Satisfactory attendance at secondary school or in a course of study leading to a certificate of general equivalence, for a recipient who has not completed secondary school or received such a certificate.

<sup>15</sup> Vermont's participation level was not determined, because the state asserted it was not subject to the participation rate requirements until the expiration of its waiver.

ticipation rates were in such activities, and in five states (Minnesota, Michigan, Indiana, Connecticut, and Iowa) less than 1% were engaged. Similarly, states also took very different approaches to using vocational educational training in their programs, with nine states reporting over 20% of those counting toward participation rates in vocational educational training, while thirteen states reported less than 5%.

A state's participation rate is not a measure of the extent of "engagement" among families, because it counts the number of persons who participated in a federally-specified set of activities for a specified number of hours during the month. States can voluntarily choose to report additional participation in other activities, and some states elect to do so. From that reporting, one can determine that at least 40% of TANF adults were engaged in state-reported activities each month. The actual figure would surely be higher if all states were reporting engagement in state-approved activities, but from current reporting, one cannot determine the actual numbers engaged in, or what share were engaged over a period of months.

Similarly, the participation rate is not a measure of state success in job placements or of the quality of job entries. In fact, in some circumstances, a state might find that rapid job entries translate to a lower participation rate, particularly if entering employment means immediate or rapid loss of assistance. Some states have clearly sought to maximize participation in federally-specified activities, and others have adopted different approaches, but from available data, it is not possible to determine whether one approach has had stronger impacts in increasing employment.

For two-parent families, the 1996 law established participation rates escalating from 75% to 90%. A number of states made judgments that it would be impossible to reach a 90% rate, and that they would face federal penalties if they assisted two-parent families in their TANF programs. As a result, in FY 2000, seventeen states did not assist two-parent families in their TANF programs; instead, HHS indicates that fourteen states designed "separate state programs," using maintenance of effort funds, and assisted all or some of the state's two-parent families in these separate programs. Generally, the goal of these programs was not to avoid work requirements for two-parent families, but rather to be able to assist them, impose work requirements, and provide needed work-related services without subjecting the state to risk of federal penalties. And, the participation rate in separate state programs—43.1%—was close to the national average participation rate of 48.9% in TANF-funded two-parent families. Nationally, only two states (Illinois and Rhode Island) reported reaching a 90% participation rate for two-parent families.

#### **TANF Participation Rates: Recommendations**

A threshold question is whether there could be a better approach to measuring employment outcomes than the current participation rate structure. The 1996 law provided for high performance bonuses, and bonuses were awarded in 1999 and 2000 for state outcomes relating to job entries, earnings gains, and employment retention. Some administrators have expressed concern that participation rates only measure "process," and that it would be better to have an option to be measured by employment outcomes. There are a number of difficult questions about how to design such a system, but in reauthorization, Congress might consider building in sufficient flexibility to allow states to elect to be accountable for a set of outcome measures in lieu of participation rates.

Assuming a basic participation rate structure, though, we recommend four key changes for reauthorization:

First, Congress should replace the caseload reduction credit with a credit that reflects families leaving assistance due to employment. The caseload reduction credit has rewarded caseload reduction whether or not it translated to employment. It should be replaced with a measure that actually focuses on whether leavers are employed, and gives states more credit for families entering sustainable employment at higher wages.

Second, the separate two-parent participation rates should be eliminated, so that states need not fear that they will risk federal penalties by assisting two-parent families in their TANF programs.

Third, the law's restriction on counting vocational educational training should be removed. In the TANF structure, a state has no incentive to allow participation in training unless the state believes that the training will help an individual enter employment or get a better job. The state should be free to make that choice.

Fourth, states should be allowed to have broader discretion to count "barrier removal activities" toward participation rates. As states have begun working with families with multiple barriers (e.g., health, mental health, disability, substance abuse, domestic violence, lack of English language proficiency), they have typically been unable to count involvement in individualized, barrier removal activities to-

ward the rates. Again, a state has no incentive to allow or pay for such activities unless the state believes it will be an effective means to help a family move toward employment.

H.R. 3625, introduced by Reps. Cardin, Stark, Levin, McDermott, and Doggett, reflects a number of constructive provisions in its approach to participation rates. The bill would eliminate the caseload reduction credit, and substitute an employment credit; eliminate the 30% cap on vocational training and allow such training to count toward participation rates for up to 24 months; and allow barrier removal activities to count toward participation rates for up to six months.

Finally, Congress should make available additional funding, on an optional basis, for states to expand the use of transitional jobs. Since 1997, several states (including Washington, Pennsylvania, and Minnesota) and more than 30 cities have established transitional jobs programs to help increase employment and earnings of TANF recipients who have been unable to find stable, unsubsidized employment. Such programs generally combine wage-paying jobs with skill development activities and related support services. Over 30 programs responding to a CLASP survey reported promising results, but transitional jobs are typically not used in state TANF programs, in part because they are more expensive than other alternatives. While we do not recommend requiring states to adopt such programs, we do recommend providing additional funding to encourage their replication and expansion.

#### **Participation Rates: The Administration's Approach**

The Administration has proposed an extensive set of new requirements, and the full details are not yet available. However, key provisions would:

- Increase the monthly participation rate from 50% to 70% by 2007, while phasing out the caseload reduction credit.
- Increase weekly participation requirement from 20 hours for single parents with children under 6 and 30 hours for other parents to 40 hours for all families with children age 1 or older.
- Provide that in meeting the 40-hour requirement, at least 24 hours must be in "direct" work activities—unsubsidized or subsidized employment, supervised work experience or community service programs, on-the-job training and school completion for teen parents. Vocational training and barrier removal activities would generally not be countable toward the first 24 hours each week. For up to 3 months in a 24 month period, states could count participation in short-term substance abuse treatment, rehabilitation, and work-related training toward meeting the 24-hour direct work requirement.

In addition, states could count individuals who leave TANF due to employment for up to three months, and could exclude families from the participation rate calculation for the first month of assistance.

We share the Administration's goals of increasing engagement of families with the most serious barriers, and of helping families enter sustainable employment and advance to better jobs. At the same time, we have three principal concerns about the Administration's specific proposal, and an additional concern about potential costs.

First, the proposal is significantly more prescriptive and restrictive than current law. The combination of increasing effective rates, raising hourly requirements, and limiting the activities that can count toward the first 24 hours of engagement would allow states far less flexibility in structuring activities than they currently have. For example, a state may now count full-time engagement in vocational training for up to 12 months (subject to a limit on the total number countable), but under the proposal, no more than 3 months of full-time engagement in vocational training would be allowable. States may now count engagement in job search for up to six weeks a year, while under the proposal, any counting of job search would compete with any other activity that a state wanted to count toward the "flexible" three-month allowance. States can now choose whether to require more than 20 hours of participation for single parents of children under age 6, while under this proposal, they would be required to establish 40-hour participation plans for such families with children age 1 and older.

Second, the proposal does not reflect the best judgment of most states about how to structure their programs. The Administration's approach reflects a particular program model, and any state is free to adopt that model under the current TANF structure, but states have generally not elected to do so. In structuring their TANF programs, some states have placed strong emphasis on job search programs aimed at connecting families with employment as rapidly as possible. Some have greatly liberalized their policies to broaden support to families who enter low-wage jobs. Most states significantly reduced the role of education and training in their programs (at least in part due to federal participation rate rules), but education and training remains a significant component in some states. Generally, most states

have made only limited use of unpaid work experience and community service programs, and even more limited use of subsidized employment and on-the-job training. No state reports that participants averaged 40 hours of engagement a week. At least in part, this is because a parent employed for forty hours a week will not be eligible for continuing TANF assistance in most states. Rather, in FY 2000, states reported an average of 29 hours a week for those reported participating in one or more work-related activities.

One of the strongest themes in state experience has been concern about imposing one-size-fits all rules. For some recipients in some circumstances, a well-structured work experience program may be an entirely appropriate activity that can help the individual move toward unsubsidized employment. But, for an individual with substantial recent work experience, it may be wholly inappropriate. And, some individuals with multiple barriers may be able to move into a structured work activity within three months, but one would be hard-pressed to say that that would be true for all individuals at all times. And, some training programs can be completed in three months, but the federal government is ill-suited to say that three months is right and four months is wrong.

Finally, the Administration's proposed approach is not what would be suggested from the welfare-to-work research. The best evidence from two decades of evaluations of welfare-work strategies is that the most effective approaches are "mixed strategy" programs. Such programs provide a range of services, such as job search, life skills, work-focused basic education, and occupational training. The most successful site by far in National Evaluation of Welfare-to-Work Strategies (NEWWS)—Portland, Oregon—stressed moving individuals into the workforce quickly but emphasized finding good jobs and allowed the first activity for each person to vary depending on skills, work history, and other factors.<sup>16</sup> Portland not only increased overall employment and earnings by much more than the other ten sites but also helped people stay employed longer and increase their earnings more.<sup>17</sup> More generally, programs achieving the biggest and longest-lasting impacts on employment and earnings have consistently been those using a mix of services, and have not had large work experience components.

Moreover, programs that have raised wages typically provided substantial access to job training. While many moved into jobs quickly in Portland, some received adult education and vocational training for a year or more, attaining occupational certificates that enabled them to qualify for higher paying jobs.<sup>18</sup> The NEWWS evaluation, and earlier research on the Center for Employment Training, suggest that access to occupational training, especially for those without a high school diploma or GED, may be a key to helping recipients find higher paying jobs. The three NEWWS sites that most increased hourly pay for nongraduates—Columbus, Detroit, and Portland—also boosted participation in postsecondary education or occupational training. Nongraduates in Portland were four times more likely to receive a trade license or certificate than those not in the program. Other programs, such as Alameda County GAIN and Baltimore Options, have used training to increase wages for high school graduates.<sup>19</sup>

In sharp contrast, the best research evidence indicates that work experience programs have not increased employment or earnings. Based on research conducted on a number of unpaid work experience in the 1980's, the Manpower Demonstration Research Corporation concluded, "there is little evidence that unpaid work experience leads to consistent employment or earnings effects."<sup>20</sup>

Transitional Jobs programs that combine paid work with education and support services have achieved promising results. In contrast to unpaid work experience, research on the Washington State Community Jobs program, a Transitional Jobs pro-

<sup>16</sup>Freedman, Stephen, Daniel Friedlander, Gayle Hamilton, JoAnn Rock, Marisa Mitchell, Jodi Nudelman, Amanda Schweder, and Laura Storto. 2000. *Evaluating Alternative Welfare-to-Work Approaches: Two-Year Impacts for Eleven Programs*. Washington, DC: U.S. Department of Health and Human Services and U.S. Department of Education.

<sup>17</sup>National Evaluation of Welfare to Work Strategies: Four-Year Impacts of Ten Programs on Employment Stability and Earnings Growth," Stephen Freedman, Manpower Demonstration Research Corporation, December 2000.

<sup>18</sup>Scrivener, Susan, Gayle Hamilton, Mary Farrell, Stephen Freedman, Daniel Friedlander, Marisa Mitchell, Jodi Nudelman, and Christine Schwartz. 1998. *The National Evaluation of Welfare-to-Work Strategies: Implementation, Participation Patterns, Costs, and Two-Year Impacts of the Portland (Oregon) Welfare-to-Work Program*. Washington, DC: U.S. Department of Health and Human Services and U.S. Department of Education.

<sup>19</sup>Strawn, Julie, and Karin Martinson. 2000. *Steady Work and Better Jobs: How to Help Low-Income Parents Sustain Employment and Advance in the Workforce*. New York: Manpower Demonstration Research Corporation.

<sup>20</sup>"Unpaid Work Experience for Welfare Recipients: Findings and Lessons from MDRC Research" Thomas Brock, David Butler, and David Long, MDRC, September 1993, p. 3.

gram that provides paid work and access to education, training and other services shows positive placement and wage rates for recipients with significant and multiple barriers to employment.<sup>21</sup> Transitional jobs programs are costly, however, and not appropriate for everyone and so cannot be implemented on the scale that would be needed to meet the Administration's proposed requirements.

Drawing from this research, we do not recommend a single model for all states, but rather that states should continue to have flexibility in structuring their programs; it is appropriate for a participation rate structure to encourage states to increase engagement, but not for the federal government to mandate the specific strategies that states must use.

Finally, it seems clear that greatly increasing numbers of participants and numbers of hours of participation will result in increased program costs and increased child care costs. Yet the Administration has proposed continuing TANF funding at FY 01 levels and continuing child care funding at FY 02 levels. The fact that a proposal would cost money is not, in itself, an argument against the proposal, but it is an argument for ensuring that the costs are estimated and adequately addressed. In FY 01, TANF spending by states exceeded the amount of state basic block grants, and it is unclear what states would be expected to cut in order to address the program costs. And, with fixed child care funding, states would face the specter of cutting child care funding for low-earning working families outside the welfare system in order to meet the new requirements.

#### **Time Limits**

The 1996 law imposed restrictions on the use of federal TANF funds for the provision of assistance to families. Generally, the law provided that states could not use federal TANF funds to provide assistance to a family that includes an adult for more than sixty months, with states allowed exceptions for up to 20% of their cases. Since the law's restrictions applied to use of federal TANF funds, states were allowed flexibility to determine whether to impose time limits when assistance was provided with state funds.

As with other aspects of TANF design, states have taken a wide range of approaches in their time limits policies. Twenty states elected to establish time limits shorter than five years, with seventeen of those states terminating assistance to all family members when the time limit was reached. Most states elected to establish five-year time limits, though they vary in their exceptions to time limits and in whether assistance is terminated to all or some family members when the time limit is reached. Two states (Michigan and Vermont) elected not to impose a time limit. They are entitled to do so under the TANF structure, because the federal time limit is a restriction on the use of federal funds, and states are ultimately free to determine their own approach when using state funds.

To date, there is very little information about families reaching federal time limits, because states first began to reach the 60-month limit in 2001, and some states will not do so until July of 2002. There is no federal administrative data currently available about the number of families whose cases have closed due to time limits. The best available information about the number of families who have lost assistance due to time limits comes from an Associated Press survey which reported that as of Spring of 2001, about 125,000 families had assistance terminated and roughly another 29,800 families had their assistance reduced due to time limits, though the numbers are likely to have grown significantly since that time.

One of the most striking findings from states that have elected shorter time limits is that a significant share of those terminated due to time limits are often low-earning working families. In part, this occurs because in implementing TANF, most states liberalized "earnings disregards" rules, i.e., so that assistance was not reduced on a dollar-for-dollar basis as families entered employment. One virtue of these earnings disregards policies is that they allow states to provide ongoing help to families working in very low-wage jobs. But, as a consequence, these families become more likely to receive enough months of assistance to reach state time limits. In a number of states that implemented time limits shorter than five years, from 40% to 87% of all families whose benefits were terminated as a result of time limits were employed, though often with very low earnings, at the time they were terminated.<sup>22</sup> Compared with other TANF leavers, time limit leaver families were likely

<sup>21</sup> "Effects of WorkFirst Activities on Employment and Earnings, Marieka Klawitter, Evans School of Public Affairs, University of Washington, September 2001, p. 4-5, <http://www.wa.gov/WORKFIRST/about/studyActiv.pdf>

<sup>22</sup> Mark Greenberg, "Time Limits and Those Still Receiving Assistance: Background and Issues for Reauthorization," presentation to Senate Finance Committee Forum Series, November 19, 2001.

to have fewer hours of work, lower earnings, and higher poverty rates. Poverty rates reported for time limit leavers in state studies were high: for example, 73% in Utah, 74% in North Carolina, 82% in Cuyahoga County, 86% in Virginia. In experimental demonstrations in Florida and Connecticut, average family income fell when families began reaching time limits, because gains in employment income did not offset the losses in public benefits.<sup>23</sup>

A set of states—including Illinois, Delaware, Rhode Island, and Maryland—have adopted policies under which assistance for low-earning working families is paid with state rather than federal funds, so that the state can provide continuing help to low-earning families. However, taking this approach depends on having sufficient flexible state funds, and adds administrative complexity to program design.

The federal time limit applies to families in which an adult is receiving assistance. Thus, it does not apply to “child-only cases,” though states are free to impose their own time limits and restrictions on such families. While the absolute number of child-only cases fell from 978,000 in 1996 to 718,642 in 2000, their share of the caseload increased from 21.5% to 31.5%, because the overall caseload declined faster than the child-only caseload.<sup>24</sup> In 1999, almost two-thirds (65.5%) of children in child-only cases lived with a parent; twenty-two percent lived with grandparents and 8.5% lived with other relatives.<sup>25</sup> In general, children could be residing with a parent ineligible for TANF due to receipt of Supplemental Security Income (SSI), to their immigration status or their sanction status. The Lewin Group has reported that in 1997, 39% of the cases were non-parent (relative caregiver) cases, while 23% of the cases had parent(s) receiving Supplemental Security Income, 16% had parent(s) ineligible because of immigration status, and 9% had sanctioned parent(s).<sup>26</sup>

#### Time Limits: Recommendations

Our principal recommendation concerning time limits is that states should be allowed to use federal TANF funds to provide ongoing assistance to low-earning working families, without needing to apply a time limit against working families. Under current law, work policies and time limits policies work at cross-purposes with each other. On the one hand, states are often seeking to encourage families to take any available job, and want to provide help to families who are working in low-wage jobs. But, if federal TANF funds are used to provide that assistance, the month counts against the federal time limit and potentially disadvantages the family in the long run. States should not be restricted in their ability to use TANF funds to help working families.

Over the coming months, there will be much discussion about whether the 20% allowable exception under current law provides sufficient flexibility to states. On the one hand, a state’s ability to provide exceptions is effectively greater than 20%, because states are free to use state funds, and because the allowable 20% figure is calculated based on the entire caseload, including child-only cases. On the other hand, caseloads have fallen far more than anticipated in 1996, and 20% of the current caseload is a far smaller figure than would have been envisioned in 1996. A number of states are reporting that, at least initially, they will not approach the 20% allowable exceptions, but reauthorization will occur well before there is substantial experience with the adequacy of the figure.

Ultimately, we recommend that each state should have discretion to develop its own rules for exceptions to the federal time limit. In the TANF structure, no state has any political or fiscal incentive to provide assistance to a family for any period

<sup>23</sup> Dan Bloom, Laura Melton, Charles Michalopoulos, Susan Scrivener, and Johanna Walter, *Jobs First: Implementation and Early Impacts of Connecticut’s Welfare Reform Initiative*, (New York: Manpower Demonstration Research Corporation, March 2000), 78. Available online: <http://www.mdrc.org/Reports2000/Connecticut/CT-JobsFirst.pdf>; Dan Bloom, James J. Kemple, Pamela Morris, Susan Scrivener, Nandita Verma, and Richard Hendra, *The Family Transition Program: Final Report on Florida’s Initial Time-Limited Welfare Program*, (New York: Manpower Demonstration Research Corporation, December 2000), 180. Available online: <http://www.mdrc.org/Reports2000/Florida-FTP/FTP-Final-FullRpt.pdf>

<sup>24</sup> Department of Health and Human Services, *Temporary Assistance to Needy Families: Third Annual Report to Congress*, Table 10:3, (Washington, DC: 2000); Department of Health and Human Services, *TANF Participation Rates and Case Characteristics*, Table 3A, available online at <http://www.acf.dhhs.gov/programs/opre/paticip/index.htm>. (Washington, DC; 2002).

<sup>25</sup> Department of Health and Human Services, *Temporary Assistance to Needy Families: Third Annual Report to Congress*, Table 10:26.1, (Washington, DC: 2000). HHS has not yet released this breakdown of child-only cases by type for 2000.

<sup>26</sup> Department of Health and Human Services, *Understanding the AFDC/TANF Child-Only Caseload: Policies, Composition, and Characteristics in Three States*, available online at <http://aspe.hhs.gov/hsp/child-only-caseload00/execsum.htm> (Washington, DC: 2000). Note that in 1988, 12% of the cases consisted of children living with parents who were ineligible for other reasons or for which the reason was not known. In 1997, the comparable percentage was 13%.



longer than necessary to provide basic support and to help ensure that families who are able to work enter the labor force.

**Conclusion**

Thank you for allowing this opportunity to testify. Please let us know if we can provide any additional information.

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Chairman HERGER. Thank you very much, Mr. Greenberg. Now, we will hear from Mr. Michael Fishman, Lewin Group, Falls Church, Virginia.

Mr. Fishman.

**STATEMENT OF MICHAEL E. FISHMAN, SENIOR VICE PRESIDENT AND PRACTICE DIRECTOR, LEWIN GROUP, FALLS CHURCH, VIRGINIA**

Mr. FISHMAN. Thank you, Mr. Chairman and distinguished Members of the Committee. It is a pleasure to be here today. I was asked to come today because in 1998, the Department of Health and Human Services funded the Lewin Group to gather information about the child-only population within both the prior AFDC program and the then-new TANF program and our study at that time was the first to look comprehensively at the trends in the growth of this segment of the welfare caseload and it was for the composition of the child-only caseload.

As you know, under the 1996 welfare reform law, child-only cases where only a child or children are receiving assistance and not the adult are generally exempt from work requirements and time limits. I guess there are four points I would like to try to make in the brief time I have today.

First, as we have heard, while overall welfare caseloads have dropped dramatically since 1994, the child-only caseload has remained fairly steady in number during that period, and as a result, they make up an increasing proportion of the TANF caseload, 31 percent in the year 2000 from the Federal data we have, and that number ranges anywhere from 14 to 69 percent across different States, and that is up from in the neighborhood of 10 percent in 1989, so there has clearly been growth, and most of the growth in the actual number took place in the late 1980s or early 1990s.

Second, the child-only population is not an homogenous population. Cases become child-only under a variety of circumstances. These circumstances may be subject to State policy choices. Under several sets of circumstances, children become child-only cases because their parents who live with them do not qualify for TANF assistance, and this represents almost two-thirds of the child-only cases that we had information on in 1997.

There are three primary ways that these cases come to be. States may remove the adult from the grant if they do not meet work requirements or cooperate with child support enforcement and they come into a sanction status. This is the case we found in California at the time of our study. If the adult is removed, it becomes a child-only case. States could also chose, however, with sanction policy to reduce the grant or remove the family from the grant entirely, in which case you would not have a child-only case. Sanction cases

represented a little under 10 percent of the child-only cases in 1997.

Children who are U.S. citizens may become child-only cases if their parents are not legal aliens or are legal but not qualified for TANF, and that represented about 15 percent of the child-only cases in 1997.

And then finally, if parents are in the household, if the parents themselves are receiving SSI, then the children can still qualify for assistance as child-only cases, and that represented about 25 percent of the child-only caseload in 1997.

It is also possible for time limits to create child-only cases, but at the time that we did our study, we did not see any evidence of that.

Children may also qualify as child-only cases if they reside with a non-parental caregiver, usually a relative. A little more than a third of the cases that we looked at in 1997 fell into this category. In the cases we examined, about two-thirds of the non-parental caregivers were grandparents, most of whom were over 50 years of age and many of whom were older than that, and the assistance they received helped to offset the costs of caring for their child but not themselves. They themselves were not included in the assistance unit.

So we have a heterogeneous population that become child-only cases for a variety of reasons.

We also found that States did not think of child-only cases as a class. As we talked to State officials, we did not hear people saying, well, we have established this policy for child-only cases. The policies that they had in their States that created or affected child-only cases either emanated from their overall goals and policies that they had related to welfare reform or they created specific policies that affected specific classes of cases, be they special programs for kinship and relative caregivers, but they did not sit there and say, how do we do something with our child-only population as a whole?

And fourth, the information that we have, and hopefully we will have better information, I see GAO has new information for us today about the composition of child-only cases, largely predated welfare reform and there is reason to believe that this composition could have shifted over the last several years, but we do not have access to that information right now and did not at the time of our study.

So in conclusion, as you think about future policy related to welfare reform, I would recommend that the Committee get the most recent information you can on the composition of child-only cases and focus policy considerations on specific subgroups within the child-only caseload rather than focusing on the overall size and proportion that the caseload makes up of the TANF population. Thank you very much.

[The prepared statement of Mr. Fishman follows:]

**Statement of Michael E. Fishman, Senior Vice President and Practice Director, Lewin Group, Falls Church, Virginia**

Mr. Chairman and Distinguished Members of the Committee:

It is an honor to testify before the Committee on Ways and Means, Subcommittee on Human Resources on the important topic of child-only cases under the Temporary Assistance to Needy Families Program.

In 1998, the U.S. Department of Health and Human Services (HHS) contracted with The Lewin Group to obtain more information about the characteristics and trends of the child-only population. The report, "Understanding the AFDC/TANF Child-Only Caseload: Policies, Composition, and Characteristics in Three States" published in February 2000, describes how federal and state policies affect child-only caseloads, discusses the national TANF and child-only caseload trends, and examines the characteristics of child-only cases. For a more in-depth review, the report also focused on three states—California, Florida, and Missouri—interviewing state and county officials and staff, conducting case file reviews in one county in each state, and analyzing administrative data. My testimony today draws primarily from that report. My co-author, Mary Farrell, provided assistance to me in preparing this testimony and is here with me today.

We have not had an opportunity to update the information we collected several years ago on state policies and practices nor have we looked recently at local caseload characteristics. In preparing this testimony we have reviewed more recent national data and incorporated that into our findings. I include state and local information from our report in my written testimony because I believe it helps exemplify the importance of state demographics and policy choices on the size and nature of a state's child-only caseload. However, I will focus my remarks on the national picture.

Under the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, most families receiving Temporary Assistance to Needy Families (TANF) are subject to work requirements and time limits on benefit receipt. However, one portion of the TANF caseload, cases where only a child or children are receiving assistance, are generally exempt from these federal requirements. These "child-only" cases are not currently growing in absolute numbers but are becoming an increasing proportion of the overall TANF caseload. In 1998, child-only cases made up 23 percent of the TANF caseload nationally, ranging from 10 percent to 47 percent of state caseloads. By 1999, their percentage of the TANF caseload had grown to 29%. This has led to increasing interest in understanding the characteristics of child-only cases and the program services they receive.

A variety of circumstances result in child-only cases. In some cases, the child is not living with a parent, but with a relative, who chooses not to be included in the assistance unit or whose income and assets preclude him or her from receiving cash assistance. In other situations, the child is living with a parent, but the parent is a Supplemental Security Income (SSI) recipient, a non-qualified alien, a qualified alien who entered the country after August 1996, a sanctioned adult, or otherwise excluded.<sup>1</sup>

## I. TANF POLICIES

State TANF policies affect the number and composition of child-only cases; five policies in particular are worth noting:

- **Sanction policy.** Under federal TANF, states must sanction families for refusing to comply with work requirements or not cooperating with child support, although states have substantial leeway in deciding what constitutes noncompliance, the severity of the penalty, and the appeals process which restores benefits.<sup>2</sup> These policies may include removing the parent's benefits from the TANF case (which converts the case to child-only), reducing the overall benefit, but keeping the adult in the assistance unit, or closing the TANF case.

- **Alien policy.** PRWORA distinguishes between "qualified" aliens, a category which includes permanent residents, refugees, asylees, and certain others granted conditional entry, and "non-qualified" aliens, which includes both undocumented aliens and those in PRUCOL (permanently residing under color of law) status, among others.<sup>3</sup> In general, the federal block grant does not fund TANF benefits for most qualified aliens who entered the country after August 1996 for five years after entering the country or unqualified aliens. However, in both cases, the children may receive assistance if they are United States citizens (often because they were born in the United States).

- **Treatment of SSI.** Individuals who are aged, blind, or disabled and who have little or no income and resources are eligible for SSI benefits. In almost all states, the SSI income is excluded when calculating TANF benefits and adult SSI recipients may not receive TANF assistance for themselves, but can apply for their children.

<sup>1</sup> For example, adults are ineligible if they have a drug felony conviction.

<sup>2</sup> Kaplan, J. (1999). The Use of Sanctions Under TANF. Welfare Information Network. Washington, DC.

<sup>3</sup> Kramer, F. (1997). Welfare Reform and Immigrants: Recent Developments and a Review of Key State Decisions. Welfare Information Network. Washington, DC.

- **Non-parental caregivers.** Unlike parents who are caring for their children, in most states, non-parental caregivers may choose to apply for cash assistance for children under their care and themselves or for the children only. Non-parental caregivers are most often caregivers related to the children, although some states allow non-relative caregivers who have legal custody or guardianship to receive cash assistance.

- **Time limit policy.** The federal block grant can be used to provide assistance to families that include an adult or teen parent head-of-household (or spouse) for up to five cumulative years. Some states have indicated that they plan to apply time limits to the parents only, which transforms the case to a child-only case at the time limit. States may also impose a time limit that is shorter than five years.

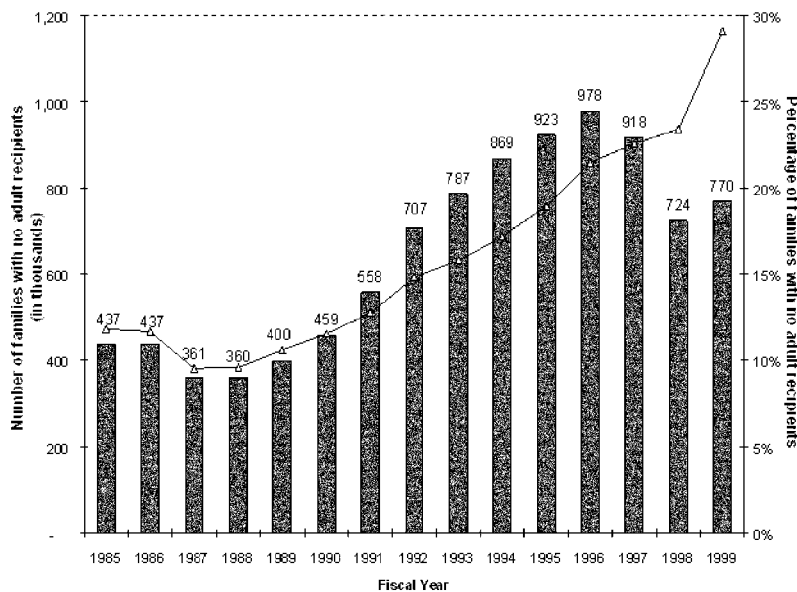
In addition, many states are creating alternative programs for relative caregivers, offering higher payments than TANF, which may result in a shift of cases from TANF into the alternative programs. Depending on state financing choices, these cases may or may not be counted as TANF child-only cases.<sup>4</sup>

## II. Summary of Key Findings

### A. Nationally, Over Time

In 1994, when the national AFDC caseload peaked, 5.0 million families were receiving cash assistance; in 1999, 2.7 million families were on the welfare rolls, a 46 percent decline. The child-only caseload did not follow this trend; the number of child-only families receiving AFDC/TANF assistance increased steadily throughout the 1990s, declining somewhat after 1997. As a result, the TANF caseload consists of a growing proportion of child-only cases. This is illustrated in *Exhibit A*.

**Exhibit A**  
**AFDC/TANF Child-Only Cases, 1985–1999**  
**(Number and Percentage of Total AFDC/TANF Families)**



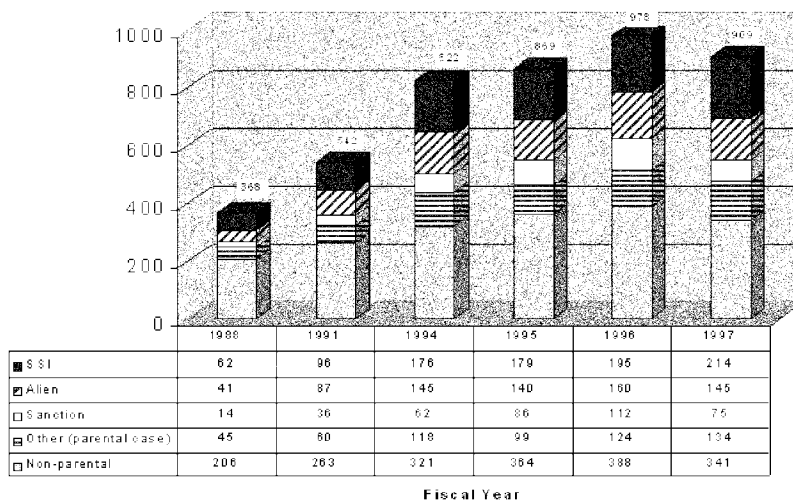
These child-only cases can be categorized into parental cases, in which the child is living with the parent who is ineligible, and non-parental cases, in which the child is living with a non-parental caregiver who is generally a relative. The paren-

<sup>4</sup>These alternative state programs, which are discussed for three states below, may also be alternatives to foster care for relative caregivers. Foster care often requires licensing, home studies, and supervision by child welfare agencies, although payments may be higher.

tal cases can be further categorized into cases in which the parent is ineligible because he or she is an SSI recipient, an alien, or has been sanctioned.<sup>5</sup>

As *Exhibit B* shows, the largest growth in child-only cases occurred prior to the passage of PRWORA in 1996. Within the child-only caseload, both parental and non-parental caregiver cases increased, although the parental cases increased at a greater rate than non-parental cases from the late 1980s to early 1990s. Specifically, non-parental cases grew from approximately 206,000 to 321,000 between 1988 and 1994, a 56 percent increase, while parental child-only cases grew from about 162,000 to 501,000, an increase of 209 percent, during the same period.

**Exhibit B**  
**Number of AFDC/TANF Child-Only Cases by Type of Child-Only Case**  
**(in thousands)**



Source: AFDC QC Data. Department of Health and Human Services, Administration for Children and Families, Office of Planning, Research, and Evaluation.

There are several explanations offered for the growth in child-only cases during this period:

- **An increase in sanctions for non-compliance with program requirements.** The Family Support Act (FSA) of 1988 required non-exempt AFDC recipients to participate in job search, work experience, or education and training activities or be sanctioned. States sanctioned cases by removing the parent from the assistance unit, converting regular AFDC cases to child-only cases.

- **An increase in the number of individuals eligible for SSI.** Congress enacted a series of legislation reforms in the mid-eighties and early-nineties that significantly expanded the scope of the SSI program. The biggest change was the enactment of the 1984 Disability Reform Act that significantly expanded eligibility, particularly for those with mental impairments.

- **An increase in the number of non-qualified aliens.** The Immigration Reform and Control Act of 1986 (IRCA) allowed formerly illegal immigrants to attain legal status, although it barred them from receiving AFDC for the first five years after their legalization. It is possible that the new legal status of the parents increased the likelihood that they would seek benefits for their citizen children. In addition, IRCA instituted employer sanctions for knowingly hiring illegal aliens, perhaps putting more non-qualified aliens in need of cash assistance for their families. Finally, illegal aliens living in the U.S. began growing

<sup>5</sup> A parent may not be on the assistance unit for other reasons, although these are less common. For example, adults may be ineligible if they have a drug felony conviction.

by about 200,000 to 300,000 each year starting in 1989, after IRCA initially reduced the number of non-qualified aliens.<sup>6</sup>

- **An increase in non-parental caregivers.** Current Population Survey data show an increase of kinship care between 1983 and 1993.<sup>7</sup> This growth in relative caregivers may have increased the number of TANF children living with relatives and receiving assistance on child-only cases.

#### **B. Child-Only Policy and Practices in Three States**

Our study examined in more detail the policies and practices in California, Florida, and Missouri. These states were selected, in part, because they offer a range of policies that could influence the size and composition of child-only cases.

- **All three states sanctioned cases for failure to meet work requirements, although the penalty for noncompliance varies; the policy changes directly affect child-only caseloads.**

California removed the adult from the assistance unit, converting regular TANF cases to child-only cases, while Missouri kept the adult in the assistance unit, but reduced the overall benefit by 25 percent. Florida's policy in effect the summer of 1999 closed the TANF case for the first incident of noncompliance and closed the TANF and food stamp case for second and third incidents. However, for the second and third sanctions, parents could apply for assistance for their children through a protective payee (a third party agreeing to accept the check on the children's behalf) making the case child-only.<sup>8</sup>

- **The time limits will affect child-only caseloads differently in each of the three states.**

Only in California will cases be automatically converted to child-only cases when adults begin reaching the time limit in January 2003. In Florida, where some welfare recipients have reached the time limit, cases become child-only when the state assesses that the children are at risk of entering foster care and assigns a protective payee. This had occurred in relatively few instances. In Missouri, cases will be closed at the time limit; welfare recipients will begin reaching the time limit in June 2002. Pertinent to all states, if time limits produce severe financial hardship, resulting in more children living with relatives, child-only caseloads could increase.

- **California and Missouri used state funds to provide assistance to qualified aliens who entered the country after August 1996; Florida did not.**

As discussed above, federal TANF funds cannot be used to provide assistance to qualified aliens entering the country after the passage of PRWORA until they have resided in the country for five years. However, California and Missouri continued to provide assistance using state funds.

- **With the exception of sanctioned cases in Florida and Missouri, child-only cases are not subject to time limits, nor are child-only caregivers required to work or participate in employment-related activities.**

Child-only cases have not declined as rapidly as regular TANF cases, in part, because these cases are subject to fewer work requirements. Children are assisted until they reach age 18, assuming children have little income and resources.

- **As a condition of receiving TANF benefits, parents must assign child support rights to the state. In California, Florida, and Missouri, this applied to relative caregivers as well.**

In all three states, relative caregivers must cooperate with the state by supplying information on each parent absent from the home, which is forwarded to the state child support agency. In addition, the states required that relative caregivers also assign child support benefits over to the state. The child support agency pursues the absent parent to establish a support order, if none is in place, or to enforce an existing order.

- **The three states were creating alternative programs for relative caregivers that offer higher payments than their TANF programs with additional requirements for eligibility. Relative to foster care, these programs generally have less stringent licensing requirements.**

<sup>6</sup>Fix, M. and J. Passel (1994). Immigration and Immigrants Setting the Record Straight. Urban Institute. Washington, DC.

<sup>7</sup>Harden, A.W., and R.L. Clark (1997). Informal and Formal Kinship Care. Report prepared for HHS, ASPE, Washington, DC.

<sup>8</sup>In December 1999, Florida changed their sanction policy, closing the food stamp case for the first incident if the adult does not receive a food stamp exemption. Other members of the household may apply for food stamps after one month. For second and third sanctions, if the adult does not receive a food stamp exemption, the case is closed, although the other members may apply for food stamps after three months and six months, respectively. As was the case under the previous policy, protective payees may be assigned after the second and third sanctions.

Newly created relative caregiver programs in all three states offered higher payments than TANF, required legal guardianship or court supervision of the child, and required some level of background review, licensing, and/or training for the caregiver, although requirements are generally less stringent than foster care requirements. States were using some combination of TANF, maintenance-of-effort (MOE), and state and local funding to support these programs.<sup>9</sup>

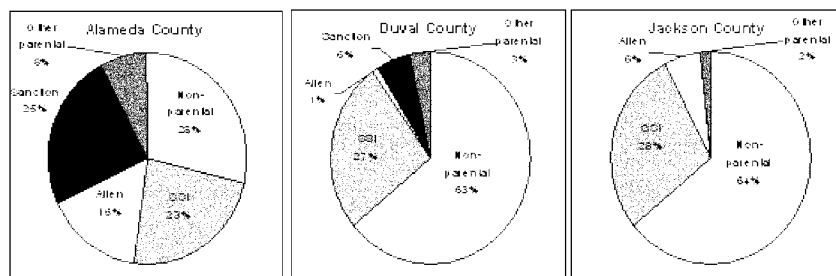
Besides the creation of these alternative programs, no special plans were being made to serve the child-only cases within the scope of the regular TANF program in the counties visited. While these cases make up an increasing proportion of the TANF caseload, child-only cases are perceived as easier to work than regular cases.

### C. Child-Only Caseload in Three Counties

A case file data collection effort was conducted in three counties—Alameda County (Oakland), California, Duval County (Jacksonville), Florida, and Jackson County (Kansas City), Missouri—to document the characteristics of child-only cases. Data were collected from 761 child-only case files that were open in May 1999. The key findings include the following:

**Non-parental caregiver cases comprise two-thirds of child-only cases in Jackson and Duval counties while most of the remaining cases are due to parental receipt of SSI; the Alameda County caseload is more evenly divided among non-parental caregiver, SSI, alien, and sanctioned cases (see Exhibit C).**

**Exhibit C**  
**Composition of the Child-Only Caseload in Three Counties**



Source: Lewin Case File Review, 1999.

Due to differences in demographics and state TANF policies, Alameda County's child-only caseload is more diverse than Duval and Jackson county caseloads. Specifically, more aliens reside in Alameda than in Duval and Jackson and, unlike the other two counties, the vast majority of cases sanctioned result in child-only cases.

• **Among the non-parental cases, the reasons children come to reside with non-parental caregivers vary widely. Major reasons include desertion, substance abuse, incarceration, child abuse, and neglect on the part of the parent.**

Desertion was a common reason children came to reside with non-parental caregivers, accounting for between 26 and 41 percent of the cases in the three counties. Substance abuse by a parent led to a non-parental caregiver arrangement for over one-quarter of the cases in Duval. It is important to note that these reasons may be subjective and are generally not mutually exclusive as the child often came to reside with the caregiver for a combination of related reasons. In addition, the welfare offices differed in terms of how they categorized the circumstances surrounding these cases.

• **Caregivers of child-only cases are substantially older than adults on regular TANF cases; within the child-only caseload, non-parental caregivers are substantially older than parental caregivers.**

<sup>9</sup>MOE dollars are expenditures states must make from their own funds as a condition of receiving the TANF block grant.

The average age of a regular TANF payee is about 30 in Duval and Jackson counties, while child-only caregivers are approximately 44 years of age, on average.<sup>10</sup> Within the child-only caseload in Alameda, Duval, and Jackson counties, parental caregivers average 34 years of age and non-parental caregivers have an average age of 53.<sup>11</sup> This discrepancy is largely due to the fact that grandparents are caregivers of two-thirds of the non-parental caregiver cases. Also, it is not uncommon for great-grandparents to be caregivers. As a result, about 60 percent of non-parental caregivers are over the age of 50 and almost 10 percent are over age 70. Among parental child-only cases, SSI recipients tend to be older.

- **Non-parental cases have higher total income than parental child-only cases.**

Non-parental caregivers have higher total income, defined as income from cash assistance, food stamps, and other sources, including earnings, SSI, and pensions. This is true despite the fact that in all counties, non-parental caregivers are less likely to receive food stamps and in Duval and Jackson counties, they are less likely to receive SSI. As compared to parental caregivers, non-parental caregivers receive a larger portion of their income from sources other than TANF or food stamps.

It should be noted that this discussion reflects only income that is reported on the TANF and food stamp applications. While income information was requested and often entered on the application, this information was not required of non-parental caregivers who were not receiving food stamps, although was required on food stamp applications. Therefore, this is an underestimate of non-parental caregivers' total income.

### III. Implications for Work Requirements and Time Limits

It is important for the Committee to understand that a significant and growing proportion of the TANF caseload is not generally subject to work requirements or time limits. For child-only cases where the parent resides in the household, the adult may have been removed from the grant due to sanctions or time limits and the child or children may continue to receive assistance. The adult may also be ineligible for assistance due to receipt of SSI or due to their alien status.

A significant proportion of child-only cases is composed of non-parental caregivers, usually relatives, who seek assistance only for the needs of the child or children in their care. In this circumstance, neither their income nor their needs are considered in determining the child's eligibility or benefit level. These caregivers are not generally subject to work requirements nor is the assistance they receive on behalf of the children in their care subject to time limits.

States have significant discretion in establishing policies that affect both the number and nature of child-only cases in their states. These decisions are often embedded in the broader context of decisions states make about the overall goals, philosophy and approach of their TANF program. In fact, our study revealed that states do not generally think about their "child-only" caseload as a whole, but rather focus on the type of child-only case. Given the diversity of circumstances that create child-only cases, it is probably wise for national policy makers to follow suit.

It is important to keep in mind that this study was conducted in 1999, and is based on AFDC quality control data available through 1997. Since then, states have made substantial changes to their TANF programs in response to the 1996 welfare reform legislation. For example, more states are implementing sanction policies that reduce the grant size, but keep the adults in the assistance unit, or close the case completely. Thus, we might see a reduction in the number of cases that are child-only due to sanction status. In addition, as mentioned above, PRWORA banned the use of the federal block grant for most qualified aliens who entered the country after August 1996. We might see an increase in the share of cases that are child-only due to alien status because the adults are not allowed to receive assistance, but their children are, if born in the United States. At the time of our study, few families had reached time limits and we did not observe the conversion of adult-headed cases to child-only cases. Finally, there has been substantial growth in the number of special kinship care programs, which may also be having an effect on the size and composition of the TANF child-only caseload.

I would like to close by emphasizing again that while it is convenient to discuss the TANF child-only caseload as a single class of cases, these cases are composed of families in a diverse set of circumstances. As the Committee considers future policy options with regard to child-only cases, they would be wise to focus on specific

<sup>10</sup>These figures are calculated using county administrative data from Duval County and Jackson County.

<sup>11</sup>Calculated from Lewin case file data for Alameda, Duval, and Jackson counties.



types of child-only cases and seek the most up-to-date information on their participation in TANF.

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Chairman HERGER. Thank you very much, Mr. Fishman. Now, we will hear from Douglas Besharov, Professor, School of Public Affairs, University of Maryland, College Park Maryland.

Mr. Besharov.

**STATEMENT OF DOUGLAS J. BESHAROV, PROFESSOR, UNIVERSITY OF MARYLAND SCHOOL OF PUBLIC AFFAIRS, COLLEGE PARK, MARYLAND, AND RESIDENT SCHOLAR, PUBLIC POLICY RESEARCH, AMERICAN ENTERPRISE INSTITUTE**

Mr. BESHAROV. Mr. Herger and Members of the Committee, thank you very much for having me here. This has been quite a hearing in that, in the debate or the discussion about welfare reform, it sometimes feels as if there is a fog here. I think the general public thinks that welfare reform was about mandatory work for welfare recipients. In my testimony, I cite some polls about this and that is what most of the rhetoric about welfare reform is about.

In my prepared testimony, on page 11, is Table 1-A, which was prepared with the help of my colleague, Marie Cohn. It lays out the numbers, which are common to all the testimony and these are Federal numbers, of all TANF adult recipients, so I am leaving out the child-only cases. Sixty percent of them are not in countable activities, countable by the definition of TANF. Forty percent are. That is the number that tends to get used. Forty percent are doing work-related activities.

That is true, but more than half of that number, about 65 percent, are families that are on welfare and working pursuant to an earnings disregard. Now, that is work. I believe in it, and there are some very good things about it. The government calls that an unsubsidized job. I call that a subsidized job because they are still on welfare.

None of the proposals that we have before us addresses that very complicated factor, and I will come back to it in a minute.

If you look at this table, about 4 percent of the national caseload is involved in mandatory work. I did not say 40, I did not say 14, I said 4, and about two-thirds of that number are represented in this room, which is to say Ohio, Wisconsin, and New York, because I see Jason Tenner in the room. If you take those three locations, and New Jersey, out of this number, you have hardly anyone in this nation in mandatory work under TANF. I will say that again. You have hardly anyone in mandatory work under TANF.

Now, this table leaves out the other thing that you have heard about today, and that is not deliberate, it is that there is no data on the subject, and that is the work-related activities that are funded with State-only funds. There are State programs that provide work-related activities. You heard only part of what those activities are. Yes, some of them are training, some of them are education, but some of them include taking care of your own child. Some States give people 2 days' credit of work for going to sign up their kids for Head Start. There are some problems at the State level as well as the national level.

We were asked here to talk about what we think should happen to the welfare bill, and specifically about time limits and work requirements. Let me start by saying I have a tremendous problem in answering that question because, to me, TANF is the Abe Lincoln of Federal legislation. I will say that again. It is the Abe Lincoln of Federal legislation, which is to say every individual part of TANF is ugly as can be. The nose stinks. The caseload reduction credit stinks. The absence of a rainy day fund stinks. The fact the block grant does not vary this way and that, every part of it stinks.

You can take a look and say, Abe needs a nose job, he needs his chin fixed, or he could wear a beard the way I do—he did—and so forth. But the fact is, put together, this ugly combination of provisions has given the States the flexibility to do the things you have heard about today and you see in these studies.

The problem in addressing any specific provision is it is part of a whole. So I might not like the caseload reduction credit, but I look at the two fixes that have been proposed. One fix, from my friends on the right, says only count recipients who have left welfare for work. Well, over 40 percent of the people who leave welfare do not leave for work. They leave for marriage, cohabitation, co-residency, SSI, or other sources of support. Now, we will not talk about SSI. Maybe we should not count them. But I thought we should be happy when people leave welfare because they get married, and I am not talking here about a Federal program to encourage it. These are people who have left, and to deny a State credit for that is, I think, the wrong idea.

Now, the Administration has done the same thing on the caseload reduction credit, which is to say it has got this 3-month rule. The problem with that is it does not reflect entry effects. You have heard that AFDC's reduction is largely because when people come in, they are encouraged to get a job. Neither Mark's proposal, the class proposal, and I think the Democratic proposal, nor the Administration's proposal, fits this need.

I could go through all this, but my little red light is on. All I say is, remember Abe Lincoln. Give him a beard but do not change the face. [Laughter.]

[The prepared statement of Mr. Besharov follows:]

**Statement of Douglas J. Besharov, Professor, University of Maryland School of Public Affairs, and Resident Scholar, Public Policy Research, American Enterprise Institute**

Chairman Herger, and Members of the Subcommittee on Human Resources:

Thank you for inviting me to testify on state implementation of work requirements and time limits under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. My name is Douglas J. Besharov. I am a resident scholar at the American Enterprise Institute for Public Policy Research, where I conduct research on children and families. I am also a professor at the University of Maryland School of Public Affairs, where I teach courses on family policy, welfare reform, and evaluation.

Ask people on the street what "welfare reform" means, and most would probably answer "work in return for welfare." According to Kent Weaver, a senior fellow at the Brookings Institution, public opinion polls conducted between 1993 and 1995, on the eve of welfare reform, revealed that "The clear public favorite among welfare reforms is work requirements, which is consistent with the new paternalism approach to reform."<sup>1</sup> Lawrence Mead of New York University explains: "public opin-

<sup>1</sup>R. Kent Weaver, *Ending Welfare As We Know It* (Washington, D.C.: Brookings Institution Press, 2000), p. 181.

ion polls show that while voters want the government to assist needy families, they also want adult welfare recipients to work, like the taxpayers who support them.”<sup>2</sup>

When the Temporary Assistance for Needy Families program (TANF) was enacted, most analysts expected states to develop large mandatory work programs in order to meet its mandatory “participation” requirements. TANF requires states to place an increasing percentage of adults on welfare in work activities. It establishes two separate “work participation rates”: (1) an “all-family” or overall rate, and (2) a rate for two-parent families (which is higher than the rate for one-parent families because it is considered easier for one parent in a two-parent household to work than it is for a single mother).

1. *The all-family rate (or overall rate)* requires that at least 25 percent of TANF families with an adult (or minor child head of household) be involved for 1997, 30 percent for 1998, 35 percent for 1999, 40 percent for 2000, 45 percent for 2001, and culminating at 50 percent for 2002 and thereafter.<sup>3</sup> In order to be counted as participating, adults in one-parent families must have been engaged in work activities for at least twenty hours per week in 1997 and 1998, twenty-five hours in 1999, and thirty thereafter.<sup>4</sup> (Single parents with a child under six need only participate twenty hours per week to be counted.)

2. *The two-parent family rate* is higher (presumably because there are two parents available to care for the children): 75 percent for 1997 and 1998, and 90 percent thereafter. The number of required hours is also higher: In two-parent families, the parents must have been engaged in activities for at least thirty-five hours per week. (The parents can share the hours.)<sup>5</sup>

States that do not meet these participation rates are subject to a financial penalty.<sup>6</sup>

TANF also requires states to reduce or end assistance to people who refuse to engage in such work activities without good cause.<sup>7</sup>

These “participation standards,” however, have turned out to have little meaning because of the way the participation rates are calculated and because they can be satisfied by recipients combining welfare with work (“combiners”).

*Caseload reduction credit.* What if a state successfully moves a substantial number of recipients from welfare to work? On the theory that it would be unfair to ignore this achievement, the required participation rates are reduced by the “caseload reduction credit.” The credit reduces the state’s required participation rate by one percentage point for each percentage point that the state’s welfare caseload falls below the 1995 level. (Caseload reductions due to eligibility changes, such as full family sanctions, cannot be counted in measuring the caseload decline.)<sup>8</sup> Significantly, thus recognizing “entry effects” gives states an incentive to invest resources and time in helping applicants avoid welfare through various diversion activities and keeping leavers from returning by offering child care and post-employment services.

The caseload reduction credit was established in relation to 1995 welfare caseloads and, because of the sharp decline in the rolls since then, it has all but eliminated the need for states to establish mandatory work programs.

For the all-families participation rate, in 2000, thirty-one states did not have to place anyone in a work activity because their caseload declines were so large. In other words their “adjusted” participation rate was zero. Eleven states had “adjusted” all-families participation rates of under 10 percent.<sup>9</sup> Moreover, these partici-

<sup>2</sup>Lawrence M. Mead, “The Politics of Conservative Welfare Reform,” in *The New World of Welfare*, edited by Rebecca M. Blank and Ron Haskins (Washington, D.C.: Brookings Press, 2001), p. 203.

<sup>3</sup>TANF’s “participation rates” are computed as an average of the state’s participation rates for each month of the fiscal year.

<sup>4</sup>Personal Responsibility and Work Opportunity Reconciliation Act, Section 407(c)(1)(A).

<sup>5</sup>Personal Responsibility and Work Opportunity Reconciliation Act, Section 407(c)(1)(B).

<sup>6</sup>U.S. Department of Health and Human Services, Temporary Assistance for Needy Families Final Rule 45 CFR 261.20(d), Federal Register, April 12, 1999, p. 17885.

<sup>7</sup>Personal Responsibility and Work Opportunity Reconciliation Act, Section 407(e).

<sup>8</sup>Some eligibility changes, such as expansions in earnings disregards, actually increase caseloads. States are required to identify each eligibility change, estimate its effect on the caseload, and then adjust the caseload by the net effect of all the changes. See U.S. Department of Health and Human Services, Administration for Children and Families, Office of Family Assistance, “Guidance on Submitting Caseload Reduction Credit Information, the TANF Caseload Reduction Report (Form ACF-202) and Instructions,” November 5, 1999, available from: <http://www.acf.dhhs.gov/programs/ofa/pa99-2.htm>, accessed February 8, 2002.

<sup>9</sup>U.S. Department of Health and Human Services, Administration for Children and Families, Table 1A, “Temporary Assistance for Needy Families: TANF Work Participation Rates, Fiscal

pation rates are so low that they are easily satisfied because recipients combining work and welfare (pursuant to earnings disregards) count toward the participation rate. As a result, in 2000, all states and the District of Columbia met the all-families participation requirement.

Meeting the two-parent participation requirements has been more difficult for the states—even though the number of such cases has plummeted nationally<sup>10</sup> (from about 363,000 in 1994 to just 56,000 in 2000, an 85 percent drop)<sup>11</sup>—because both the participation rate and minimum hours of participation are higher. Nationally, in 2000, only about 40 or 50 percent of two-parent cases (with enormous variations among the states) were participating for a sufficient number of hours to meet the two-parent work requirement.<sup>12</sup> However, with the help of the caseload reduction credit, twenty-five states and the District of Columbia met or exceeded their adjusted two-parent work participation rates.<sup>13</sup>

Only seven states did not meet their adjusted two-parent participation rate.<sup>14</sup> In earlier years, some of these states entered into corrective compliance plans with the federal government, and a few states have simply paid the penalty for not meeting their two-parent participation rates. (The penalties tend to be small because they are based on the proportion of two-parent cases in the state, which is generally small.)<sup>15</sup>

But the major reason so few states were not out of compliance is that eighteen or more had, in effect, exempted themselves from the requirement by creating a separate state program for all or some of their two-parent families (or not having a program at all), up from fifteen states in 1999.<sup>16</sup> These separate state-funded programs are not subject to the work requirement (or other TANF provisions such as the five-year time limit).

The growing proportion of the caseload composed of “child-only” cases is also watering down participation requirements. For, there is no work requirement imposed on families that do not have an adult parent receiving aid, even if the parent is living in the same household as the child. In 1997, 23 percent of the national TANF caseload was thus exempt from a work requirement for this reason.<sup>17</sup> By 2000, the figure was up to 32 percent.<sup>18</sup> Some of these child-only cases involve children placed

Year 2000,” available from: <http://www.acf.dhhs.gov/programs/opre/particip/im00rate/table1a.htm>, accessed March 4, 2002.

<sup>10</sup>Part of this decline was caused by the shift, in some states, of two-parent cases to separate state programs.

<sup>11</sup>U.S. Department of Health and Human Services, Administration for Children and Families, *Indicators of Welfare Dependence: Annual Report to Congress 2001* (Washington, D.C.: Author, 2001), p. A–8, and U.S. Department of Health and Human Services, Administration for Children and Families, Table 3A, “Temporary Assistance for Needy Families: Average Monthly Number of Parents in Two-Parent Families Who Are Participating in Work Activities for a Sufficient Number of Hours for the Family to Count as Meeting the Two-Parent Families Work Requirements, Fiscal Year 2000,” available from: <http://www.acf.dhhs.gov/programs/opre/particip/im00rate/table5a.htm>, accessed March 5, 2002.

<sup>12</sup>U.S. Department of Health and Human Services, Administration for Children and Families, Table 5B, “Average Monthly Percent of Parents in Two-Parent Families Who Are Participating in Work Activities for a Sufficient Number of Hours for the Family to Count as Meeting the Two-Parent Families Work Requirements, Fiscal Year 2000,” available from: <http://www.acf.dhhs.gov/programs/opre/particip/im00rate/table5b.htm>, accessed March 4, 2002.

<sup>13</sup>U.S. Department of Health and Human Services, Administration for Children and Families, Table 1A, “Temporary Assistance for Needy Families: TANF Work Participation Rates, Fiscal Year 2000,” available from: <http://www.acf.dhhs.gov/programs/opre/particip/im00rate/table1a.htm>, accessed March 4, 2002.

<sup>14</sup>U.S. Department of Health and Human Services, Administration for Children and Families, Table 1A, “Temporary Assistance for Needy Families: TANF Work Participation Rates, Fiscal Year 2000,” available from: <http://www.acf.dhhs.gov/programs/opre/particip/im00rate/table1a.htm>, accessed March 4, 2002.

<sup>15</sup>Personal communication from Mack Storrs, Senior Policy Analyst, Office of Family Assistance, Administration for Children and Families, to Peter Germanis, January 9, 2002.

<sup>16</sup>Indeed, in Rhode Island, if a family meets the two-parent participation rate, then federal funds are used and they are included in the rate. If not, the family receives assistance from a separate state program. (One HHS official observed, “Obviously, they aren’t perfect at this game, since their two-parent rate was 95.8 percent—not 100 percent.”) (This compares to a 6.8 percent participation rate in their separate state program.) As far as we know, Rhode Island is the only state doing this now, but others have discussed adopting the strategy, and more are likely to if participation requirements become more stringent.

<sup>17</sup>U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, *Understanding the AFDC/TANF Child-only Caseload: Policies, Composition and Characteristics in Three States* (Washington, D.C.: Author, February 1, 2000), p. 7.

<sup>18</sup>U.S. Department of Health and Human Services, Administration for Children and Families, Table 3A, “Temporary Assistance for Needy Families: Status of Families as Relates to All Families Work Participation Rates,” Fiscal Year 2000,” available from: <http://www.acf.dhhs.gov/pro>

with relatives (“kinship care”) because their parents cannot care for them.<sup>19</sup> Some involve immigrant families, where the adult immigrant is not eligible for benefits but their native born children are. Some involve situations where the parent is receiving SSI and is not included as part of the TANF grant (while the child is). And some involve families in which the adult has been sanctioned for some reason and is, therefore, off the grant.

*Actual participation.* Despite initial expectations, therefore, participation in the activities counted toward the TANF participation requirements (“countable work-related activities”) has been quite limited. In an average month in 2000 (the most recent year with data), only 40 percent of adult TANF recipients participated in a countable activity.<sup>20</sup> And, even that is a misleading statistic, because about 61 percent of those participating are simply combining work and welfare (in large part because of the newly generous earnings disregards described above). TANF calls this “unsubsidized employment,” but that clearly is a misnomer since the families continue to receive welfare payments, which can be a substantial portion of their original grants. First the Clinton Administration and now the Bush Administration have helped muddy the waters by repeatedly reporting that large percentages of welfare recipients were “working,” when, in fact, the vast majority were taking advantage of earnings disregards to combine work and welfare.<sup>21</sup>

In fact, in 2000, only somewhere between 16 to 23 percent of all adult recipients were participating in activities other than “unsubsidized” employment,<sup>22</sup> and only about 4 percent were in “work experience.” Most of the rest of those not combining work and welfare were either in job search (5 percent) or vocational education (3 percent).<sup>23</sup> (See Tables 1 and 1A.)

Importantly, four states—New Jersey, New York, Ohio, and Wisconsin—accounted for over 60 percent of the participants in work experience programs (37,971 out of a national total of 61,643).<sup>24</sup> In these states, the percentage of adults in work experience ranged from 6 percent in New York to 57 percent in Wisconsin. (See Tables 2 and 2A.)

Because most states have had no trouble meeting the all-family participation rate—and because they have unspent TANF funds resulting from the decline in their caseloads—many states have also funded activities and services that may not count toward TANF participation requirements. Sometimes they mandate participation in them. These services include substance abuse treatment, skills assessment, mental health services, domestic abuse services, or adult literacy. Sometimes these services are provided in conjunction with some form of work experience or subsidized employment, and sometimes not.

Such activities are presently not countable toward participation requirements. If they were, they would have added appreciably to the number of recipients in countable activities. (In 2000, they accounted for as much as 15 percent of total participa-

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grams/opre/particip/im00rate/table3a.htm, accessed March 4, 2002. Despite the increase in the proportion of the caseload composed of child-only cases, the total number of such cases actually declined from 822,000 to 719,000.

<sup>19</sup>These are assistance cases under TANF. However, it is also possible for states to shift these cases to their child welfare programs, and relabel them “kinship foster care” cases. See Douglas J. Besharov, “The Welfare Balloon: Squeeze Hard on One Side and the Other Side Will Just Expand,” *The Washington Post*, June 11, 1995, p.C4

<sup>20</sup>U.S. Department of Health and Human Services, Administration for Children and Families, Table 6A, “Temporary Assistance for Needy Families: Average Hours of Participation in Work Activities, Including Waivers, For All Adults Participating in Work Activities, Fiscal Year 2000,” available from: <http://www.acf.dhhs.gov/programs/opre/particip/im00rate/table6a.htm>, accessed March 4, 2002.

<sup>21</sup>See, e.g., U.S. Department of Health and Human Services, “States Continue to Meet Welfare Reform’s Work Participation Rules,” Press Release, February 14, 2002, available from: <http://www.hhs.gov/news/press/2002pres/20020214.html>, accessed March 4, 2002.

<sup>22</sup>The range for this category reflects the fact that there may be recipients participating in more than one activity, so that it is not possible to estimate precisely the number of adults in countable activities other than “unsubsidized employment.”

<sup>23</sup>U.S. Department of Health and Human Services, Administration for Children and Families, Table 6A, “Temporary Assistance for Needy Families: Average Hours of Participation in Work Activities, Including Waivers, For All Adults Participating in Work Activities, Fiscal Year 2000,” available from: <http://www.acf.dhhs.gov/programs/opre/particip/im00rate/table6a.htm>, accessed March 4, 2002.

<sup>24</sup>U.S. Department of Health and Human Services, Administration for Children and Families, Table 6A, “Temporary Assistance for Needy Families: Average Hours of Participation in Work Activities, Including Waivers, For All Adults Participating in Work Activities, Fiscal Year 2000,” available from: <http://www.acf.dhhs.gov/programs/opre/particip/im00rate/table6a.htm>, accessed March 4, 2002.

tion.)<sup>25</sup> In New York City, for example, in November 2001, adding the participants in normally noncountable activities would increase the number participating there by 7,683 (18 percent). The number of participants would rise from 43,669 to 51,352 (with 1,281 in substance abuse treatment, 1,831 in wellness/rehab, and 4,571 who are “needed at home” to care for a dependent).<sup>26</sup>

A word of warning about these statistics: In conversations with state and county officials, it was clear that many had very poor data on the numbers of participants in various activities, and discrepancies in some states’ data suggest significant inaccuracies. Moreover, the data seems to have little meaning or utility to state officials, and many seem to make little use of the data that they have.

**TABLE 1. AVERAGE MONTHLY PARTICIPATION IN WORK ACTIVITIES BY ADULT TANF RECIPIENTS, FISCAL YEAR 1999**

Group	Number of Adult Recipients	Percent of all Adult Recipients
Adult TANF recipients <sup>a</sup> .....	2,112,143	100
Adult recipients not participating in any work-related activity .....	1,226,679	58
Adult recipients participating in one or more work-related activities <sup>b</sup> .....	885,464	42
Recipients in unsubsidized employment <sup>c</sup> .....	585,396	28
Recipients in other work-related activities <sup>d</sup> .....	300,068–381,766	14–18
Job search and job readiness assistance .....	125,244	6
Work experience .....	78,225	4
Vocational education .....	63,730	3
Community service .....	31,273	1
Satisfactory school attendance .....	30,394	1
Job skills training .....	19,732	1
Education related to employment .....	17,079	1
On-the-job training .....	7,140	<1
Subsidized public employment .....	4,162	<1
Subsidized private employment .....	3,982	<1
Providing child care .....	796	<1

<sup>a</sup>Includes minor heads of household.

<sup>b</sup>Not all of these adults were counted toward TANF work participation rates because not all of them had enough hours of participation to be counted.

<sup>c</sup>Includes recipients who are employed part-time or full-time and are still eligible for TANF, often because they live in states that “disregard” (do not count) a certain amount or proportion of earned income in the calculation of welfare eligibility and benefits.

<sup>d</sup>The range for this category reflects the fact that there may be people who were in more than one activity, including unsubsidized employment. If none of the recipients in other work-related activities were also employed, then there would be 300,068 adult recipients in these activities; if some of them were also employed, then there could be as many as 381,766 in other work-related activities.

Source: U.S. Department of Health and Human Services, Administration for Children and Families, Temporary Assistance for Needy Families Program: Third Annual Report to Congress (Washington, D.C.: U.S. Department of Health and Human Services, August, 2000), pp. 48–49, available from: <http://www.acf.dhhs.gov/programs/opre/annual3.pdf>, accessed September 19, 2001.

**TABLE 1A. AVERAGE MONTHLY PARTICIPATION IN WORK ACTIVITIES BY TANF ADULT RECIPIENTS, FISCAL YEAR 2000**

Group	Number of Adult Recipients	Percent of all Adult Recipients
Adult TANF recipients <sup>a</sup> .....	1,588,651	100
Adult recipients not participating in any work-related activity .....	957,519	60
Adult recipients participating in one or more work-related activities <sup>b</sup> .....	631,132	40
Recipients in unsubsidized employment <sup>c</sup> .....	382,604	24
Recipients in other work-related activities <sup>d</sup> .....	248,528–363,881	16–23
Job search and job readiness assistance .....	78,737	5
Work experience .....	61,643	4

<sup>25</sup>In fact, given the wide flexibility states have in defining their activities, participation in many of these activities could be classified under “community service,” a countable activity for TANF participation requirements.

<sup>26</sup>New York City Human Resources Administration, “FA/TANF—November 19, 2001—Weekly Report.”

**TABLE 1A. AVERAGE MONTHLY PARTICIPATION IN WORK ACTIVITIES BY TANF ADULT RECIPIENTS,  
FISCAL YEAR 2000—Continued**

Group	Number of Adult Recipients	Percent of all Adult Recipients
Vocational education .....	54,692	3
Community service .....	40,852	3
Satisfactory school attendance .....	25,116	2
Job skills training .....	17,104	1
Education related to employment .....	17,012	1
On-the-job training .....	2,113	<1
Subsidized public employment .....	4,414	<1
Subsidized private employment .....	3,788	<1
Providing child care .....	327	<1
Additional waiver activities .....	30,959	2
Other .....	27,124	2

<sup>a</sup>Includes minor heads of household.

<sup>b</sup>Not all of these adults were counted toward TANF work participation rates because not all of them had enough hours of participation to be counted.

<sup>c</sup>Includes recipients who are employed part-time or full-time and are still eligible for TANF, often because they live in states that "disregard" (do not count) a certain amount or proportion of earned income in the calculation of welfare eligibility and benefits.

<sup>d</sup>The range for this category reflects the fact that there may be people who were in more than one activity, including unsubsidized employment. If none of the recipients in other work-related activities were also employed, then there would be 248,528 adult recipients in these activities; if some of them were also employed, then there could be as many as 363,881 in other work-related activities.

Source: U.S. Department of Health and Human Services, Administration for Children and Families, unpublished data.

**TABLE 2. AVERAGE MONTHLY NUMBER OF ADULTS IN WORK EXPERIENCE, UNSUBSIDIZED EMPLOYMENT, OR SANCTIONED: FISCAL YEAR 1999**

	U.S.	CA	IL	MI	NJ	NY	NYC <sup>a</sup>	OH	PA	TN	TX	WV	WI
Adults .....	2,112,143	539,259	101,821	69,284	45,762	260,641	171,507	77,463	96,173	40,812	82,729	14,348	8,473
Work experience ....	4%	<1%	5%	<1%	16%	7%	10%	22%	<1%	<1%	8%	64%	
	78,225	4,073	4,541	65	7,372	18,229	17,229	17,280	808	299	735	1,176	5,434
Unsubsidized .....													
employment <sup>b</sup> .....	28%	41%	43%	36%	16%	17%	15%	27%	26%	21%	5%	7%	29%
	585,396	219,237	43,462	25,282	7,237	44,227	26,356	20,890	25,214	8,423	3,877	939	2,447
Sanctions <sup>c</sup> .....	5%	1%	10%	3%	8%	6%	9%	22%	5%	NA	15%	NA	23%
	105,607	5,069	9,968	2,224	3,679	15,583	15,583	1,689	5,284	NA	12,798	NA	1,928
Engageable <sup>e</sup> .....	1,421,140	314,953	48,391	41,778	34,846	200,831	129,568	54,794	65,675	32,389	66,054	13,409	4,098
Percentage of engageable in work experience	6	1	9	<1	21	9	13	32	1	1	1.1	9	133
March 1994 case- load .....	5,098,288	916,427	241,817	227,114	123,025	457,660	308,685	254,021	211,711	111,740	286,613	41,521	78,739
June 2001 caseload	2,087,999	462,238	58,866	72,129	44,426	221,757	155,901	82,195	81,543	59,880	127,539	14,953	18,107
Caseload decline ....	59%	50%	76%	68%	64%	52%	49%	68%	61%	46%	56%	64%	77%
	3,010,289	454,189	182,951	154,985	78,599	235,903	152,784	171,826	130,168	51,860	159,074	26,298	60,632

<sup>a</sup>New York City data are as of July 28, 1999.

<sup>b</sup>Although the 1996 welfare reform law calls this category “unsubsidized employment,” the term is misleading, because it involves the ongoing provision of a welfare grant.

<sup>c</sup>Based on sanction rates reported by the U.S. General Accounting Office for 1998.

<sup>d</sup>The number of sanctions in the state of New York was not reported; the data are thus limited to the number of sanctions in New York City.

<sup>e</sup>The term “engageable” is intended to identify the number of recipients who are potentially available for participation in work-related activities, because they are neither in unsubsidized employment nor in sanction status.

Source: U.S. Department of Health and Human Services, Administration for Children and Families, Temporary Assistance for Needy Families Program: Third Annual Report to Congress (Washington, D.C.: U.S. Department of Health and Human Services, August, 2000), pp. 48–49, available from: <http://www.acf.dhhs.gov/programs/opre/annual3.pdf>, accessed September 19, 2001; New York City Human Resources Administration, “FA/TANF—July 28, 1999—Weekly Report”; and U.S. General Accounting Office, Welfare Reform: State Sanction Policies and Number of Families Affected (Washington, D.C.: GAO/HEHES-00-44, March 2000).



**TABLE 2A. AVERAGE MONTHLY NUMBER OF ADULTS IN WORK EXPERIENCE, UNSUBSIDIZED EMPLOYMENT, OR SANCTIONED: FISCAL YEAR 2000**

	U.S.	CA	IL	MI	NJ	NY	OH	PA	TN	TX	WV	WI
Adults .....	1,588,651	304,705	66,143	54,679	33,056	232,540	65,129	63,879	44,003	90,275	10,157	5,710
Work experience .....	4%	<1%	5%	<1%	18%	6%	22%	2%	<1%	<1%	8%	57%
	61,643	1,613	2,984	62	6,016	14,601	14,127	1,257	253	417	776	3,227
Unsubsidized employment <sup>a</sup> ....	24%	25%	39%	40%	20%	20%	31%	25%	20%	6%	6%	8%
	382,604	75,631	25,478	21,782	6,658	45,508	20,279	15,911	8,646	5,733	632	438
Sanctions <sup>b</sup> .....	5%	1%	10%	3%	8%	NA	2%	5%	NA	15%	NA	23%
	79,433	2,864	6,475	1,755	2,658		1,420	3,449		13,966		1,299
Engageable <sup>c</sup> .....	1,126,614	226,210	34,190	31,142	23,740	187,032	43,430	65,675	35,357	70,576	9,525	3,973
Percentage of engageable in work experience .....	6	1	9	<1	25	8	33	1	1	1	8	81
March 1994 caseload .....	5,098,288	916,427	241,817	227,114	123,025	457,660	254,021	211,711	111,740	286,613	41,521	78,739
June 2001 caseload .....	2,087,999	462,238	58,866	72,129	44,426	221,757	82,195	81,543	59,880	127,539	14,953	18,107
Caseload decline .....	59%	50%	76%	68%	64%	52%	68%	61%	46%	56%	64%	77%
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<sup>a</sup> Although the 1996 welfare reform law calls this category “unsubsidized employment,” the term is misleading, because it involves the ongoing provision of a welfare grant.

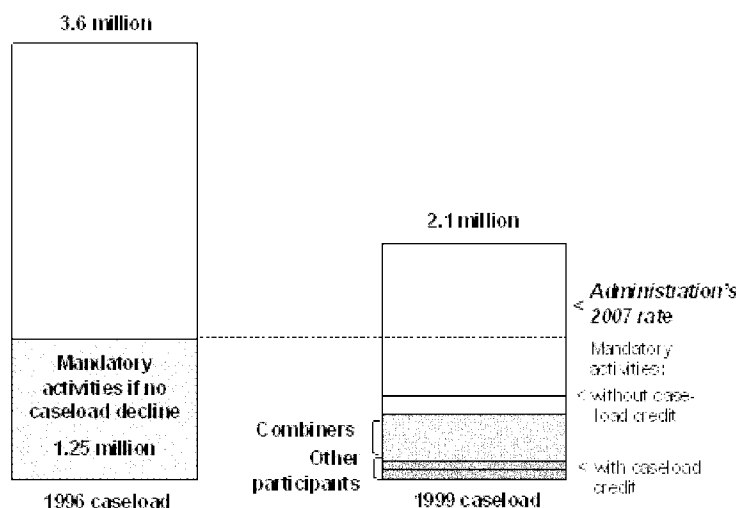
<sup>b</sup> Based on sanction rates reported by the U.S. General Accounting Office for 1998.

<sup>c</sup> The term “engageable” is intended to identify the number of recipients who are potentially available for participation in work-related activities, because they are neither in unsubsidized employment nor in sanction status.

Source: U.S. Department of Health and Human Services, Temporary Assistance for Needy Families Program: Third Annual Report to Congress (Washington, D.C.: U.S. Department of Health and Human Services, August, 2000), pp. 48–49, available from: <http://www.acf.dhhs.gov/programs/opre/annual3.pdf>, accessed September 19, 2001; New York City Human Resources Administration, “FA/TANF—November 19, 2001—Weekly Report”; and U.S. General Accounting Office, Welfare Reform: State Sanction Policies and Number of Families Affected (Washington, D.C.: GAO, GAO/HEHES-00-44, March 2000).

## Little Mandatory Work

Welfare cases subject to work requirements



Source: Douglas J. Besharov, 2002

### Conclusions

1. I believe that the past six years' experience establishes that mandatory work-related activities are a key element in any successful program of welfare reform. They can:

- Reinforce Work First efforts,
- Make time limits enforceable,
- Enhance human capital, and
- Build public support for further welfare reform efforts.

2. Up to now, almost all the work participation under TANF has been composed of recipients combining work and welfare, generally because of the very generous earnings disregards adopted by the states.

3. States are far from having the infrastructure and expertise to operate large mandatory work programs.

4. There is substantial interest among the states, for good or for bad, in offering services (and mandating participation) in activities other than work, such as drug treatment and remedial education. (Some of this may have been driven by the belief among states that, if they did not spend their TANF surpluses, they would lose them. In this regard, the Administration's proposal to allow states to create their own "rainy day" funds is most welcome.)

5. The current law contains many ways that states can minimize (and even avoid) TANF's participation requirements—such as by creating separate state programs or child-only cases, by adopting loose definitions of work, and by increasing the number of those combining work and welfare (by increasing earnings disregards even more and by suspending the time-limit clock).

6. Although most attention is being placed on requiring states to increase participation rates, it is equally important to remove barriers to their doing so. An important example is the need to exempt work-related activities from the reach of the Fair Labor Standards Act, and especially its minimum wage requirements.

7. Finally, any effort to increase TANF's participation rates—which I strongly support—will require a keen appreciation of the complex factors that will shape state responses—and should be prepared for unintended consequences.

Chairman HERGER. Thank you very much, Mr. Besharov. Now, we will turn to questioning, and the gentleman from Kentucky, Mr. Lewis, to inquire.

Mr. LEWIS. Thank you, Mr. Chairman.

Ms. GRAVES, I understand you learned an interesting lesson when you tried to help your 10 hardest cases find employment before exhausting their benefits. Can you describe this for us?

Ms. GRAVES. What we found when we were out in the district was that these cases who refused to go to work at all had other incomes, and not necessarily legal incomes, coming in the household, or they had someone else who was taking care of the family. So the need or the urgency to go get a job was not there for them.

In only one situation did we find that it was a domestic violence situation that kept the individual from seeking work, and that was because she was afraid to leave the house. Now, for that—and only because we continued to investigate and continued to investigate what was going on did we find out that domestic violence was the problem. But the other nine all had other activities going on.

Mr. LEWIS. I see. In your testimony, you mentioned your program's principle is to reduce out-of-wedlock pregnancies and promote family formation. What specifically have you done to achieve those?

Ms. GRAVES. We have two programs, one with Project Impact and one with the Interdenominational Ministerial Alliance. Those are two faith-based organizations. We do not specifically contract with them for family formation, but their programs, one is Family Works, the other one is Family to-Family, the mentoring that they did, they finally figured it out that to help that family become stable was to involve the fathers in the family, and from that, because they introduced the faith-based part to it, they got them in church and involved in many activities that led to those families forming and becoming mates.

But I tell you one problem with the family formation, the reason why we do not push it so hard is, number one, some of those are not healthy formative situations, and number two, not all of the children have the same father. Which father are we trying to form with them?

[Laughter.]

Mr. LEWIS. Yes. Thank you.

Ms. GRAVES. Thank you.

Chairman HERGER. Thank you, Mr. Lewis. The gentleman from Michigan, Mr. Levin, to inquire.

Mr. LEVIN. I am not sure Mr. Lewis got the answer you wanted.

[Laughter.]

Mr. LEWIS. Well, we are looking for the truth.

Mr. LEVIN. I misspoke—the answer you expected. I did not mean that in any other way.

But I think that that is the utility of this hearing, and I hope that a transcript can be made available soon, because when Mr. Greenberg was testifying, I saw a number of you shaking your heads in agreement, on certain points, anyway. It is interesting,

there is more common ground than there is disagreement, up to a point.

Mr. Besharov, I will tell you what most people in the district I represent think welfare reform means, and I represent a suburban district, I will not describe it otherwise perhaps because it is not easy to describe, but welfare reform has always been an issue of real importance.

I think when I ask them, what do they think welfare reform is all about, they would say, moving people off of welfare into work. That is what they mean, not those on welfare working. It is people who are receiving assistance moving off of assistance, and that is why they, in Michigan, under Governor Engler, there has been major income disregard. People who have moved off of welfare are in very substantial numbers still receiving some assistance. The same is true in Wisconsin and in many other States.

And so I think we need to talk through this very issue, what we mean, where our focus is. If our focus is on making sure people who are receiving assistance are working rather than getting people moving from welfare into work and eventually earning enough so there is no income disregard, there is a difference there.

In some States, they may not get cash assistance. They receive services. I guess that is maybe true in Wisconsin. Is there any cash assistance at all to people who have moved off of welfare to work?

Ms. REINERT. No.

Mr. LEVIN. There is none. In Michigan, it is very substantial. I think that is an argument for flexibility, and I noticed, to the Secretary of the Department in Wisconsin, you said that raising the bar on work participation will make a significant difference as long as States can retain the ability to decide what activities are most appropriate on a case-by-case basis. I think you have to read that that the Administration's proposal does not do that.

Ms. REINERT. I would disagree with you on that. I believe that the work participation bar is absolutely necessary in terms of accountability.

Mr. LEVIN. I am not disagreeing with that, but as long as States retain the ability to decide what activities are most appropriate on a case-by-case basis, do you think the Administration proposal does that?

Ms. REINERT. I guess I am talking about a broader flexibility in terms of utilizing the 20-percent exclusion, too. We are looking for flexibility within the State to treat people as individuals. But I am in full support of the plan relative to work participation and work requirements.

Mr. LEVIN. But it changes the flexibility of the States as to what the mix is. Everybody acknowledges that the flexibility of the States as to the mix of activities. There is no other way to read that. I know you are from Wisconsin, but—

[Laughter.]

Mr. LEVIN. I mean, it changes the flexibility, does it not? Do not answer that. I do not want to put you on the spot. But it does.

[Laughter.]

Mr. LEVIN. I mean, in terms of vocational education, if it goes from a year to 3 months, it changes it. The 24-16 changes it, does it not, Ms. Graves?

Ms. GRAVES. Yes. Every time you prescribe something, you limit flexibility. It has to be on a case-by-case basis. For some families, 16 hours would be fine, but for others, it may be that we get them in a drug counseling program for 4 hours a week, but we may have education for 10 hours. Being able to count what that family needs to do to become stable and in a work situation is what is important, not prescribing that you do 16 hours of education and 24 hours of work. We know work has to be in there, but let the case determine. Let the State determine what that needs to be.

Mr. LEVIN. Will you come on Tuesday?

[Laughter.]

Mr. LEVIN. You are working at the grassroots, as some of the others are. I just urge that we pay attention to this. I think if we do not, we are saying, and I will finish with this, that we like flexibility as long as the States agree with us. If they do not, then we believe in inflexibility, and I do not think you can have it both ways. There have to be some standards, but I think we need to ask ourselves what they should be, and also going back to you, Mr. Besharov, I think we need to have a good discussion as to the meaning of welfare reform. To me, the objective is to get off of welfare.

Chairman HERGER. The gentleman's time has expired.

Mr. LEVIN. I know, but there is nobody else here, so I thought I would—

[Laughter.]

Mr. LEVIN. Mr. Cardin, if I might indicate, is not here only because he is debating this bill on the floor, and I am now going to go and do that and give you the rest of the time, Mr. Chairman.

Chairman HERGER. I thank the gentleman.

I do want to point out, my understanding is 16 hours of those 40 hours are flexible that the President has put into that program, so it would be flexible from the State.

Secretary Reinert, if I could inquire of you, you have noted that Wisconsin provides extensions of the time limit for certain individuals with special circumstances. Is that an extension from the 60-month time limit, and are you anywhere close to reaching the 20 percent cap on hardship exemptions?

Ms. REINERT. We are nowhere near reaching that cap. The 20 percent gives us more than enough room. We have—our cap would be 3,600 cases, and we have 75 active extensions at this point in time. So we believe we have a tremendous amount of flexibility within that 20 percent, and perhaps that is the issue of flexibility that I was trying to address there, that there is flexibility in the overall program to meet individual needs and not do a cookie cutter approach.

Chairman HERGER. Thank you. I would have to agree with Ms. Graves and virtually everyone we talked to. This flexibility is very important with perhaps some guidelines in there, but I believe everyone I talked to agrees with that.

Another question. I also note, Ms. Reinert, your point on page 10 of your testimony about the need to help communities with pockets of high unemployment attract new businesses and retrain workers, and I totally agree. Some have proposed going beyond that to say that we should exempt individuals who live in disadvantaged areas

from work requirements and time limits. That may sound compassionate at first, but I am afraid it could effectively seal off such communities from the pro-work message and all the energy that has helped transform welfare in so many communities in America in recent years, and I would welcome your thoughts on this. Are there areas of Wisconsin where you feel that people simply cannot find or at least prepare for work?

Ms. REINERT. Our strong position has been all along that we are not going to leave anyone behind. It does not matter where they live geographically, what the economic situation is, what their personal situation is. We believe that everyone can be engaged in activities that can move them toward self-sufficiency. So I am not sure if that thoroughly answers your question, but it is a strong philosophical base that W-2 has.

Chairman HERGER. I believe it does, and I think the point there is not that we cannot—the bottom line is, we do not want to leave anyone behind.

Ms. REINERT. Exactly.

Chairman HERGER. And perhaps in the area where they are most in need in these communities is perhaps where they need the most help not leaving them behind.

Ms. REINERT. And that goes to the community partnership, looking at what are the economic needs in the area and the employers and matching the training to meet those needs.

Chairman HERGER. Finally, do you know of any area in your State where you would find that you would want to exclude?

Ms. REINERT. No.

Chairman HERGER. I thank you for that. With that, I want to thank each of our witnesses—

Mr. LEWIS. Mr. Chairman.

Chairman HERGER. Mr. Lewis.

Mr. LEWIS. Could I ask one more question of the panel?

Chairman HERGER. Yes.

Mr. LEWIS. Thank you. I appreciate it.

Chairman HERGER. Since you are the last one—

Mr. LEWIS. I am the only one.

[Laughter.]

Mr. LEWIS. I recently met with a group of people, senior citizens, that are taking care of their grandchildren, and I understand there are about 6 million in the country today. I think in the State of Kentucky, there are about 60,000. How are the States dealing with these children? I mean, most of these grandparents that I talked to were, of course, on fixed income, retired. They are barely able to take care of themselves, but they want to keep that family together as much as possible. How are the States dealing in making sure those kids are provided for with those basic necessities, education, health care, and so forth? How are you dealing with that? And do you have enough flexibility to deal with that?

Ms. GRAVES. Flexibility is one of the problems, but resources. In the State of Ohio, they have what they call Kinship Navigator, that we have taken some of the dollars from TANF and put in Title XX to actually help those people. It is not so much the medical but what do you do with a child that is in juvenile court and you are a grandparent? It is knowing what resources, where they go to get

this, where they go to get that. That is where the Kinship Navigator comes in and that is where States have fallen off.

I hear them talking about illegal aliens and all that. In our county, the number one, the highest percentage of cases are with grandparents because of the drug culture, because of criminal activity and these people are incarcerated. And the grandparent, who knows nothing about the new school system, who knows nothing about where to go to get help, that is where the shortfall comes.

But if you take away our ability to fund those activities by reducing down to 4 percent on Title XX, then we cannot offer those kinds of services to people who sorely need them.

Mr. LEWIS. And if those grandparents cannot take care of those kids, then those kids end up in foster homes.

Ms. GRAVES. You put them in the most expensive system out there, child welfare. Now, you have got a choice.

[Laughter.]

Mr. LEWIS. And if we are looking at holding the family unit together, it seems to me we are much better holding them there with their grandparents, and the grandparents want to. It is just a matter of they cannot go back to work. It is beyond their ability to do that. Thank you. I appreciate it.

Ms. GRAVES. Thank you.

Mr. LEWIS. Does anyone else have anything to say about it? Thank you.

Chairman HERGER. Again, I want to thank the gentleman from Kentucky for your question.

I would like to include in the record a written statement from Ronald H. Field, Vice President for Public Policy, Volunteers of America.

[The statement of Mr. Field follows:]

**Statement of Ronald H. Field, Vice President for Public Policy, Volunteers of America, Alexandria, Virginia**

Mr. Chairman, Members of the Committee, Volunteers of America, a national, spiritually based housing and human service non-profit, thanks the subcommittee for the opportunity to submit comments concerning welfare work requirements and time limits. Through our job placement and training programs, family transitional living programs, homeless shelters, emergency food and clothing assistance, and counseling and treatment services, we serve many low-income children and families. As an organization that provides an array of programs and services to assist children and families who are in financial and emotional crisis, we are concerned that stringent time limits and work requirements are not the most effective way to help people transition out of poverty and become economically independent. States need more, not less, flexibility to determine the definition of work, the extent of work requirements, and the appropriate time limit for receiving benefits. States need this flexibility in order to be able to provide recipients adequate and appropriate services to help them be successful in the workplace.

**Recommendation #1**

The effectiveness of work requirements hinges upon the definition of work. **Volunteers of America recommends that the definition of work include a full course of education or training, counseling and treatment for substance abuse, mental health, and domestic violence issues, or physical disability.** Expanding the definition of work to include these aspects will allow people to address the issues that are keeping them in poverty, and then enter the work force, succeed, and become economically independent.

Through Volunteers of America's experience in providing services to TANF recipients, we have found that education and support services are missing pieces of the puzzle for many. Our FindWork program in Shreveport, Louisiana is a 4-month program that combines job training and placement. Our staff have encountered first

hand the struggles that low-skilled individuals face in finding adequate employment. "We helped one client to learn the alphabet, and most clients read below a sixth grade level. Such low skills make it almost impossible for job placement. Employers are reluctant in hiring the participants due to lack of education," states Dewanna Lovelace, the FindWork Program Coordinator. Ms. Lovelace also sights manifestations of mental illness, substance abuse, and domestic violence as significant barriers to meaningful employment. "In order to place people with these barriers in jobs, they need to receive services first. Some employers that I work with feel that participants lack the support services that they would need to maintain the jobs."

"Women who have multiple barriers to obtaining and holding employment will be the least likely to obtain economic self-sufficiency under the new welfare regime begun by the 1996 Personal Responsibility and Work Opportunity Act" is the conclusion of the Women's Employment Study (WES) conducted by the University of Michigan. The WES study found that of the TANF recipients studied, 31.4 percent had no high school diploma, 25.4 percent had experienced a major depressive episode, and 14.9 percent had experienced recent severe domestic violence. The presence of these barriers will affect the likelihood of obtaining and retaining employment. The current "rapid employment" approach cannot address these severe barriers. Exhibiting one or more of these barriers does not mean that a recipient is unemployable, simply that they will need more time and support services to be effective in the workplace.

The ability to access real education and training opportunities is essential to placing recipients on true career paths rather than short-term, low-wage employment. The W.K. Kellogg Foundation, in its Devolution Initiative, explores the current "work first" approach that is integral to TANF. "Work first" rests upon the key principle that pre-employment education and training are not as effective as standard job searches in increasing employment and earnings for recipients with little or no work experience. The implication of "work first" is that immediate job placement, regardless of the quality of the job, is the best way to advance in the work place. Contrary to this approach, the Devolution Initiative has found that the factors that predict *job advancement* among adults leaving welfare for work include higher wages in the first job, having or acquiring higher basic skills, postsecondary education, and post-secondary training (including English as a second language). All of these factors illustrate the importance of education and training to long-term job success.

Robert A. Moffitt, of the Brookings Institution's Welfare and Beyond project, identified that the employment rates of less educated welfare leavers are considerably below those of their more educated peers, and the poverty rate of those less educated recipients is higher. For recipients to become permanent members of the work force, States have to be given the flexibility to allow education and training to count as a full work activity.

#### **Recommendation #2**

**Volunteers of America recommends that time limits not apply to families who are making an effort to comply with program requirements, but are still not self-supporting.** Program requirements must include an expanded definition of work, including expanded education and training, treatment and counseling for mental illness, substance abuse, domestic violence, and physical disability. States need the flexibility to provide benefits until a recipient is able to work, and work income is high enough that a family is no longer in need of assistance.

Leo McFarland, Chief Executive Officer of Volunteers of America Greater Sacramento & Northern Nevada, has found time limits to be a barrier for recipients who take part in his programs. Mr. McFarland states, "In a recent study of 700 TANF recipients in two California counties, more than half reported that, over the previous 12 months, they had experienced domestic abuse, had one or more mental health issue(s), and/or had abused alcohol or drugs. *In our programs for TANF eligible women, 100 percent of the women we serve battle substance abuse or mental health issues.* For these women in treatment, the current welfare reform policies adopted in 1996, with its time limitations, have placed a formidable barrier to their goals to provide a stable and productive family environment for themselves and their children. Crucial to aiding this population is the need to provide system flexibility that would allow for the additional time necessary for substance abuse or mental health treatment. Effective treatment for serious barriers requires a different amount of time for each person, and cannot be held to a time clock."

The TANF program must be flexible enough to be able to respond to regional and national economic changes. During times of economic downturn that result in a scarcity of jobs, TANF must continue to provide assistance. Rebecca M. Black, of the



Brookings Institution, concludes in "Welfare and the Economy" that the financial burden of an economic crisis now lies with the States. When a recession hits, and the need for incomes support rises, inevitably State's budgets are also hard hit and have little flexibility to shoulder the increase. States need to have the flexibility to allow people back into the program, even if they have used up their lifetime limit. The contingency fund that provides additional dollars for states to access during times of economic downturn must be adequately funded, and have reasonable criteria for accessibility.

#### **Summary**

Mr. Chairman, thank you very much for the opportunity to bring you our thoughts and experiences having to do with TANF work requirements and time limits. We assure you and all members of the subcommittee that Volunteers of America is strongly committed to helping TANF recipients become productive members of society and economically independent. We are confident that the TANF program can work effectively and efficiently to help families.

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Chairman HERGER. I want to particularly thank each of you who has appeared before us as witnesses today. Your testimony and your answers have been very helpful to us as we move forward in reauthorizing TANF. I think that it has been made clear today that the current TANF program over the last 5 years has had a great deal of flexibility, both in time and in work, and again, I want to thank you for your testimony and would hope that you would continue working with us as we move forward for coming up with reauthorization this year.

Thank you very much, and this hearing stands adjourned.  
 [Whereupon, at 11:49 a.m., the hearing was adjourned.]  
 [Submissions for the record follow:]

#### **Statement of Leslie Abrahamson, Westmont, Illinois**

As you consider TANF reauthorization, please remember that the goal is not simply to get people off of cash assistance and then forget about them. The system needs to be able to be flexible to meet the diversity of needs in our communities. Some people need help with substance abuse, some need help with housing, some need education and training and others need help with transportation and/or child care. If we create a one-size-fits-all public policy that just pulls people from assistance and throws them into the workforce without the kind of supports they need, those people will not be able to succeed. It is more cost effective and better for everyone in the community if we provide the types of supports people need to achieve self-sufficiency. Some need more supports for longer periods of time than others. Please listen to the experts in the field who work with clients needing supports so you can develop public policies that will create meaningful, permanent differences in people's lives.

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Alliance for Children & Families  
 Washington, DC 20006-1503  
*March 18, 2002*

Honorable Wally Herger, Chairman  
 Human Resources Subcommittee, House Ways and Means Committee  
 U.S. House of Representatives, Washington, D.C. 20515

Dear Chairman Herger,

Please consider this cover letter and the attached document as our submission for the printed record of the March 7 hearing in your subcommittee on "The Implementation of Welfare Reform, Work Requirements and Time Limits." We believe that it is imperative that you take into consideration the circumstances, successes and setbacks of the individuals who have first-hand experiences with the last six years of the TANF program.

As your committee prepares to review and reauthorize the work requirements and time limits of TANF, we ask that you consider the recommendations of the Alliance for Children and Families, a national association of nonprofit, human service organizations that serve almost four million families in over 6,500 communities. Our research on the experiences of individuals affected by the welfare act has been compiled in *Faces of Change: Personal Experiences of Welfare Reform in America*. The stories represent families from a broad diversity of cultural, regional and economic backgrounds who have relied on the public welfare system for support in their times of crisis. Their quest for self-sufficiency has many common themes and our recommendations for improvements in the welfare law are based on these themes:

- Ensure that the definition of work includes job training and post-secondary education;
- Provide incentives to the states to tailor job training, job placement and job retention strategies to the multiple and diverse talents and needs of the participants;
- Ask the states to keep track of their former recipients and provide follow-up job assistance and assessments to ensure that the workers and their families are on the path to leaving poverty, not just off the welfare rolls;
- Establish new temporary waivers that “stop the clock” for recipients who cannot meet work or looking-for-work mandates:
- When chronic physical and mental health conditions of the recipients and their children temporarily prevent them from working;
- When childcare, housing or transportation emergencies temporarily prevent them from working;
- When unemployment is high or when available jobs require advanced skills that the welfare recipient has neither the talents nor training to qualify for these positions.

We ask that you carefully review both the successes and the multiple barriers faced by the recipients of public welfare as they juggle their responsibilities of parenting, working, keeping their families healthy and safe, and providing food, clothing, shelter and a decent livelihood for their children. Like many of us, welfare recipients have their own personal challenges which limit their success, including substance abuse, domestic violence, learning disabilities, short-circuited education training and homes that are many miles from day care and employment sites. Transitional support services that address these challenges must have your support.

Please feel free to contact the Alliance for Children and Families and our member agencies all across the nation. Our website lists our members in every state ([www.alliance1.org](http://www.alliance1.org)) and both our Milwaukee headquarters and our Washington, D.C. policy office can answer your questions about our research and our recommendations.

Respectfully,

Carmen Delgado Votaw  
Senior Vice President, Public Policy

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#### FACES OF CHANGE

#### ENDS THAT DON'T MEET: WHAT WORKERS' STORIES TELL US ABOUT EMPLOYMENT UNDER WELFARE REFORM

By Jamie Harris, M.A. and Thomas E. Lengyel, MSW, Ph.D.

Jennifer Rogers is a 24-year-old single parent from East Orange, New Jersey. Her story is typical of many transitioning workers who find jobs with low pay, few or no benefits, and little flexibility when a child becomes sick: Pulled in opposite directions, these working parents attempt to meet their employment and family obligations:

*My job now is at a security company making \$8 [an hour]. It was hard with a child. They weren't that flexible, it's hard with a child and [with him] having asthma. It's extra rough. I can get a job, and everything can be going along fine for a month or so, and then he gets sick. And then it's like, "Oh, God, what should I do? Should I stay here with him, or should I try to go to work?" If I go to work and he has an attack, they are going to call me, and then if I'm at work, I'm not supposed to leave post. So that's rough. I've usually tried to take the first job that comes my way, no matter what it pays. I feel like maybe something else will open up.*

For Jennifer and workers like her who have few resources to manage the competing demands of family and work, the real challenge for them, and for welfare reform in general, is for employment to be flexible enough to accommodate the needs of parents, and materially rewarding enough that provides a path to self-sufficiency.

*So I'm not really worried about finding a job, because I know I can get one. It's the challenge of keeping it, with my son, and not letting the employer think I'm a person who doesn't want to work. It's not that. It's that I've got a lot of responsibility being the only one and maintaining my apartment and everything else with my son being sick. (NJ-9)*

Experiences like Jennifer's—juggling the competing demands of work and family while working in a low-wage job market—are crucial to understanding the challenges that confront current workers transitioning off welfare. The narratives in the Faces of Change study provide an important vantage point from which to see how the conflict of work and family come together and unfold in this new policy context. While the author narratives reveal a dogged determination to leave welfare behind and go to work, it is a determination tempered by the day-to-day realities workers must confront in a low-wage labor market, realities that can make their efforts seem futile or even leave them worse off.

The main thrust of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 has been a “work-first” approach, with federal rules requiring work participation in exchange for TANF benefits. A key assumption of this welfare reform is that there are ample jobs available for former welfare recipients to take, and that by requiring work, PRWORA will be able to increase the job skills and work experience of former welfare recipients and end their present and future dependence on public assistance in the process (Strawn, Greenberg, and Savner 2000). However, as discussed in greater detail in each of the following chapters, many authors face significant barriers to work and need several supports in order to find and keep jobs that will meet the basic needs of maintaining a household and family.

In addition, many workers have serious educational and skill deficits.<sup>1</sup> Since the passage of the bill, however, there has been little emphasis on job training. Most welfare-to-work training programs across the country have consisted of workshops on how to find a job (e.g., resume writing, interviewing skills) and job placement assistance (e.g., referrals) with very few programs devoted to vocational training in specific fields or support for post-secondary education. This pattern is faithfully reflected in our study of 208 author narrative accounts. Given the reality of health problems and other barriers, low education and training levels, and limited work experience, most of the jobs authors find are not sufficient in and of themselves to support a family above the poverty line. Nor are they flexible enough to accommodate the needs of single parents. In our analysis, most workers find it difficult to make ends meet even though they are working, while for a small group of employed authors, the transition to employment has been more positive and has successfully moved their families toward self-sufficiency.

**What Accounts for a Lack of Employment?** The group of nonworking authors in this study is quite diverse and their lack of employment relates to a number of different factors. The most common explanation for nonworking status appears to be having multiple barriers such as a chronic health problem coupled with limited education or work experience; a second smaller group relates to those who, though healthy, have been unable to find work or get hired; a third group is made up of authors involved in job readiness programs or other training and education opportunities, often outside the TANF framework.

**Barriers to Employment:** Many of the nonemployed authors in this study must contend with a significant single barrier or multiple barriers to employment. This includes such conditions as serious, chronic health problems (among both children and adults), drug addiction, mental health limitations, domestic abuse, and limited education and work experience. Of those authors who fall in this group, a chronic health problem is the most frequent and significant barrier to working.<sup>2</sup> One third

<sup>1</sup>Forty percent of the authors in this study lack a high school diploma or GED, and very few have completed a college program or degree. The Urban Institute's National Survey of American Families found similar results—44% of TANF recipients lacked a high school diploma or GED (Zedlewski and Alderson 2001).

<sup>2</sup>Chronic health conditions were only slightly less common among employed authors in the study (29% to 33%). However, a much higher percentage of the nonemployed authors identified their chronic health issue as creating an impediment to work or school than working authors (40% to 26%).

of the nonemployed authors identified a chronic health condition,<sup>3</sup> and 40% described their health condition as a major conflict with work or school. In fact, many authors report more than one chronic health problem as is true for this 48-year-old unemployed mother of four from Bridgeport, CT:

*I have a lot of health problems. For me to get a job would be difficult because I have arthritis in all my body, and in the morning [it] is hard for me to get out of bed and to function because I'm in pain, and I take medication for my anxiety and my depression and some days my depression is so bad that I don't want to get out of the room. I stay in the room all day long. I don't want to see nobody, don't want to do nothing. And, you know, I'm afraid to get a job because some days I won't be able to go to work. Difficult problems I have with my health. (CT-13)*

Among nonworking authors, mental health issues were nearly twice as common as the group of working authors.<sup>4</sup> In addition to health issues of varying degrees, authors in this group often have severe educational deficits and, not surprisingly, the least job experience. This can make the transition to employment particularly difficult and make them less appealing to potential employers.

*For me getting a job is kind [of] difficult because I'm illiterate and I was never sent to school and now it's very hard for me to learn. It seems like I would know something right then . . . but then 10 minutes later it'll go back and I won't even understand it or know what it was. So they want to do some type of testing to see if I do have a disability 'cause I have a child with a disability . . . a learning disability. So the jobs are very limited that I can . . . could get and they would not pay enough for me to be able to pay rent and doctor bills and so forth and so on. So it's very difficult for me to find a job with my education . . . which is near none . . . be able to support a family right now.—A 36-year-old mother of three, no education, living with HIV in East Point, Atlanta (GA-10).*

There are also several authors in our study who have a serious disability or care for a child or spouse with a disability. While some of these authors are receiving SSI, SSDI, or VA assistance, at least five authors were not receiving disability for themselves, and at least seven were not receiving disability for a disabled child or spouse. Some had recently applied for disability and had been denied. Without disability assistance, these individuals face a daunting set of challenges to meet the work requirements imposed on TANF participants as this mother of a child with spina bifida in Brooklyn, New York relates:

*It was very hard for me as a mother of two young kids and one with spina bifida in the wheelchair. I have to come home to get her off the bus every day by 3:15 p.m. That make it very hard to keep a job and her doctor appointment—some time it two a week. No job don't want that and then time I work I don't make enough money to pay all the bills and buy food. Some morning I get up cry because it very hard for me and my kids. (NY-9)*

It is these “hardest to serve” families with significant barriers that increasingly make up the bulk of welfare recipients remaining on caseloads. To overcome their multiple barriers, this group will need more time and access to an extensive array of supports. For some, employment simply may not be possible. Despite this, many of these individuals are facing or will shortly face time limits to assistance. Any discussion of TANF reform needs to consider strategies that address the needs of individuals with multiple barriers and that ensure a TANF safety net for these families.

**Why Healthy Authors Are Unable to Find Jobs or Get Hired?:** Even for authors who are otherwise healthy, many still find it hard to find work. Even with low levels of unemployment nationally at the time authors were interviewed (spring 2000), many nonemployed authors report being unable to find work. Part of the high level of unemployment among this group may be explained by the spatial mismatch of jobs and workers, a problem compounded by poorly developed public transportation systems. Unemployment also may be related to some reluctance on the part of employers to hire workers with limited skills.

<sup>3</sup>A recent GAO study found that 44% of current TANF recipients have work impairment or disability, three times the non-TANF population. The study also found, that those with impairments were much less likely to work. (GAO 2001). Similar findings were reported by Lengyel, Thompson and Niesl (1997, 40–41).

<sup>4</sup>Eighteen percent of nonworking authors described mental health limitations compared to 10% for working authors. Both figures are likely underestimates since authors were not asked to comment directly on their mental health, and there is likely some reluctance to comment on one's mental health.

*Right now I'm looking for a job. I don't have one but I've been looking hard, but it seems like every place [I go] I have to fill the application out, I end up calling them but they don't ever call me back . . . so I don't know what the problem is there. But I look over the application and it's filled out the way it's supposed to, but they just never call me back.—An 18-year-old woman raising her child and currently training at a tech school in Milwaukee. (WI-13)*

Some nonemployed authors are not working currently because they are engaged full-time in job training or education. While some authors are currently engaged in job readiness programs through TANF, other authors are pursuing education or vocational training. Most of these authors have been terminated from receiving TANF assistance because most states do not allow for postsecondary education. As a result, these authors must rely on family and other sources of help such as student financial aid to complete their studies or training programs. The chapter on job training examines these authors' experiences more fully.

**Ends That Don't Meet:** The group of working authors, a little over half of those in the study (55%), found employment and had been engaged in work for some period of time, often as a direct result of new TANF rules that make employment a requirement of the 1996 law. Despite being employed, however, most in this group struggle to make ends meet and are unable to attain self-sufficiency for their families. A smaller number of working authors have had a more positive work experience, and as a result can be described cautiously as a something of a "success story."

For the vast majority of working authors in this study, employment has not brought them out of poverty. 80% of working authors reported incomes that place their families just at or below the poverty line. They report frequent loss of jobs or fluctuating income due to family conflicts, erratic work schedules, part-time work, and jobs that pay low-wages without benefits, often with few or no opportunities for advancement. Given the relatively low skill and training levels of most of the authors in this study and the relatively few job training and education options available to workers, these are the working conditions that most workers transitioning from welfare must confront and they often complicate efforts to achieve self-sufficiency and sustain employment. Their experiences highlight the need for a range of worker supports and increased training and advancement opportunities if the transition to work is to be meaningful and sustaining.

**Wages, Benefits, Flexibility, and Opportunities:** Analysis of the authors' narratives reveals a wide variety in the kinds of employment transitioning workers have found after leaving welfare. Employment in the health, retail, food, and beauty fields, as well as a variety of light manufacturing and factory positions indicate both a diversity of employment options and a variety of skills and interests among the participants in this study.<sup>5</sup> Although these jobs vary significantly in their content and required skills, many of them share some key features that bear on the economic health of transitioning workers and their families.

Although the pay for the jobs authors found ranged from minimum wage to \$12.50, most jobs were grouped in the \$7 to \$9 an hour area.<sup>6</sup> The ability to sustain a decent income, however, is more dependent on the hours and consistency of the work available than the wage paid by a job. For many authors, employment did not provide full-time work. Many workers report work that is temporary, or jobs they got through temp agencies that vary from day to day:

*The work I found was only \$8.50 an hour and very inconsistent with the hours available. The personnel director said I was hired after other employees, so I was at lower priority to get hours . . . I was getting 25, if I begged for it.—A 21-year-old TANF recipient living with her three children in Lafayette, IN (IN-4)*

*When I get a job, it's mostly temporary. So if they need me, they do, if they don't, they don't. Work availability is OK if you call in the morning for a temporary job. It's kind of harder getting a permanent job, depending on your application.—A 20-year-old woman living with her spouse and child and working temp jobs in Green Bay (WI-8)*

Many jobs also lack general employment benefits such as annual leave and sick days or these critical benefits are deferred for significant periods. Without these benefits, workers face economic hardship if they have to take off for the inevitable illness or family problem.

<sup>5</sup> Food service jobs were most frequently reported among authors in the study, followed by in roughly equal proportions, health, retail, and temp jobs which typically involved clerical-office type work.

<sup>6</sup> A national study found the median wage for families who left the welfare rolls between 1997 & '99 was \$7.50 an hour in 1999 dollars (Goldberg and Collins 2001).

*My job doesn't offer any benefits. Nothing. If I don't work, I don't get paid. I don't have sick leave or annual leave.—A 48-year-old mother with one child working full-time with no benefits (DC-6)*

*I started working at Sears Outlet, 8/99. They usually give me 32 hours a week but they have cut back my hours because there is not enough work. I will go full-time in June. After I have been here for a year I will get benefits. I like this job because it is something I can do. I only have a 5th grade education, so a lot of places won't hire me. My starting pay was \$6.50. Now it's \$7.35/hour.—A 46-year-old mother working and living with her 2 children in Pinellas Park, FL (FL-4)*

Many of the jobs authors found provide little in the way of security or opportunities for advancement. Some authors recognize that these jobs promise little for their future.

*My current job started in February of 2000. I am a cashier and I do odds and ends: collect paper work, keep refreshments stacked and stuff like that. There are no opportunities to advance. On rainy days, I don't work at all because it is closed. It is not a great job because it is dead-end . . . My hours are 7:45 a.m., until closing. I never get out before 6 or 6:30. It is a long day. There are no benefits of any kind.—A 24-year-old car wash cashier living with her two children in an extended household in Washington, D.C. (DC-1)*

Some workers said that their skill level and the lack of training opportunities limited their potential for advancement.

*My last dietary job started at \$6/hour and increased to \$7.50/hour after training. I was paid \$8/hour as a home health aide . . . There is no room for advancement as a home health aide unless you get more medical training.—A 36-year-old unemployed mother living with her two children in St. Petersburg, FL (FL-7)*

**Choosing Between Parenting and Wages:** Given the low-wages, poor benefits, and limited opportunities in this labor market, many authors are faced with a choice between meeting their parenting responsibilities or working. Although all parents have difficulty balancing work and family, most parents are able to rely on employer-based provisions such as vacation and sick leave to cover time missed to care for a sick child or a daycare conflict without fear of a loss of income or losing one's job. In addition, given that the vast majority of parents in our study are single parents, their ability to manage the day-to-day demands of parenting or to care for the needs of a child is further limited. Without the benefit of employer provisions and a second parent, many transitioning workers find they are forced to choose between neglecting their families and neglecting work.

In these narratives, the authors frequently acknowledge their limited employment options. They often identify with clarity the trade-offs that working in certain jobs present for their families. However, they also recognize that they have few options and while disturbed by their limited options, many transitioning workers accept unfavorable employment even if it means neglecting family needs.

*Yes, I am working . . . I go along with the rules but the work hours are very difficult for me . . . I start at 10 p.m. and I leave at 5 a.m. They pay me \$7 per hour . . . what I need to do is learn English . . . for the moment I am studying and working but I ignore my children a lot in order to advance at work . . . there is no opportunity to move up because there are too many people . . . The qualifications they want is that you have two years [on the job] to change positions and it's impossible for the people to last that long since the work is very hard and the work hours, too.—A 45-year-old mother living with her spouse and four children in Chicago Lawn, Chicago (IL-1) [translated from Spanish]*

*I put in a lot of hours at my job. I work Monday-Friday from 9-4:30, then I go home and work at least every night five hours on opening mail for my company. I work for a mail order company. By me bringing work home at night I am able to spend very little time with my four children. On weekends, I spend as much as 8 to 11 hours opening mail, so I don't get to spend as much time with my family as I would like to.—A 31-year-old mother working for a mail order company, living with her spouse and four children in Norwalk, CT (CT-6)*

*I don't have anything against going to work, but my daughter was sick a lot, and my son had ADHD so it was hard to find sitters. It still is hard to find sitters. Now my main problem is I am working two and three jobs, driving my kids nuts, stressed out all the time, and public aid is helping me even less.—A 30-year-old mother working three jobs, living with her two children in Le Claire, IA (IA-2)*

These examples illustrate some of the ways authors respond to the conditions inherent in a low-wage job market. By pursuing a strategy of working long hours and/or working multiple jobs, authors are able to increase their earnings to some degree. However, as the first author points out, it is often an unsustainable strategy.

While some transitioning workers accept this trade-off, many do not, and are willing to sacrifice potentially higher wages or increased hours for work that is more compatible with meeting what they perceive to be their parental responsibilities. For these authors, their primary concern is providing adequate care for their children. Employment becomes secondary, and is frequently looked upon as self-defeating.

*I believe that my son comes first, that I feel I have to work around his needs. Bartending is not an end-all, but it's a solution for me right now. If a job can work around my son's needs, then that's where I'll put my efforts . . . I think being a parent is the most important job, and I take it seriously. My life centers around him.*—A 42-year-old bartender home-schooling her son in El Paso, TX (TX-1)

*Most job[s] I obtain, I have to make sure that the hours are suitable to work around my son's school schedule. Most of those types of jobs are too far out to travel to. By me remaining local, I'm limited to very low paying jobs with no room for advancement.*—A 34-year-old mother supporting her three children in St. Petersburg, FL (FL-8)

*Lately, my jobs have been hard. You want to earn more money, but then your benefits suffer, and most jobs I go for are not set schedules, so I can't receive child care. Because I would like to be with my kids during the day, it's hard to find night child care.*—A 25-year-old single mother supporting her two children in Green Bay (WI-10)

Making sure the needs of their children are met, even if it means sacrificing higher paying jobs or even employment itself, represents one type of family adaptation to the set of contradictory pressures often facing these working parents. In striving to increase employment outcomes and reduce the welfare rolls, questions about parenting and how welfare leavers should best care for their children have often been ignored. This reflects, in part, the sharply divergent work and parenting experiences of most policy makers and the public as a whole for whom work and family do not frequently represent such a stark trade-off. Although the public may not fully appreciate the trade-offs that confront these parents, their desire to do what is best for their children is a broadly shared value.

**Low-Wage Jobs and the Demands of Family:** Even when working and increasing one's income is a central priority, the conditions of work found in the low-wage job market can frustrate the best of efforts. For example, temp jobs which are often endorsed by welfare offices in job fairs or promoted by caseworkers to their clients present a set of distinct challenges. In addition to having virtually no job security, limited hours, and often low pay and few or no benefits, these jobs can be especially difficult for working parents, who, unable to predict when they may be called to work, must quickly secure daycare arrangements.

*I have not been able to find full-time employment, but have had some part-time jobs through a temp service as a secretary. The pay is OK. Once I find full-time employment, I know I'll be able to provide for me and my child. Working with a temp agency is kind of hard because I have to go in when they call and I need a babysitter right away.*—A 22-year-old single mother with 1 child making \$800 a month in Detroit through a temp agency (MI-7)

Erratic work schedules or hours that are incompatible with family life or daycare often mean transitioning workers will have difficulty keeping their jobs. The authors in this study often describe losing jobs because they missed some time from work to care for a sick child or due to conflicts with work hours and arranging daycare.

*I found a job working for GIANT, and the hours did not work out with daycare, so I left. I missed three days, when my daughter was sick, and got laid off because you can't miss three days in the first 90 days on the job. I then moved on to inventory and the hours again did not work out, because I was supposed to report at 5:30 in the morning at the babysitter but she can't accept children that early in the morning.*—A 19-year-old mother working and living with her two children in Washington, D.C. (DC-2)

Working low-wage jobs compounds problems for transitioning workers who often lack transportation and have high daycare costs that absorb much of their income. These workers may lose their jobs when they miss work or need to reduce hours in order to take care of children.

*I had problems with transportation . . . buses are infrequent and don't go where I need to go . . . and do not work for getting to and from work because most*

*work is too early or too late for buses. Also, when I or my children got sick, jobs didn't like that. Work is hard to find where I live. The pay is low and employers do not help a small family.*—A mother of four from Laurel, Delaware trying to make ends meet on \$350 a month. (DE-3)

*I have not had a job in the last year that I was able to keep. My son needed day care and I did not have any transportation. After I paid someone to watch him, I barely had enough money to pay bills. They were just minimum wage jobs, with no chance for advancement. If I didn't work the extra hours they needed me to, I would get fired, but I had to get my son. I'm currently unemployed.*—A 23-year-old unemployed mother with one child living in Detroit, MI (MI-4)

These examples illustrate the contradictory pressures felt by transitioning workers. Even when working, these authors often find that their “success” in the labor market can be quickly derailed by the routine disruptions of parenthood since their jobs provide few of the resources or flexibility needed to manage family responsibilities. Rather than provide the route to self-sufficiency that policymakers have envisioned the intersection of work and family in a low-wage job market appears deeply problematic and incompatible.

**TANF Rules and the Transition to Work-Finding Employment May Reduce Critical TANF Supports:** While these workers encounter a host of problems in the labor market that complicate their transition to employment and self-sufficiency and challenge their ability to meet parental responsibilities, TANF rules can offset some of the problems facing workers. Rather than compensate for the inadequacies found in a low-wage job market, however, TANF rules often reinforce them, a subject that will be taken up in greater detail in the following chapter on public benefits. In many cases, workers find they are unable to pay for daycare and other family needs once they start working and their benefits are reduced or ended.

*When I started working, it was only 3 days a week for 2 or 3 hours. Not to mention my check being cut down to \$130 a month. So it seems like after I got a part-time job, I started struggling. I had to pay \$100 a month for daycare, and also buy diapers and wipes for the month. The little bit of change I made from work was spent to buy my son's clothing. I was struggling because they cut my check down.*—An 18-year-old woman raising a child with a chronic illness and attending school, living in College Park in the Atlanta area. (GA-9)

*It's really hard when you work. When you're on W-2 and you're going through their program you have no problems with getting food stamps, but [as] soon as you get a job—they won't cut your medical benefits, you'll always get medical benefits—but they'll cut your food stamps. The food stamps are gone; they'll give them to you for a couple of months*—A 26-year-old certified nursing assistant living with her two children in Milwaukee, WI (WI-7)

Meeting Family Responsibilities May Reduce TANF Supports In addition, family needs that arise can complicate meeting TANF obligations, which in turn can further exacerbate both family and employment problems. Some authors report being sanctioned or losing TANF assistance or other support benefits because they were unable to meet a program requirement or had to leave a program to care for a sick child. A 38-year-old mother who was working for the 2000 U.S. Census and living with her child in Hartford, CT, relates:

*My daughter started failing in her grades . . . So, what I did was that I left that position, for her. Because I felt like she was accustomed to having me there, so, to help her with her homework and so forth and I wasn't there so you know, that had to be the reason for it. So I left that position and the state terminates me, completely. And that left me in dire straits. Um, I went through the hearing and everything and it still turned out with my having no monies to actually pay my rent. Because that's what that helped me for and if I worked and that's to get odds and ends for the house and pay bills and whatever. So she went up in her grades, thank the Lord. But we lost our monies and so forth. I've been temping since. I'm trying to obtain a permanent position but it hasn't been easy.* (CT-3)

**TANF Rules, Advancement and Higher Wages:** Current TANF program rules may inadvertently work to restrict advancement and higher wages for transitioning workers by sanctioning or ending benefits if a participant leaves a job. Under TANF program rules in many states, transitioning workers who are stuck in dead-end jobs frequently face the dilemma of losing valuable supports if they lose their jobs or reduce their hours to look for something better or to seek out job training and education to land better paying jobs. This, despite the fact that several studies find that



voluntary job changes lead to higher wages among former welfare recipients, and the long established positive correlation between income and education.<sup>7</sup>

**Serendipitous Success:** Some of the employed authors in this study can be considered a kind of “success story.” Of the 106 families in our study that are working, approximately 14 have found jobs and life circumstances that bring their families a degree of material security and who appear to be on the path to self-sufficiency or have already achieved it. What is clear from this group is that success is as much based on the co-occurrence of family supports, positive life circumstances, and simple good fortune as it is on finding that “great job.” Thus, rather than being able to point to some successful strategy, these authors’ success reflects a decidedly serendipitous element. In many ways the work histories and training and educational backgrounds of this group of workers are quite similar to those who are working but aren’t “making it.” What stands out among this group is the positive confluence of multiple factors in their lives that are key to making the transition to work successful in terms of self-sufficiency and employment, sustainable over the long term.

Still, their level of success is quite relative and precarious. This group of more successful workers is only marginally better off than the other group of working authors. With incomes that put them in a “near poor” status, and with several lacking postsecondary education or a clearly defined vocational degree, their situation is delicate enough that one change in their life situation could place them in the group of workers struggling to make ends meet.

**Working Conditions That Distinguish the “Success Stories”:** These authors have higher earnings than other workers in the study. Many of these workers were employed in jobs that paid \$8–12 an hour which generally included benefits, a somewhat better situation than the majority of working authors. Often these workers have found employment that offered advancement in the last couple years. However, nothing about the type of jobs or fields represented among this group of “success stories” suggests a distinct advantage from working in a particular field or industry. These workers hold jobs in the health field, in clerical office jobs, and in retail—fields that are common to both groups of workers.

What distinguishes this group is these workers appear more likely to have full-time work, and in some cases overtime, which help to increase their incomes. Their higher incomes help to absorb the high costs of child care, though some describe needing more assistance in this area. Many of these workers are also offered advancement and tell of employers who encourage them to apply for new positions and show concern and support when problems arise in their work or family life. Some of these employers provide flexible scheduling to manage family needs, something that many workers in the other group cite as a cause of losing or having to quit a job. One author describes a workplace that is flexible enough to accommodate the parenting needs of caring for a small infant while working.

*I applied for a job as a bookkeeper before I had my baby, and got it because of the skills I learned while at the nursing agency. I make \$11 an hour and have room for advancement. I make the best money I have ever made. I got really lucky with this job because I don't have set hours. I get paid for a 40-hour work week, but only have to work until I get everything done that needs to be done. Also, I can also take my son with me which works out wonderful because I am breastfeeding.—22-year-old bookkeeper living with her two children, Raleigh, NC (NC-1)*

Many of these workers also had affordable private insurance through their work. Although this group in general had few health issues to contend with, the combination of good benefits with the willingness of an employer or supervisor to be supportive of an employee’s family life is noteworthy. One author describes the support she received from her supervisor during a rocky period after a divorce. She explains that she was encouraged to seek out some counseling through her private health insurance to help her through this hard time. Without this level of support from a supervisor and the easy access to counseling services, it is possible she might have quit or lost her job. Taken individually, each of these aspects may not seem significantly different from other worker experiences, but taken as a whole for this group of workers, they represent a more optimal labor market situation than for the majority of workers for whom employment has not brought self-sufficiency for their families.

In addition to experiencing a better set of working conditions and benefits of employment, these workers are also notable for some of their life circumstances and the level of social resources they are able to bring to bear on managing the demands of work and family. For example, this group of workers and their children have few

<sup>7</sup> For a review of several studies, see Strawn, Greenberg, and Savner 2001, 15–17.

health problems. This contrasts sharply with the other group of workers and those not working, among whom chronic health problems are common. This group is also notable for its access to private transportation. Nearly all of the authors in this group had a car or access to one. They commented that it was needed to manage work with family, as when children had to be dropped off at multiple locations some distance from home, or when getting to work involved a significant commute.

*I own my own car. I fill my tank when I get paid each week and it lasts until the next week. I have just always budgeted for that. I spend about 30–35 minutes one way to get to work, including dropping my daughter off at school and dropping my son off at daycare.*—A 34-year-old mother with three children balancing work and family life in Wake Forest, North Carolina (NC–5)

The overall resemblance of this group of workers with those workers not making it is instructive. Although this group of authors and their stories are not distinguishable by some successful strategy they have adopted, the few but significant differences in their social resources, life circumstances, and work experiences do suggest a formula for expanding the reach of self-sufficiency to more families. Such a formula must address both supports for working parents and improvements in the job market environment.

**The Role of Worker Supports:** As their accounts reveal for both working and nonworking authors, finding jobs, sustaining employment, and advancing in the labor market do not occur in a vacuum. These goals are mediated by the level of family and worker supports that may or may not be in place to meet such vital needs as child care, transportation, and health care. Although the group of “success stories” generally had access to health care through an employer, and either could rely on family help to provide child care or could afford private child care, the vast majority of transitioning workers need these supports through TANF and other programs. Currently, many do not receive them.

The levels of worker supports offered to transitioning workers vary in part due to state by state differences in the scope of programs and eligibility. In terms of health insurance, a relatively high percentage of authors (83%) who were employed have access to medical insurance, most of it coming from state Medicaid programs rather than private health insurance from an employer. While this finding is encouraging, it signals that a significant number are without any health insurance and that very few working authors receive health insurance through their employer.<sup>8</sup> As will be discussed in the chapter on health care, a number of gaps exists in Medicaid programs and many participants lose these benefits once they are working or their incomes rise, regardless of whether they have access to private forms of health care from their employers. Rather than base Medicaid eligibility on income, the availability of private health insurance should be the main criterion for continued eligibility. On the other hand, a much smaller percentage had access to child care assistance (roughly one half of those working in our study). However, the need for child care assistance and greater access, particularly hours of operation that fit with many work schedules, emerge clearly in these narratives as a worker support absolutely critical to transitioning workers.

*Child care on the most part is good but sometimes it impacts on getting to work or looking for work. There should be more child care options, like having one at my apartment complex. Also a lot of child care is geared at 8 to 4 or 9 to 5 jobs, but about half the jobs are very-early-starting jobs or end late or on week-ends. Then child care becomes a nightmare. This is especially where central locations of child care should be available.*—A mother with four children from Laurel, Delaware. (DE–3)

*I have had a lot of trouble finding a job. I don't have any degrees or experience, so I am blown off right away most of the time. However, most recently I found that I could have applied for many jobs. I have a better chance than I've ever had before now. Yet, the biggest pitfalls remain the same. Many employers want you to be very flexible with your schedule and work weekends and holidays. My babysitter doesn't work weekends or evenings. This makes it hard for me to find a job sometimes. Also, I have to work around my son's school schedule because I don't have any family [or] friends to help me do things. I really need a job that is flexible with me—one that allows me to take care of my family as well as my work. Most jobs just don't understand that you may not have anyone else who can take your kids to the doctor's, etc. I make more money right now than ever before, but I still couldn't pay for child care for two children. I just don't know what I will do when my child care assistance ends! Will I be on the streets*

<sup>8</sup>Only 18 working authors received private health insurance through their employer.

*again? Probably! It is very sad!*—A 28-year-old mother working and living with her two children in El Cajon, CA.(CA-2)

The disparity between health insurance coverage and child care assistance is most likely a reflection of the greater institutionalization of state Medicaid programs and the relatively recent focus on child care programs nationally since the passage of PRWORA in 1996. Nonetheless, these accounts point to the need for greater resources and assistance directed at child care for transitioning workers. One state that has provided such an approach is Wisconsin. Wisconsin recently increased the income eligibility for child care assistance to 185% of the federal poverty level (or \$26,172 for a family of three) and participants remain eligible until their income exceeds 200% (or \$27,756) of the poverty level (Ehrle et al. 2001). These issues will be taken up in greater detail in our chapter on child care.

Finally, having access to a car appears to be an important factor in the group of success stories. Innovative programs that provide loans to purchase a car, and other programs that help transitioning workers gain access to private transportation are likely to be an effective strategy to help families manage the competing demands of work and family and promote self-sufficiency. The chapter on transportation will outline these programs in greater detail.

**The Role of the Private Sector:** Although most of the jobs authors found lacked a number of basic provisions and the flexibility needed to manage both family and work, a few authors (from both groups of working authors) describe some positive work experiences that made the difference between losing a job and keeping one. These authors describe a workplace that is family-friendly and willing to accommodate frequent interruptions in work to care for a child.

*Holding a job was very hard for two reasons. It was my weight and the other was my son's disability. I would often need days off for my son's doctor's appointments or even weeks if he was hospitalized. I knew there wasn't an employer on this earth that would be that flexible or understanding. So needless to say, I lost a lot of jobs. Child care has always been my field and the only jobs that I ever had . . . which brings me to where I am today at a very family-oriented day care center where they are very flexible to my situation and they help me out a lot.*—A 29-year-old mother of two from East Orange, New Jersey. (NJ-3)

*I've worked at Food Lion for about a year and a half . . . The management works with me because I have young children I care for, so they work around my schedule. They give me time to find someone to take my grandchildren so I can come in if they need me.*—A 55-year-old single mother caring for her two grandchildren and working full-time as a baker at a local grocery store in Raleigh. (NC-4)

These positive examples of employers providing greater flexibility with time off and increased understanding of the challenges faced by transitioning workers appear to be an important influence on whether workers are able to succeed in the labor market. Thus far, however, there has been no real effort to provide incentives for employers to provide these kinds of benefits and flexibility. While having a policy influence in the private sector poses some serious challenges, a number of incentives could be developed such as providing tax credits to employers who provide provisions for such things as on-site day care and offer flexible scheduling for working parents.

Flexibility is not enough, however. As the working poor status of the majority of authors in this study attests, most of their jobs simply do not offer a wage capable of sustaining a family, even when working full-time. Two strategies that can be pursued in tandem should be explored to address this wage reality. On the one hand, TANF should be expanded by allowing recipients to continue receiving assistance while they work. These wage supplements, known as Earned Income Disregards (EIDs), create both a strong incentive to work and ensure that employment provides a route to material security for families. Providing this kind of worker wage supplement will be addressed more thoroughly in the chapter on public benefits. A second and broader strategy attempts to address the issue of low-wage work in the economy as a whole by advocating for increases in the minimum wage and increases in the EITC benefit. Minimum wage laws have not kept up with the cost of living. If the minimum wage had kept up with its actual value in 1968, it would currently be \$8.14. Current laws need to be raised and indexed for inflation. Currently, the level of \$5.15 an hour cannot support a family of three above the official poverty line, with one adult working and assuming full-time, year-round employment, an assumption that this study shows applies infrequently to transitioning workers. Given that many poverty scholars consider the official poverty level far too low, a much higher wage is needed to provide a family-supporting wage for welfare leavers and low-wage workers. Without addressing these problems of low-wage work, many fam-

ilies will find it difficult, if not impossible, to make the transition to work and become self-sufficient, an outcome that is contrary to the objectives of PRWORA and sound social policy.<sup>9</sup>

### Recommendations

1. Given the reliance on low-wage work, and the frequent inability of transitioning workers to work full-time, policies should be implemented that increase the earnings of workers and make it financially meaningful to leave welfare. Federal and state policy should be committed to reducing poverty and promoting work that provides for a family-supporting wage. Several policies can be pursued to ensure that employment and poverty do not go hand-in-hand and which make allowances for working parents. One approach is to increase the minimum wage and index it to inflation. Minimum wage levels have not kept up with the cost of living and the current level of \$5.15 an hour cannot support a family. To that end we support HR 2812, Minimum Wage Restoration Act. In addition to increasing the base wage of workers, changes to the tax code that would count dependent child exemptions and credits for families who do not owe income taxes would further help to supplement workers' income.

2. Expand the Earned Income Tax Credit. Currently EITC levels are capped at \$4,000 for a family with two children and decline as income exceeds \$12,500. Either the cap should be raised, or the level at which it begins to decline should be increased. The measure should also take into account family size. The 11 states that currently offer a state income tax EITC should make similar changes and states that do not currently offer the benefit should.

3. Adopt a "balanced work first" approach that acknowledges that the current standardized system of job readiness with an emphasis on immediate employment is not appropriate for the majority of welfare recipients. This would require a re-evaluation of the definition of work to include activities such as job training and post-secondary education and an easing of the federal work participation requirements. An increased emphasis on training and educational credentials is key to the twin goals of sustained employment and self-sufficiency under PRWORA.

4. Provide incentives for states to implement a comprehensive tailored approach to job training which would require attainment of a GED for those without a high school diploma, needs assessment prior to training, and more targeted training. This approach would also offer a mix of education, job training, job search, and work that is connected to a particular type of employment. Follow-up and continued training must be part of the package. An important goal of the programs would be a commitment to family-supporting employment, not simply any job.

5. While policy changes directed at increasing the wage and yearly income for low-wage workers are important, finding ways to address the competing demands of parenting and work are also important. This means acknowledging the much higher level of physical and mental impairments for this group of working parents and their children. One approach that moves in that direction is to strengthen and expand the Family and Medical Leave Act so it applies to smaller businesses and to workers who have worked less than 12 months. In addition, states should be allowed to link the FMLA benefit to their unemployment trust fund program or similar program. To that end, we support HR 226, Family Income to Respond to Significant Transitions Insurance Act. Expanding FMLA in this way would help low-income parents who must take time off to care for a child or parent by providing a needed income supplement.

6. Make it a national goal to promote a family-friendly work environment. Provide tax incentives to employers who offer flexible work scheduling for families, on-site daycare, health care, and other provisions and forms of leave. TANF funds can be used in various ways to provide these incentives to employers who hire TANF recipients.

7. Expand the wage supplements known as Earned Income Disregards (EIDs) to help to create a strong incentive to work and ensure that employment provides a route to material security for families. Access to worker supports such as Medicaid, food stamps, childcare subsidies, and other benefits for TANF leavers and other low-

<sup>9</sup>For a discussion of the inadequacy of minimum wage laws and the federal poverty standard see Schorr (2001). A self-sufficiency standard developed by Diana Pierce at the University of Washington as part of the Family Economic Self-Sufficiency Project is a useful alternative to the federal poverty benchmark. The self-sufficiency standard used here incorporates many more factors than the current "bread basket" federal poverty formula. The self-sufficiency measure encompasses geographic location, taxes, age of children which reflect different level of costs, and costs associated with working, to come up with an income level needed by a family to be considered self-sufficient. The website can be reached at: <http://www.sixstrategies.org/homepage.cfm>

income workers should also be expanded. And states should add post-employment supportive services such as job training and retention. Finally, TANF should remain available to all workers as a safety net. TANF is a vital protection against unemployment, disability or when family responsibilities interfere with work for wage earners. To ensure TANF is able to provide this needed role, the percentage of caseloads that can be exempted from 5-year time limits should be expanded to reflect the need of current recipients.

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American Association of Community Colleges  
Washington, DC 20036  
March 8, 2002

The Honorable Wally Herger  
Chairman  
Subcommittee on Human Resources of the Committee on Ways and Means  
B-317 Rayburn House Office Building  
Washington, DC 20515

Dear Chairman Herger:

The American Association of Community Colleges (AACC) represents more than 1,100 public and private, regionally accredited two-year institutions of higher education. On behalf of AACC, I hereby submit our statement for inclusion in the printed record for the March 7 hearing on the implementation of welfare reform work requirements and time limits. We should say at the outset that we believe that the implementation of the welfare work requirements was flawed from the start, because the law provided most of its incentives for job placement and few for education and training.

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), the 1996 welfare reform law, dramatically changed federal-state welfare programs designed to aid low-income American families. It replaced the entitlement to cash welfare benefits with a new state block grant, the Temporary Assistance to Needy Families (TANF) program, to provide flexible funding to states to operate welfare programs to achieve certain goals—the primary one being to end long-term dependency. To that end, and with strong federal inducements, states dramatically reduced their welfare caseloads and met their work participation rates largely by placing recipients into readily available low-wage service-sector jobs.

The federal law's design effectively left states with few options to address their welfare caseloads. Allowing recipients to engage in educational activities, namely vocational education, was one method available under the law for states to meet the work participation requirement. However, PRWORA restricted participation in this activity to 12 months and prevented states from using federal funds to support welfare recipients in this activity beyond that time.

Many responded to the spirit and letter of welfare reform by emphasizing work above all, in spite of other options permitted by law. For instance, a study conducted by the Coalition for Independence through Education (CFITE) revealed that Michigan's state welfare agencies discouraged education by stating it was "not a priority, or was not encouraged or supported by the state." CFITE's study noted that recipients often were not given information about allowable education activities and, after legislative changes to Michigan's policy supposedly ensured they would, caseworkers continued to provide inaccurate information about the state's policy. Another way the state discouraged education was through the withholding of child-care assistance to those in school. The survey cited one recipient who was receiving childcare assistance while in school: ". . . my caseworker was switched. Then they cut me off with no notification. I had to call . . . to get a vague answer, 'It was a mistake and you should have never received any kind of payment for child-care while attending college.'" It is evident that TANF recipients viewed the loss of assistance as too high a price to pay for getting an education. CFITE's report clearly showed that Michigan, like many other states, felt it had little incentive to also promote education as a path to self-sufficiency although the law permitted participation in this activity.

It is evident that the law's stated limits on educational activity has caused states to adopt the work-first approach implicit in PRWORA. Although states technically have significant flexibility in how they design their welfare reform programs, they share a common thread concerning limits to education and training activities. By its design and threat of punitive action, i.e., the loss of federal funds, PRWORA dissuaded states from utilizing any other approach besides work first or, in many cases, work only.

AACC believes this situation can be corrected by lifting the disincentives on states that want to use education and training opportunities as a component of welfare reform. The evidence abounds on the positive impact education has on future job and income prospects. Therefore, it should be an option for TANF recipients who want to make a better life for themselves and their families.

Our association would welcome the opportunity to share these and other thoughts with you at length at an appropriate time. We appreciate your engagement on these critical issues.

Thank you for extending us the opportunity to share our comments with the committee.

Sincerely,

George R. Boggs  
*President and CEO*

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#### Statement of the Center for Women Policy Studies

The Center for Women Policy Studies offers the following comments to the Subcommittee on Human Resources in preparation for reauthorization of the Temporary Assistance for Needy Families (TANF) program, established by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

The Center for Women Policy Studies is a multiethnic and multicultural feminist policy research, analysis and advocacy organization which brings women's diverse voices to important public policy debates—on women and AIDS, violence against women and girls, welfare reform, access to health care, educational equity, employers' work/family and workplace diversity policies, reproductive rights and health, and many other critical issues.

**The Center for Women Policy Studies urges Congress to pass a reauthorized TANF that focuses on poverty reduction as its long term goal.** While we agree that employment is the key to achieving economic independence, we believe that a short-sighted focus on low wage and insecure "work" at all costs cannot "end welfare as we know it" or lift low income families out of poverty. Indeed, as many leavers' studies demonstrate, TANF recipients who leave the rolls for low-wage, dead end jobs remain mired in poverty and often return to public assistance (National Campaign for Jobs and Income Support, 2001). In contrast, programs for welfare recipients which allow both education and work activities have generated positive outcomes (Holzer and Wissoker, 2001; Greenberg, Strawn and Plimpton, 2000). However, it is essential that these education activities are not limited to on-the-job training or short stints of vocational education. **The Center particularly urges Congress to follow the lead of several states and ensure that the reauthorized TANF statute explicitly allows states to provide access to postsecondary education for women TANF recipients.**

The Center has examined the role of postsecondary education in helping low income women lift themselves out of poverty since 1988. We look forward to working with the Subcommittee on Human Resources on TANF reauthorization and will be pleased to share with the Committee the research and policy analyses that the Center, our colleagues in other research institutions, and the state legislators with whom we work nationwide have conducted.

In the United States, education has always been a route to economic self-sufficiency and social mobility, as demonstrated by the long term success of the GI Bill, for example. Every president for the last 20 years has stressed the importance of education for everyone in America. Education cannot stop at high school because, in the 21st century, at least one year of postsecondary education is essential for all workers. And yet, TANF does not extend our nation's commitment to educational opportunity to women who are living in poverty with their children. However, many women on welfare are ready, willing, and able to benefit from postsecondary education; indeed, 53 percent of women AFDC recipients in the years preceding TANF were high school graduates or had earned GEDs (Center for Women Policy Studies, 1998).

Data from several studies have demonstrated that the additional earning capacity that a postsecondary education provides can make the difference between economic self-sufficiency and continued poverty for many women TANF recipients. Among families headed by African-American women, the poverty rate declines from 51 percent to 21 percent with at least one year of postsecondary education. Among families headed by Latinas, the poverty rate declines from 41 percent to 18.5 percent with at least one year of postsecondary education. And among families headed by white

women, the poverty rate declines from 22 percent to 13 percent with at least one year of postsecondary education (Center for Women Policy Studies, 1998).

Studies in several states have found that postsecondary education not only increases women's income, it also raises their self esteem, increases their children's educational ambitions, and has a dramatic impact on their quality of life. Further, the children of these newly educated mothers are more likely to take education seriously and aspire to go to college themselves (Center for Women Policy Studies, 1998).

Now, more than ever, TANF recipients need postsecondary education to obtain the knowledge and skills required to compete for jobs that pay a living wage, provide health and other benefits, and enable women to lift themselves and their children out of poverty in the long term. Without some postsecondary education, most women who leave welfare for work will earn wages far below the federal poverty line, even after five years of working. But allowing TANF recipients to attend college, even for a short time, will improve their earning potential significantly. In fact, the average person who attends a community college—even if she/he does not complete an associate's degree—earns about 10 percent more than her/his counterparts who do not have any college education (Center for Women Policy Studies, 1998).

Moreover, women who receive assistance clearly appreciate the importance of postsecondary education in their struggle to improve their lives and their children's lives. The Center's recent qualitative research with women TANF recipients from the Washington, DC metropolitan area demonstrates their ambition and commitment to hard work. Study participants were eager to leave TANF as quickly as possible—but they also wanted to leave poverty and create a stable lifetime career. They understood that a college education was the most important strategy to move them from welfare to economic self-sufficiency. One participant clarified this mission and reflected what several others said: "I've got to go to college so I can get this degree, so I can get off of TANF, so I can provide for my family and get a decent job to provide for my children." (Wolfe and Tucker, 2001).

**The Center for Women Policy Studies strongly urges Congress to respond to the leadership shown by many states by ensuring that the reauthorized TANF program includes postsecondary education in the list of allowable work activities. In addition, for TANF recipients enrolled in a postsecondary education program, both their participation in a campus work study program and a reasonable amount of study time should be classified as work activities. Finally, federal law should allow states to extend TANF recipients' time limits if they are participating in a postsecondary education program; states should be able to "stop the clock" for TANF recipients to ensure that they do not have their assistance withdrawn before they can achieve the long-term economic security that postsecondary education can provide and that welfare reform should encourage.**

Despite the TANF program's overwhelming focus on immediate work participation and decreasing welfare caseloads as indicators of success, many states have attempted to support women's efforts to achieve long-term economic independence through pursuit of a postsecondary education. Congress must not take away from states the flexibility to provide the most opportunity to their citizens.

In our recent study of states and postsecondary education, we found that, of the 32 states whose efforts we reviewed in depth, 29 states allowed postsecondary education either alone or in combination with work, to be considered as an allowable TANF work activity. Several states have amended their state welfare laws to specifically allow postsecondary education as an allowable work activity under TANF (**California, Illinois, Kentucky, Maryland, New York, and Ohio, for example**). Other states have created separate state programs using their Maintenance of Effort (MOE) funds to allow TANF recipients to engage in postsecondary education without the limitations of the federally mandated work and time limit requirements (**Maine, Texas, and Wyoming, for example**). Others encouraged a combination of postsecondary education and allowable work activities (**including Delaware, New Jersey, and Wyoming, for instance**) or operated under a federal waiver to allow college to count as an allowable work activity (**Ohio, Texas, and Vermont**) (Center for Women Policy Studies, 1999; forthcoming, 2002).

Such state programs as the Maine "Parents As Scholars" (PAS) program have served as models for other states to emulate. Parents As Scholars allows eligible low-income Maine residents to receive cash benefits and supportive services if they are enrolled in an undergraduate two or four-year college degree program. The amount received from the Parents as Scholars program is equivalent to the amount the recipient would have received under TANF. Recipients must be pursuing a postsecondary educational program designed to lead to employment which will significantly improve their ability to become self-supporting. Several other states, includ-

ing **Texas, New Hampshire and Washington**, have developed or are seeking to develop programs modeled on the PAS program.

A recent study conducted on behalf of the Alliance for Family Success details the positive outcomes of PAS scholars. The study found that PAS graduates increased their wages by nearly 50%, compared to TANF recipients who left TANF without obtaining postsecondary education. In addition, they are more likely to find jobs with good benefits. PAS participants generally perform very well in college. Moreover, obtaining a college education improves self esteem and provides a sense of accomplishment. Finally, the benefits of participation in the Maine PAS program extended to the families of participants. Their children raised their aspirations, and attended college like their mothers. (Smith, Deprez, and Butler, 2002)

The Center for Women Policy Studies applauds the leadership of these states and strongly urges Congress to include postsecondary education as an allowable work activity in the reauthorized TANF.

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### Statement of Sharon M. Dietrich, Community Legal Services, Inc., Philadelphia, Pennsylvania

#### Many Welfare Recipients Could Not Meet TANF Proposals for 40 Hours of Work

##### Introduction

TANF Reauthorization proposals put forward by the Bush Administration and others would require the states to engage a high percentage of their welfare recipients in work activities for an average of 40 hours every week for the states to continue to receive their full TANF block grant.<sup>1</sup> ***Based on our experience and those of other Pennsylvanians familiar with welfare-to-work implementation in our state, Community Legal Services, Inc. (CLS) believes that the 40 hour requirement is not attainable and is the most problematic feature of the Administration proposal.***

The notion that TANF recipients are only being asked to match the number of hours routinely worked by other workers is superficial and erroneous. Many workers, even those who are considered "full-time," work fewer than 40 hours. Full-time workers typically are credited for paid time during which they do not work, including breaks, holidays, vacations, sick days and personal days—accommodations that do not appear in the 40 hour proposals for welfare recipients. Workers of all types

<sup>1</sup>The work participation rate would increase from 50% to 70% by FY 2007. Meanwhile, the caseload reduction credit would be completely phased out, except for a very limited credit in which persons leaving welfare for work would count for three months. The upshot of these changes would be that 70% of TANF recipients would have to engage in work activities 40 hours a week by FY 2007. Twenty-four of the 40 hours would be in "work"; the other 16 could be in other specified activities. States would receive pro-rata credit for persons who met the 24 hour work benchmark but did not the 40 hour goal.



miss work for a wide variety of reasons, resulting in far fewer than 40 hours worked. Research shows, and our experiences have been, that TANF recipients (and other low wage workers) are particularly likely to miss work, because they face more family and other demands that conflict with work and have fewer resources to deal with these demands. In our experience, many TANF recipients who are working to capacity cannot meet even the current 30 hour goal.

The consequences of requiring TANF recipients to average 40 hours of work activities every week would be severe and counter-productive. Even a person averaging 39 hours a week of work activities would count against the state's compliance with its work participation rates if the one missed hour was in "work." People doing their best to work would nevertheless be sanctioned off the caseload by states struggling to meet the unrealistic goals. The costs to the states of providing 40 hours of work activities would be staggering, especially in providing child care subsidies. The work participation rate regime would not focus on good employment outcomes. Even policymakers who are "pro-work" for TANF recipients should not support such a problematic proposal.

#### **The 40-Hour Requirement Is Not Realistic**

The justification advanced for the 40-hour requirement for TANF recipients is that they should be expected to work no less than their counterparts who do not receive cash assistance. This rationale is flawed, because many workers considered full-time do not work 40 hours every week. There are many legitimate reasons why workers of all sorts work fewer than 40 hours and must miss work.

#### **American Workers Do Not Regularly Work 40 Hours Every Week**

**"Full-time" workers may work 35 hours per week.** Of course, some full-time employees do work 40 hours or more in a typical week. However, many workers considered full-time work fewer than 40 hours. The Bureau of Labor Statistics (BLS) considers 35 hours the benchmark of full-time work.<sup>2</sup>

**These hours include paid time not worked.** When measuring hours worked, BLS includes hours paid for holidays, vacations, sick leave, and other compensated leave.<sup>3</sup> From what is known of the Administration proposal and from TANF implementation to date, there is no reason to expect that TANF recipients expected to meet the 40 hour requirement will receive credit comparable to paid leave days when they miss work.

**A substantial number of employees work fewer than 35 hours per week.** According to BLS's annual data for 2001, 24.1% of employees work fewer than 35 hours. 16.5% work fewer than 30 hours.<sup>4</sup> Among single women, 37.3% work fewer than 35 hours.<sup>5</sup>

**Hours worked vary between sectors.** According to BLS data, average weekly hours vary depending on the sector of the labor economy. For instance, in manufacturing, average weekly hours have exceeded 40 hours every month since January 1992. By contrast, the service sector typically averages below 33 hours per week, and the retail sector averages 28–29 hours per week. Former welfare recipients are much more likely to find work in the service and retail sectors than the manufacturing sector.

#### **Workers Miss Time for Many Reasons, and TANF Recipients Are Especially Likely To Have Legitimate Reasons to Miss Work**

Workers do not perform their jobs in a vacuum. They have family and personal needs that frequently require them to miss work. TANF recipients have the same needs to miss work as other workers. Additionally, their absences from work are exacerbated by their typical status as single parents, their lack of resources to deal with non-work-related problems, and demands disproportionate or unique to poor people (such as dealing with bureaucracies).

**Caregiving obligations.** In a ground-breaking study based on interview of more than 7,500 caregivers, Dr. Jody Heymann examined the obligations of American workers to provide for the health, educational and other needs of children, parents,

<sup>2</sup> See, e.g., Annual Average Table from the January 2001 Issue of Employment and Earnings, Tables 19–23, from the *Monthly Labor Review Online*, December, 2001, Vol. 124, No. 12, available at "<http://www.bls.gov/cps/cpsaatab.htm>."

<sup>3</sup> BLS Handbook of Methods, Chapter 2, available at "<http://www.bls.gov/opub/hom/homch2—b.htm>."

<sup>4</sup> Annual Average Table from the January 2001 Issue of Employment and Earnings, *supra* note 2, at Table 19.

<sup>5</sup> *Id.* at Table 22.

and other adults in their care.<sup>6</sup> Her national findings were that in the week of the interviews, 30% missed at least one day of work to meet the needs of family members, 12% missed two or more days, and 5% missed three or more.<sup>7</sup>

Dr. Heymann learned that children were not the only family members for whom caregivers were required to cut back their working hours. While 42% of absences were to care for children, 15% were for parents, 12% were for spouses or other partners, 7% were for grandchildren, and 24% were for other family members.<sup>8</sup>

Moreover, Dr. Heymann discovered that the reasons that care is needed are varied.<sup>9</sup> They included: Child care problems 22%; Elder care 5%; Children's school needs 3%; Transportation for family members 10%; Cope with a death 3%; Other support 31%.

Dr. Heymann found that the situation is particularly bleak for low income workers, because "they have both the most substantial problems and the most limited resources."<sup>10</sup> She characterized low income parents as being in "multiple jeopardy: single, with limited support, and without job benefits," a profile which fit 38% of low-income working parents in her national study.<sup>11</sup> Among the challenges to low income workers that she identified were greater likelihood of child care problems;<sup>12</sup> higher incidence of sickness and chronic health conditions among low income children;<sup>13</sup> evening and night work and irregular schedules;<sup>14</sup> under-resourced schools;<sup>15</sup> and lack of money to pay for substitute care when needed (such as days a child is sick or school is closed).<sup>16</sup>

The demands on low income workers of providing care for disabled family members are particularly noteworthy. Dr. Heymann found that 41% of mothers on welfare for more than two years and 32% of mothers on welfare for two years or fewer had a least one child with a chronic health condition.<sup>17</sup> With fewer financial resources for help, the working poor must provide the care themselves. Among those with a disabled child, 49% spent more than one working day a month providing care; 15% spent more than a 40 hour workweek per month. Caregiving demands for other disabled family members are similar.<sup>18</sup> Moreover, a disabled child may have special educational needs as well as caregiving needs, requiring additional parental time at school and with homework.<sup>19</sup>

***Sickness or disability of the worker.*** In addition to providing care for sick or disabled family members, the adult's own sickness or disability may require absences from work.<sup>20</sup> Most higher income workers receive paid sick days in acknowledgment of this reality. But under an inflexible 40 hour a week standard, TANF recipients might be required to make up any missed days, extending their workweek beyond 40 hours in a later period.<sup>21</sup>

<sup>6</sup>Jody Heymann, *The Widening Gap: Why America's Working Families Are in Jeopardy and What Can Be Done About It* (Basic Books 2000). Jody Heymann, M.D., Ph.D, is on the faculty of Harvard University and Director of Policy for the Harvard University Center for Society and Health. Among the principal sources of data for her book are the Urban Working Families Study, a national Daily Diaries Study, the U.S. Department of Labor's National Longitudinal Survey of Youth, and the Survey of Midlife in the United States. Combined, the studies involved interviews of more than 7,500 caregivers across the country and included multiyear follow-ups. *Id.* at 7.

<sup>7</sup>*Id.* at 24.

<sup>8</sup>*Id.* at 27.

<sup>9</sup>*Id.* at 24. BLS data show that 20.7% of people working fewer than 35 hours per week, or 6.44 million adults, did so because of child care or other family or personal obligations. Annual Average Table from the January 2001 Issue of Employment and Earnings, *supra* note 2, Table 20.

<sup>10</sup>*Id.* at 117.

<sup>11</sup>*Id.* at 134.

<sup>12</sup>Dr. Heymann found that 33% of caregivers with income below 125% of poverty had to miss hours from work because of child care, compared to 21% of middle and upper income persons. *Id.* at 28.

<sup>13</sup>*Id.* at 166.

<sup>14</sup>*Id.* at 166.

<sup>15</sup>*Id.* at 131.

<sup>16</sup>*Id.* at 132.

<sup>17</sup>*Id.* at 124.

<sup>18</sup>*Id.* at 124-25.

<sup>19</sup>*Id.* at 74-87.

<sup>20</sup>BLS data shows that 759,000 adults working fewer than 35 hours per week did so because of health or medical limitations. Annual Average Table from the January 2001 Issue of Employment and Earnings, *supra* note 2, Table 20.

<sup>21</sup>We assume that making up time missed in one week in another week would be allowed and encouraged, because the Bush proposal (which is not in the form of a bill at the time of this writing) requires that families "average" 40 hours per week of work activities and 24 hours per week of work. However, the proposal is not explicit on whether hours can be made up in another week.

Ironically, under Title I of the Americans with Disabilities Act, an employer must allow an employee with a disability to work a modified or part-time schedule as a reasonable accommodation, absent undue hardship.<sup>22</sup> If the 40 hour work requirement were to be enacted, that could create the incongruous situation where an employer would be legally required to modify its attendance requirements, but the TANF recipient could be found in non-compliance with the requirements of the TANF program. Moreover, under Title II of the ADA, the state TANF agencies have obligations to ensure that their policies do not discriminate against people with disabilities.<sup>23</sup> Thus, an inflexible 40 hour rule could also place the states in a legal quandary.

**The worksite is closed.** A typical reason for closing is a holiday. At CLS, where we host “transitional workers” who are TANF recipients, our offices are closed for holidays at least once every month from September through February. Under a strict 40-hour policy, our transitional workers would not only not get paid for these holidays, but would have to find a way to add hours (at a time that our office is not open for business) to make them up, to avoid losing their cash assistance.

**Mandatory court appearances and jury duty.** In our experience, low income clients are particularly likely to have court involvement, such as child welfare system cases, domestic violence hearings (to obtain and enforce protection from abuse orders), and support matters (particularly because child support cooperation is a TANF requirement). These court appearances will conflict with day-time work schedules.

The Philadelphia Unemployment Project (one of our group clients) assisted a participant in the Work Opportunities paid work experience program who was expelled for attending mandatory jury duty to which she was summoned. This is an example of the consequences of rigid work attendance policies.

**“Poor people’s shuffle.”** In addition to court appearances, low income workers often deal with bureaucracies that demand their attendance during work hours and often require them to wait for hours, such as public housing authorities and the welfare office itself. In her study, Dr. Heymann relates the story of a low wage father who decided to go with less food for his family rather than missing work to go to the welfare office to fill out papers for food stamps.<sup>24</sup>

**Family tragedies.** For low income people to experience tragedies—children being incarcerated, houses burning down, deaths—is not unusual. The director of Philadelphia’s Transitional Work Corporation reports that a number of participants in his program have had children who committed suicide. Parents living through these tragedies cannot be expected to keep up with a relentless 40 hour a week work schedule.

**Other typical reasons people miss work.** Like other workers, low income workers are late to work or miss it because of transportation problems. Because they are more likely to use unreliable cars or public transportation, low wage workers have less control over these transportation problems.<sup>25</sup> Like other workers, low wage workers occasionally must stay home to await the plumber or a public utility worker. But the 40 hour requirement would provide no flexibility to deal with such emergencies.

### **Experiences in Pennsylvania in Hours Worked Among Current and Former TANF Recipients**

Our experience has been that our clients have been unable to meet a standard of 30 hours per week, much less forty hours. The Pennsylvania Department of Public Welfare (DPW) has tried to maximize hours worked by current and former TANF recipients by structuring its programs to require the hours benchmarks established by the TANF work participation rates. But in the face of the reality that many workers were unable to achieve these hours goals on a regular basis, DPW has modified its policies to build in flexibility.

<sup>22</sup> Equal Employment Opportunity Commission, *Enforcement Guidance on Reasonable Accommodation* (eff. March 1, 1999), Q&A 22, available at <http://www.eeoc.gov/docs/accommodation.html#12> (citing *Ralph v. Lucent Technologies, Inc.*, 135 F.3d 166, 172 (1st Cir. 1998)).

<sup>23</sup> See, e.g., Prohibition Against Discrimination on the Basis of Disability in the Administration of TANF (Temporary Assistance for Needy Families), Office for Civil Rights, U.S. Department of Health and Human Services, January, 2001 (“the OCR ADA guidance”). It can be found at <http://www.hhs.gov/ocr/prohibition.html>.

<sup>24</sup> Heymann, *supra* note 6, at 120.

<sup>25</sup> Our Philadelphia clients often travel to suburban jobs by public transportation. These commutes, which may require several connections, can easily take three hours a day. The commutes add to the time crunch that our clients experience, even when they work less than full-time.

For instance, in February 1999, DPW established a 25 hour per week eligibility standard for persons not receiving TANF (many of them former TANF recipients) to receive subsidized child care. As a result of repeated incidents of parents not qualifying for the subsidies because of missed work that dropped them below 25 hours per week, DPW agreed to a policy change that recognized a limited number of temporary exceptions from the 25 hour requirement, for work missed because of disability, medical appointments, employer closings or domestic violence. Nevertheless, many parents continue to have difficulty meeting the 25 hour goal, leading advocates to press for reduction of the hours requirement back to the original goal of 20 hours per week.<sup>26</sup>

Another manifestation has been attendance at the Transitional Work Corporation program (TWC), Philadelphia's highly regarded paid work experience program for TANF recipients. TWC was designed to require 25 hours per week of paid work experience at work sites in government and non-profit jobs and 10 hours per week of "professional development" (training and career advising) at TWC's offices. TWC has consistently insisted that its participants, who have been screened as being among the "hardest to serve," meet these attendance requirements, but many have been unable to do so on a regular basis. In a recent DPW audit of the hours of 20 TWC participants, only 80% of work site hours and 50% of professional development hours were met, despite the high quality of services offered at TWC.

In conjunction with the DPW audit, TWC examined the reasons why its participants fell short of the 25/10 hours goals. Among its conclusions were the following.

- Because TWC is a 35 hour program, making up missed hours is difficult.
- Because TWC works with the hardest to serve (persons with multiple employment barriers), its participants have difficulty with time and attendance. The program's challenge is to identify the underlying causes for absenteeism and to work with its participants to address these causes.
- Often when TWC participants are not in attendance, they are dealing with barriers to employability that require their attention during the workday, such as child care, housing, domestic violence, or drug and alcohol addiction. It is unfair to ask them to address these employment barriers and then penalize them for not being at the program.
- Work sites that are closed for holidays create problems in reaching the goals. Sickness among participants and their family members were other common reasons for absences.

During the summer of 2001, DPW announced a program called "Time Out," pursuant to which TANF recipients who are engaged in work activities for 30 hours per week would be taken off the TANF 60-month time clock. *Based on the DPW audit, not a one of the 20 participants whose time records were reviewed would qualify for Time Out if their actual hours were counted on a weekly basis, even though TWC provides 35 hours per week of work activities.* Along with complaints from advocates that too few persons in 30 hour per week work programs were qualifying for Time Out, the sharp focus brought to this issue by the TWC participants led to clarification by DPW that general compliance with the attendance requirements of a work program of 30 or more hours would qualify a TANF recipient for a Time Out. The reasoning is that a person without good cause would be sanctioned; so if a person below the hours goals remains in the program, they must have good cause for their absences.

What our experiences in Pennsylvania show are that even the current 30 hour goal is unrealistic for many—possibly the majority—of working TANF recipients. If the hours goals are to be adjusted from current law, the adjustment should be downward, not upward. Alternatively, the work participation rate regime must be flexible. Currently, the caseload adjustment credit provides states breathing room to not penalize their working TANF recipients who are doing their best. As in the case of Pennsylvania, it allows them to recognize "good cause" for not meeting the hours goal.

#### **The Consequences of a Requirement that TANF Recipients Work an Average of 40 Hours Per Week Are Counter-Productive.**

If an inflexible 40 hour work activity standard were incorporated into the TANF work participation rates, a *de facto* three-tiered system would be created for dealing with family and personal needs that are in conflict with work.

<sup>26</sup> A common reason that clients miss the 25 hour goal is that they are in jobs providing 20 hours per week of work, and they are unable to have their employer increase the hours.

- *Good jobs* provide some paid time to deal with sickness, vacation, and personal needs. They may also permit job protection, through the form of unpaid leave, under the Family and Medical and Leave Act.<sup>27</sup>
- *Bad jobs* provide no paid time, but may allow a worker to take unpaid time to deal with these problems.
- *TANF work requirements* would require a welfare recipient to work 40 hours each and every week, or make up for missed time. While a low wage worker without paid time loses pay, a TANF recipient faces total loss of the safety net that provides income for his or her family.<sup>28</sup>

The irony is that a TANF recipient may have the least capacity to adhere to a 40 hour per week schedule. As noted above, TANF recipients are primarily single parents, with few or no resources to deal with their caregiving and other problems. They may have the most barriers to employment (particularly those remaining on the caseload five years after welfare reform), and they need help to address their barriers, not an inflexible 40 hour requirement.

The broader consequences of a 40 hour standard to the welfare system include the following.

***No flexibility for states to work with TANF recipients facing barriers.*** Given the structure of the work participation rate proposal, a person who does not average 24 hours per week of work would count *against* the state's compliance, even if engaged in 40 (or more) hours of work activities. Additionally, even a person meeting the 24 hours of work would not count fully for the state if his or her overall average of work activities were 39 hour or fewer. This rigid and demanding formula may be the worst possible manifestation of a "one size fits all" approach to welfare reform.

***People who are doing their best to work will be sanctioned.*** To meet their work participation rates, states will have no choice but to sanction off people who cannot work 40 hours per week, even if those persons are working to the best of their ability. If the states were to keep such people on their caseloads, their work participation rate compliance would be adversely affected.<sup>29</sup>

***No connection to good outcomes.*** The goal of the work requirements should be to help TANF recipients to move towards self-sufficiency. However, the 40 hour requirement is a rigid "work for work's sake" requirement that is not connected to this goal.

***Providing 40 hours of activities is costly and difficult.*** Creating both work and other work activities will be very costly and time consuming for the states. Many states will need to develop a large scale work program that does not currently exist. Costly work supports, such as child care and transportation allowances, also must be provided. For both work programs and work supports, existing programs will need to be expanded by 25% capacity (to cover the jump from 30 to 40 hours per week). These financial costs will be hard for states to meet with flat TANF funding. Moreover, they will divert resources from other priorities, such as helping former TANF recipients move towards self-sufficiency.

***Availability of work is ignored.*** There are no provisions for more lenient goals during period of high unemployment, such as the current recession, or in areas of high unemployment, such as Southwestern Pennsylvania.

#### **The TANF Statute Currently Provides Enough Penalties and Incentives to Maximize Work Activities.**

Pennsylvania's number of participants meeting the work participation rate for Fiscal Year 2000—11.2%—may be cited as evidence that the state has not been motivated to make its TANF recipients work. Nothing could be further from the truth.

Pennsylvania dealt with the work participation rates by adopting an aggressive "work first" approach, in which TANF recipients were encouraged to become employed in unsubsidized employment and leave the cash assistance rolls as soon as possible. As a result, it has achieved a large caseload reduction credit. The state's caseload decline statistics are very revealing in this regard. *Of almost 170,000 families on the TANF caseload in February, 1997, when TANF implementation began,*

<sup>27</sup> 29 U.S.C. § 2601 *et seq.* (providing for up to 12 weeks of leave per year for parental leave and leave because of the worker's own serious health condition or that of a parent, child or spouse).

<sup>28</sup> This is in contrast to the unemployment insurance (UI) program. In Pennsylvania, a worker who is fired for attendance reasons receives UI benefits if there was good cause for the absence.

<sup>29</sup> Conversely, the proposed formula creates a perverse incentive for states to keep on the caseload the people who are most able to work (and perhaps least needing of cash assistance), because they will count in the states favor. If the TANF time limit provisions do not change, this will harm working TANF recipients by using up their 60 months of benefits unnecessarily.

only around 9,000, or 5.3%, were on target to hit the five year time limit by the summer of 2001.

Moreover, as has been noted, DPW designed several of its programs to have hours requirements that mirrored the hours required to meet its work participation rates. These include its work programs and its Time Out program, both of which require 30 hours a week of work activities.

Finally, in addition to being pushed by DPW to maximize their work, TANF recipients in Pennsylvania have had positive incentives to increase work hours. The more time worked, the higher the person's wages and Earned Income Tax Credit, as well as the likelihood of participating in the Time Out program. Like other workers, TANF recipients are likely to want to maximize their income, to the extent possible.

### **Conclusion**

The work participation rate formula proposed by the Bush Administration and others is severely flawed. Many TANF recipients doing their best to work, given their competing non-work obligations, will not be able to meet the hours benchmarks. The states will face daunting challenges in both adequately serving their TANF populations and in complying with the work participation rates. More flexibility, not less, is needed in the TANF work participation rates.

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### **Statement of Brendan Lynch, Community Legal Services, Inc., Philadelphia, Pennsylvania**

#### **TANF Time Limits: TANF Clients Need More Than Five Years Of Assistance**

The experience of poor people in Pennsylvania under Temporary Assistance to Needy Families (TANF) offers a sobering reminder of the potential pitfalls of an absolute five-year time limit for federally-funded welfare. The Pennsylvania Department of Public Welfare (DPW) implemented TANF on March 3, 1997, so that parents who received TANF benefits continuously since that time have recently begun exhausting their eligibility; thousands of parents will reach the five-year limit within the next twelve months. Pennsylvania's TANF parents have not yet experienced the after-effects of the lifetime limit under TANF, because the state has extended the deadline for time-limit terminations until this summer. *The difficulties and setbacks encountered by so many recipients in their first five years demonstrate, however, that a strict time limit is an unrealistic expectation for a large portion of the caseload.*

Community Legal Services of Philadelphia, Inc. (CLS) works with low-income Philadelphia clients on a variety of problems, including public benefits. We represent and advise many TANF parents, and we work closely with community organizations that also reach out to low-income parents. *Our experience has shown that parents in many different categories have serious barriers to self-sufficiency which cannot reasonably be resolved within five years. These TANF parents fall into two general groups: people who have long-term barriers to work, and workers who remain so poor that they receive a partial TANF grant. Although federal law permits states to exempt 20% of the caseload from the time limit, our research shows that this exemption is far too narrow; parents with serious barriers to self-sufficiency constitute a large portion of the caseload.* Moreover, with a strong economy and new work incentives, people who are able to work have left welfare, and so the entire caseload at any given time has a higher proportion than formerly of parents who are unable to work. Long-term TANF recipients are much more likely to face serious barriers, and to need assistance beyond five years.

#### **1. Many TANF clients have serious, long-term barriers to work.**

- a. *Disabilities or other personal barriers that prevent clients from keeping a job.*

*Many TANF clients in Pennsylvania have disabilities that do not rise to the level of the Social Security disability standard, so that the clients do not qualify for Supplemental Security Income (SSI) payments. These disabilities nevertheless present an imposing obstacle to economic independence.* Some clients have physical ailments; others suffer from low-level mental illness; many have a combination of afflictions, often compounded by self-medication through drugs and alcohol. *These clients usually have great difficulty in finding work, and when they do find a job, they frequently cannot maintain it.*

The Pennsylvania Department of Public Welfare (DPW) has contracted with a number of organizations to perform outreach to clients who have difficulty complying with the department's requirements. One of these, Women's Association for Women's Alternatives, Inc. (WAWA), deals with approximately 140 clients in Philadelphia. All 140 have been found to be medically exempt from the work requirement by DPW, and WAWA sends case workers out to their homes to conduct detailed discussions about clients' problems and obstacles to self-sufficiency.

Many of the exempt clients referred to an outreach program are so severely disabled that they will eventually qualify for SSI, which will remove them from the welfare caseload. Others, though, will never be able to obtain SSI. Patty McGlone, a case manager at WAWA, estimates that 30% of her organization's clients do not meet the SSI disability standard, even though DPW has found that they are unable to meet the TANF work requirement. This group of clients suffers from a range of disabilities, but either have been turned down for SSI or are unlikely to qualify for it within the next five years. Some WAWA clients have been diagnosed with post-traumatic stress disorder; others experience agoraphobia or panic attacks. Still other clients have back problems or arthritis, or are HIV-positive and feeling symptoms of full-blown AIDS.

One TANF parent, D.D., is a 42 year old woman with two children who has been trying to find appropriate work for the past five years. She has been receiving TANF since March 1997, but the welfare office has not helped her to find a job that she can keep. She suffers from phlebitis, which causes severe pain without warning; her leg will become swelled and force her to rest, and on some days she cannot get out of bed at all. Extensive standing, walking, or other physical activity exacerbates the problem. D.D. is very unlikely to qualify for SSI based solely on phlebitis, but her condition is, nevertheless, a constant hindrance in her job search. She worked as a clerk for the Liquor Control Board for six months in 1997, for \$6.00/hour, but she was forced to quit because the job involved cleaning and lifting boxes, and she was physically unable to perform the job's requirements. Since then, she has been searching for an entirely sedentary clerical job, but she is further hindered by her lack of a high school degree.

D.D. describes herself as a "go-getter," but her body limits the ways in which she can support her children. In 2001, she took the civil service exam as a clerk/typist, and she passed, but most recently she was #577 on the waiting list. Should her name come up, she will likely be further hindered by her lack of a General Equivalency Degree. D.D. is not considered exempt from the TANF work requirement by DPW, and so she has had to look for work, and attend job readiness programs, rather than focus on a program which would enable her to earn her G.E.D. and improve her chances of finding a clerical job. If she does find an appropriate job, she will need a sympathetic boss who will grant her accommodations on days when she is unable to come to work. D.D. emphasizes that she is ready and willing to work to support her children, but after five years on TANF, despite her steady efforts to find work, she still does not have the education, the networking skills, or the medical support that would enable her to leave the welfare rolls.

***A substantial proportion of our clients also face an array of other barriers which are virtually impossible to cure or fix within sixty months, especially while also meeting a work requirement. Some are illiterate, and thus cannot even fill out a job application, let alone perform the tasks required in most jobs.*** Learning to read and write, when one has been out of school for years, is a very difficult task, and usually must be accomplished before a parent can then go on to complete job training or job readiness programs; many TANF parents cannot do both within five years. The challenge becomes insuperable when illiterate clients must meet a work requirement, yet literacy education does not qualify as a work activity.

***Many other clients are immigrants or refugees who cannot speak English, and whose language barrier is compounded by an additional problem.*** Some are refugees from war zones, such as Cambodia or Ethiopia, who exhibit symptoms of post traumatic stress disorder. Others suffer from clinical depression, and have great difficulty finding adequate medical and psychological care in their native language, let alone a class in English for Speakers of Other Languages. For non-English-speaking TANF recipients who suffer disabilities, the only available jobs are often housekeeping or other physical tasks which do not require speaking, but which they cannot perform due to their physical limitations—if, after years out of school, they cannot become proficient in English, then almost no appropriate work is open to them.

b. *Serious household problems that prevent clients from finding work*

Many CLS clients have family members with full-time, all-consuming needs, such as paralyzed or incapacitated children, or elderly parents with schizophrenia or Alzheimer's. ***Disabled dependents present single TANF parents with overwhelming challenges, and it is simply unrealistic to expect that in less than sixty months, these parents will be prepared to leave their families at home.*** Disabled dependents typically require a caregiver to administer medications, monitor breathing, perform bathing and feeding, assist with stretching and physical therapy, stand ready for emergencies, and take them to all appointments, and full-time nurses are extremely expensive and often unavailable to low-income clients.

Equally exhausting for many parents is the strain of arranging all of the necessary services and dealing with inevitable breakdowns in the support structure. Even parents who have obtained nursing care must try to track down a replacement on the many occasions when low-paid nurses fail to show up for their shift, and in the meantime the parent must stay home and perform all of the nurse's tasks. If the patient's health insurer denies approval of a medication, the burden falls squarely on the parent to contact the insurer, find out the reasons for the denial pressure the prescribing doctor's office to provide the necessary paperwork, and, in some cases, file a grievance and negotiate directly with the insurer about whether the medication will be approved. Each of these tasks frustrates able-bodied people when the occasional injury or illness temporarily becomes a problem; for parents with seriously disabled dependents, these tasks crop up almost constantly, with multiple providers serving the patient at all times.

One CLS client, D.B., has four children with serious disabilities, and a fifth child for whom she has filed an SSI application. She found work on her own, at a paratransit company, but she continually had to leave work for a medical emergency with one of her children, and ultimately had to quit the job. When D.B. has been able to find child care providers, they have not lasted long, because they were quickly overwhelmed by the children's needs, especially one daughter's bad asthma attacks.

c. *Clients who cannot access the services they need*

Aside from the several groups of TANF recipients who are not able to achieve independence, there are many others who could find work and, perhaps, become financially independent if they were able to access employment support services that are ostensibly available to them. ***In our experience, however, the image of a perfect support system for TANF clients is a fantasy. Breakdowns in the system for needy people are closer to the norm than the exception. Any welfare law which presumes that all clients will receive all the necessary preparation for economic self-sufficiency within some fraction of five years rests upon a fundamental misconception about the actual lives of welfare recipients.***

In the experience of clients at CLS and related organizations, navigating the welfare system requires a complicated, time-consuming series of applications, referrals, trips to track down documents, reapplications, false starts, rejections, unanswered phones, and, ultimately, attempts to comply with an array of obligations from employer, training program, and case worker. ***Due to the nature of large bureaucracies with extensive client populations, with the huge potential for human or computer error, a substantial proportion of TANF clients find that, in welfare offices or training programs, phone calls are not returned, verification forms are lost, and requests for extensions or accommodations are improperly rejected.***

Of course, most working TANF clients are not frustrated at every opportunity, but only a small handful of things need go wrong before a client has been forced to withdraw from a training program, and even if these clients are eventually able to re-enroll, their TANF 'clock' will not stop ticking, as they move closer to their five-year limit without having made any progress towards employment. Other clients belong in a different assistance program, such as SSI, but their difficulty navigating the system of applications, hearings, and appeals often results in lengthy TANF stays while waiting to be approved for SSI, and these clients risk termination of any public assistance without ever receiving benefits to which they are entitled.

One CLS client, D.G., was on TANF for over four years and applied for SSI three times, but was turned down each time. She did not realize that she had the option of filing an appeal—she has extremely limited reading skills—and in any event, she was in no position to pursue an appeal by herself. DPW was not able to help D.G. get onto SSI, and she was beginning to approach her five-year lifetime limit when CLS won her SSI case. D.G. met the disability standard for SSI eligibility all along, but she was very nearly cut off of public assistance altogether due to her cognitive disability—the very reason for which she qualified for SSI.



Patty McGlone, the WAWA case manager, reports that of the 140 clients in her office, approximately 100 ought to qualify for SSI, and thus leave the welfare rolls, but even five full years into TANF, none of them have yet been approved for SSI, for a variety of reasons. Some WAWA clients, or their family members or advocates, were simply never alerted to which programs or offices were available to assist them, or were not informed how appropriate referrals to organizations such as WAWA should be made. Others seeking help with an SSI application from DPW were improperly turned away; amazingly, one client was turned down despite being comatose; his caseworker was told that the man would first have to apply on his own.

Glitches in welfare administration are not limited to SSI applications. One client, who asked that she not be identified, was able to enroll in a four-week class in Philadelphia in July 2001, and the welfare office agreed to pay her tuition. Shortly after the class started, however, she had to miss three days when her son became ill with a severe asthma attack. She understood that she had missed too much of the class and would not be able to return, but was hoping to enroll in a later session and complete the class. Instead, DPW threatened sanctions, prepared to charge her for the class's cost, and demanded proof of her son's condition. Since she had remained home with her son, believing it was best that she be with him there, she could not produce a doctor's bill or hospital chart, although his attack was typical of what asthmatics frequently suffer. In the end, with our intervention, she avoided a large overpayment, but while dealing with DPW, she was unable to re-enroll in the class. Ideally, her word, and evidence of the boy's ongoing condition and of her genuine desire to finish the class, would have been accepted, and she would have signed up for a class session in the late summer or fall; instead, many months later, in March 2002, she was finally able to enroll in an entirely different class.

The *Pittsburgh City Paper* reports that Carlene Poole, a TANF recipient since March 1997 with a diagnosed learning disability and a fifth-grade reading level, enrolled in at least six job readiness, job training, and remedial education programs, but found that the programs offered training that was too job-specific, and didn't address basic literacy or learning disabilities. Poole reported "humiliating experiences" in trying to fill out job applications. Finally, DPW allowed her to seek literacy training, but she only completed one year; although she found a program that addressed her most basic needs, she says, she was unable to get further state funding for her classes. Now, having taking some word processing training, she is seeking clerical work, but she wonders: "what if when I get there my spelling and stuff is not good enough?"<sup>1</sup>

***TANF clients must also deal with routine problems with support services which are outside the domain of the state welfare bureaucracy, but which are equally critical to clients' ability to pursue full-time work in the private economy.*** D.D., the client discussed above who is unable to maintain a job due to phlebitis and the lack of a G.E.D., has had trouble with private employers, health care providers, and the state welfare agency. She has probably never been treated properly for her phlebitis, because she has not had a regular relationship with a primary care doctor. Her medical coverage has been irregular, and in 2001 she was cut off of cash and medical benefits for six months. She currently goes to a free public health center for checkups and treatment; and she appreciates their help, but it is difficult to see them—although she needed an appointment in February 2002, the next available appointment was in May.

Irregular medical care has limited D.D.'s ability to obtain a G.E.D. and find clerical work. DPW referred her to a program in which she could obtain job training while also obtaining her G.E.D., but on the second day of the program, her phlebitis acted up and she could not get out of bed, let alone attend the program, due to the extreme pain. D.D. wants to attend the program and is hoping to go back, but the program directors are demanding an explanation for her absence on the second day, and she cannot re-enroll until she provides satisfactory proof. Naturally, she tried to obtain proof of her problems with phlebitis, but she cannot see a doctor before May, by which point her program slot will be moot. Eventually, she may be ready to re-enroll, but by the time D.D. obtains her G.E.D., her sixty months on TANF will have long since run out.

The interaction of multiple problems in D.D.'s case is typical of many we have witnessed at CLS. D.D. did just what the welfare department asked her to do: she took charge of her job search, found a job as a clerk, put in lots of other job applications, took the civil service exam, enrolled in a job training program, and tried to see a

<sup>1</sup>Julie Mickens, Clock Watching: No fare-thee-well yet for welfare clients at the state's five-year benefits cutoff, but are state promises too good to be true, *Pittsburgh City Paper*, Jan. 30, 2002, available online at <http://www.pghcitypaper.com/nz13002.html>.

doctor and get medical documentation when requested by the program. It is possible, though far from certain, that she could have obtained a full-time job by now, with the potential for raises and promotions, if she had been placed in a high-quality G.E.D. program at the outset of her time on TANF, if she had had regular medical coverage and a steady relationship with a doctor who could provide ongoing treatment for phlebitis and proof of her illness for employers, and if she had been placed in a good job training and placement program which helped line up appropriate clerical positions with sympathetic employers. Instead, D.D. encountered frustration, denials, and inappropriate job offers.

***D.D.'s case illustrates why five years is simply too brief for so many TANF clients: in the real world, support services aren't always available, training programs aren't always receptive, the right job—even during a boom economy—isn't always hiring, and clients who appear work-ready on paper don't always have the ability, or the credentials, to move into full-time employment until the right supports and jobs are available.***

Other clients need even greater support than D.D., but receive only incompetent, uncaring, or simply uninformed responses. Most clients with drug or alcohol dependencies need inpatient treatment at a high-quality residential facility, but the managed care organizations that operate the Medicaid system in the Philadelphia area will only approve a few hours a week for outpatient visits. A significant proportion of clients at CLS and WAWA have some form of mental illness, but the majority of mentally ill clients are not receiving intensive mental health treatment; some of them can do little better than visiting the doctor down the street from them, who prescribes medications despite no specific training in psychiatry, and does not provide a referral to a specialist. Others are referred to therapists, but discover that the therapists are either unable or unwilling to provide treatment, despite a formal diagnosis of mental illness.

A lack of English proficiency is a serious barrier to employment for many immigrants, refugees, and others, including many Puerto Ricans. Unfortunately, DPW does not fund classes in English for Speakers of Other Languages, and the programs that are open to poor clients are of very low quality. Most ESL classes only offer instruction for three to five hours per week, which is not very useful, and is too slow a rate for people who are expected to be ensconced in middle-class employment in a year or two. We have also found that ESL classes presume that the student is literate in their native language, but many immigrants and refugees are illiterate even in their native languages. Moreover, many ESL classes evaluate their students' abilities improperly, and then provide only volunteer teachers without training in adult literacy education.

## **2. Many TANF clients do work, but do not earn enough to escape sub-poverty.**

In addition to the TANF clients who are unable to work, CLS has worked with many others who exemplify the ideal TANF client under the 'work first' philosophy embodied in the TANF Act and Pennsylvania's own welfare reform law: they can, and do, seek work, and they strive to stay in their jobs once they have found them. The media have relayed the stories of some such clients who have found jobs, earned promotions and raises, and achieved financial independence. Less attention has been paid, however, to the thousands of other recipients who try to maintain jobs but are unable to, or who stay in jobs and work programs for long stretches and still make so little that they remain on the welfare rolls. A close look at the data suggests that those Pennsylvania welfare recipients who were able to work were leaving the rolls without encouragement from TANF work rules, and that their less employable neighbors will need more time than five years to prepare to follow them into full-time work at a sustainable wage.

***Evidence in Pennsylvania suggests that the strong economy, rather than the work rules, time limits, and incentives of TANF, was the primary reason for the dramatic decline in the caseload over the past several years.*** According to DPW's own figures, the rate of decline in Pennsylvania's TANF caseload increased only slightly in the year after implementation of TANF in March 1997, and it has slowed sharply since then. The caseload declined by 13.4% from March 1996 through March 1997, well before any AFDC client had heard about future welfare reform. In the following year, through March 1998, the caseload dropped by 15.4%. If TANF rules were primarily responsible for the drop in the welfare population, then in subsequent years, as DPW called more people into the welfare district offices for meetings to discuss the new time limits and obligations, and older recipients took advantages of increased incentives, the rate of decline should have increased. Instead, the statewide caseload only declined by 12.2% between March 1998 and March 1999. The state did not begin to require that nonexempt recipients

work for twenty hours per week—the heart of the TANF program—until after March 1999, since the work requirement only applied after the first twenty-four months of benefits, but the number of people leaving the welfare rolls slowed dramatically after the work requirement was imposed: the caseload dropped by 8.8% in the twelve months ending in March 2000; and by just 4.4% between March 2000 and March 2001. As the five-year time limit approaches for the first cohort of recipients, the caseload is actually increasing—it rose by two-tenths of a percent between March 2001 and January 2002. Overall, in the three years between March 1996 and March 1999, Pennsylvania's TANF caseload declined by a total of 40%; in the almost three years since March 1999, when the work requirement was imposed, the caseload has only declined an additional 13% from the level of March 1996.

The data reflect our experience here at CLS: some clients leave welfare for work when the economy is strong and they can find work commensurate with their education and skills, but in an economic downturn, fewer of them can find such jobs. These clients were already leaving the welfare rolls in January 1996, and the work requirement probably had very little effect on them. ***Many other clients, meanwhile, do not have the skills, education, physical and mental abilities, or support structures and resources to find and keep jobs that will keep them out of sub-poverty. Some of them, with long-term disabilities or other barriers, have not found jobs in five years, because full-time work is simply not possible, and no threatened cutoff of cash is a relevant incentive. Another group of clients has tried to find work, but have either found such low wages or few hours that they still qualify for a partial TANF grant, with incomes 33% below the federal poverty level, or else have not been able to find work at all, despite their cooperation with work and training programs.***

Teresa Battle, a CLS client, has had an all-too-common experience. She is eager to work, and she has a high school diploma, but she has been forced to raise three children by herself, including a son with major depression and attention deficit-hyperactive disorder. She has sought training, and has completed every activity to which she was assigned, even seeking work when she could have just gone through the motions as volunteer program. Nonetheless, she finds herself just a year away from her lifetime limit and unable to get a job.

Starting in August 1999, Battle completed a full six-month program of paid work experience in Philadelphia. Unfortunately, though she had been told that she would receive training as a security guard, the work consisted of receptionist's tasks, which she was not able to benefit from, because they involved typing and computer skills in which she had not been trained. When she completed the program in February 2000, she began sending out job applications, but she had great difficulty finding an appropriate job, because with her skills, jobs during the day were hard to come by, and she could not find anyone willing to provide child care for her three children during an overnight shift. She decided to enter the military, so she left TANF and enlisted in the service in June 2000, but her son's condition worsened, and she was forced to leave the service in March 2001, with an honorable discharge, when he was hospitalized, and then was placed in a outpatient program requiring daily treatment.

Since March 2001, when Battle reapplied for TANF, she has sought more work experience at the Transitional Work Corporation, but she has been turned down because DPW imposes a six-month lifetime limit on participation in paid work experience. As a result, in order to receive benefits, she has had to perform unpaid community service and pursue an independent job search; she has continued to file job applications, but reports that jobs are currently scarce. Battle has taught herself to type, but she finds that employers want people who are familiar with Excel, mail merge, and other more advanced computer functions; ironically, T.W.C. offers training in those functions, but she cannot get into the program. Thus, despite serving her country, performing work experience and requesting more, teaching herself to type, and performing everything asked of her by the welfare department, Battle cannot find a job that will enable her to earn enough to support a household of four, while leaving enough time to care for her disabled son and his two young siblings.

Another woman, who contacted Congreso de Latinos Unidos and asked that her story be used to publicize the darker side of welfare reform, found work at a dress store. She stayed with the job, despite several children to care for, and she worked her way up to assistant manager, but her wages were still so low that her family still qualified for a partial TANF grant. Her experience has been all too common in Pennsylvania. The Maternity Care Coalition (MCC), a Philadelphia organization that provides health education, nutrition, and other family support to low-income mothers, most of whom receive TANF, has found that many "low-income families who are trying to transition from welfare to work . . . lack the requisite skills and work experience for employment at a family-sustaining wage." The MCC concludes

that “TANF should allow for low wages plus cash benefits to “not be counted” against the 5-year time limit.”

**3. A high proportion of the caseload has serious barriers to self-sufficiency.**

***DPW’s research on the TANF population in Pennsylvania demonstrates that two general groups, sub-poverty workers and people with long-term barriers to work, add up to well more than 20% of the caseload.*** As more work-ready people leave the rolls, this percentage is likely to increase, since barriers are disproportionately concentrated among people who stay on TANF long term and approach their lifetime limit. In the future, as people who cannot get off of TANF are joined by people who left briefly but could not remain off, this group of long-term recipients will constitute a higher and higher proportion of total caseload.

Last year, DPW compiled a detailed demographic chart of the adults on the TANF rolls as of March 3, 2001. At that point, 60,027 total parents receiving TANF. (As of December 2001, there were 59,893 parents, and the caseload was rising, so these figures are likely a very accurate summary of the current TANF population.) ***DPW’s March 3, 2001 demographic chart shows that parents with barriers to self-sufficiency are a very large segment of the total caseload, and well over one-fifth from any perspective.*** It also demonstrates that these barriers are heavily concentrated among the long-term clients in the “June 2002 cohort”—the group of parents who were on schedule to be the first to use up their five-year lifetime TANF eligibility, between March 3, 2002 and June 30, 2002. There were 12,112 total parents in the June 2002 cohort.

For example, disabilities and other recognized barriers to work were prevalent among far more than one-fifth of the caseload. ***DPW granted exceptions to the work requirements for disabilities, caring for infants, unavailability of child care, or other good cause to a total of 19,645 parents, or 33% of caseload.*** In the June 2002 cohort, the proportion of recipients whom DPW determined were unable to work was even higher: 40%, or 4801 adults.

***DPW’s demographic chart also shows that, as of March 3, 2001, a substantial number of recipients were working, just as they were expected to, yet were not off the TANF rolls, because their income was so low that they still qualified for a partial grant.*** Specifically, 4,911 adults, or 8.2% of caseload, were working 25 hours per week or more. ***Of the June 2002 cohort, 12% (or 1,456 parents) were working 25 hours/week or more and still on TANF. Faced with the loss of their benefits in just a year, these parents worked more than DPW required, yet they still could not achieve an income that would allow them to support their families independently.*** An additional 15% (9,066 adults) of the total caseload worked up to 25 hours/week, for total of 23% of the overall caseload who were working 20 hours/week or more. Of the June 2002 cohort, an additional 21% worked up to 25 hours/week, for a total of 33% of the June 2002 cohort who were working and yet still mired in sub-poverty.

***DPW’s chart shows that 18,983 adults, or 32% of entire caseload, had large families with three or more kids. Of those in the June 2002 cohort, however, 48% had such large families. Thus, these larger families have had a harder time getting off of TANF, and another DPW study shows that when they do leave TANF, they remain closer in danger of falling back onto it.*** “Welfare Reform After Three Years,” which surveyed parents who left TANF through 1999, shows that such families typically stayed below poverty, even when they found work, and even before the recession began. Only 24% of TANF leavers had households with four or more people—far less than the proportion of large households among those that remained on TANF, and half the percentage in the June 2002 cohort. In 2001, the federal poverty level was \$17,652 for a family of four, yet three full years after leaving TANF, the average earnings of all former recipients was only about \$14,000, keeping the typical former TANF family with three children well below the poverty line.

DPW’s TANF Caseload and Activities (C&A) Report for October 2001 confirms the high percentage of clients facing obstacles to self-sufficiency. ***Out of 58,660 parents on TANF, 18,697, or 32%, were currently exempt from the work requirement, due to disability, lack of child care, or other good cause (excluding domestic violence). Of those, 11,759 alone, or 20% of the caseload, had a disability that prevented them from working. Another 12,312 parents, or 21%, were employed, yet were still so far below the poverty level that they qualified for a partial TANF grant. In all, 53% of active TANF parents in October 2001 were either certified unable to work, or else were working but receiving a partial grant.***

For an additional 17,452 parents in October 2001, the CAO was investigating or sanctioning them, or pursuing compliance, or pursuing conciliation or an appeal. It

is extremely likely that these parents, who were failing to meet the department's requirements, were experiencing a high incidence of hidden barriers, such as undiagnosed learning disabilities, mental illness, or illiteracy.<sup>2</sup>

#### 4. Conclusion

DPW acknowledges that many recipients must have assistance beyond five years, and it will establish an Extended TANF program, wherein all clients who are beyond five years can receive continued benefits so long as they comply with one of two programs. People who can work will be assigned to work activities through Work Plus, while non-work-ready parents will be connected with therapy and other services to help them overcome their barriers in the Maximizing Participation Project. DPW also recognizes that a high number of parents fall into one of those two groups: all parents who need it, rather than just 20% of the caseload, will be eligible for Extended TANF. At present, however, the state is faced with the need to fund Extended TANF with state dollars. As Congress reauthorizes TANF, we hope it will encourage the efforts of Pennsylvania and other states to continue working with parents who need more help to become self-sufficient. Congress should allow states the flexibility to remove the time limit for all recipients who have barriers to self-sufficiency.

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Friends of Welfare Rights of Washtenaw County  
Ypsilanti, Michigan  
March 14, 2002

Dear Representatives of the House Human Resources Subcommittee:

I'm writing to urge you to consider the following important points during your hearing on states' implementation of welfare work requirements and time limits in Temporary Assistance to Needy Families.

- TANF reauthorization should have the stated goal to move recipients out of poverty. And, it must include strategies that would help individuals to work towards that goal. Certainly work is practical training as well as being productive, but for the individual to move into jobs which pay more than poverty wages work requirements should be combined with education or training. The value of education has been a tradition of this nation, and should be emphasized in this case also.
- Work requirements should take into consideration the special needs of clients. Research shows most TANF clients today have multiple barriers to employment. These needs should be considered, and state workers should be able to address those needs without penalty. Education, counseling, and addressing other needs should count for some of the work time requirements.
- Time limits must be reconsidered. Clients who are working part time, or are engaged in activities which are in preparation for work such as school or training or counseling to overcome barriers to work should be exempted from Federal time limits. They shouldn't lose their TANF cash benefits. Nor should clients with family members who are disabled. They must be exempted also from time limits.

Please don't overlook these important points.

Thank you.

Respectfully yours,

Lee A. Booth  
Secretary

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<sup>2</sup>Using Census Bureau data from 1999, the General Accounting Office reported last fall that 44% of TANF recipients—three times the rate of non-TANF families—reported physical or mental impairments. This figure did not even include addiction or domestic violence. GAO, *Welfare Reform: More Coordinated Federal Effort could help States and Localities Move TANF Recipients with Impairments Toward Employment* at 3 and n.3 (October 2001) (GAO-02-37).

## Statement of the National Network to End Domestic Violence

### 1. Introduction

Battered women often use welfare as a step to gain the economic stability needed to leave a violent relationship.<sup>1</sup> Batterers are very calculating. They often control every aspect of a woman's life—social, emotional and financial. This financial control in particular makes it difficult for a woman to leave a violent relationship. Beyond keeping a tight grip on the family finances, batterers will frequently prevent women from working or getting an education.<sup>2</sup> If the women are already employed, their abusive partners have often used a variety of tactics to prevent them from going to work or to get them fired.<sup>3</sup> An employed woman is threatening to an abuser—she has a certain degree of independence and control over her own life that provides her with means and an opportunity to escape. Consequently, batterers resort to threats and harassment at work, inflicting black eyes or other physical evidence of violence to shame a woman from going to work, stealing the keys and other delaying tactics to make her late—anything to get her fired and maintain control over her life.<sup>4</sup>

This places battered women in a particularly unique and dangerous predicament. If they cannot get their needs met by the TANF system as it exists today, they may find themselves in a situation where their options are to return to an abusive relationship or to live on the streets with their children.<sup>5</sup> It is imperative that TANF is strengthened to address the barriers that keep battered women from gaining independence and self-sufficiency.

In preparing these comments, The National Network to End Domestic Violence (NNEDV) reviewed the research on the impact of welfare reform on battered women and consulted with state domestic violence coalitions and local programs. These comments will cover some of the key reforms that are needed to help battered women and their children achieve independence, stability and, most important, security. While these comments focus specifically on the impact of welfare reform on victims of domestic violence, NNEDV believes that the reduction of poverty for all families should be the focus of the TANF program. NNEDV advocates for an end to family violence in the framework of the larger struggle against violence, poverty, homelessness and other social ills in an effort to contribute the ultimate goal of a more just society.

### 2. Achieving Long Term Self-Sufficiency Should Be the Goal of TANF Assistance

The goal of TANF assistance should be to help people achieve self-sufficiency through employment that pays a living wage. The goal of simply moving women off welfare into jobs without giving them the skills to maintain sustainable employment will not help create long-term economic independence. To count the numbers of women who are working without assessing whether or not those jobs pay enough to support both the women and their children creates artificially high success rates.

<sup>1</sup>Eleanor Lyon, "Poverty, Welfare and Battered Women: What does the research tell us?" 1, MINCAVA 1998. "In nearly all of the studies which have addressed the issue, well over half of the women receiving AFDC reported that they had experienced physical abuse . . . by an intimate male partner at some point during their adult lives . . . When women were asked about more recent violence from their male partners, the rate remained high—from 19.5% to 32%."

<sup>2</sup>"39.7% of the currently abused women . . . reported that their partner tries to prevent them from obtaining education and training." Id. at 4.

<sup>3</sup>Eleanor Lyon, "Welfare, Poverty and Abused Women: New Research and its Implications," National Resource Center on Domestic Violence October 2000 at "46% of the women in the program reported their partners were jealous about the possibility of their meeting someone new at work, 21% were threatened or harassed while they were at work, and 32% were told that they would never be able to succeed at work or school."

<sup>4</sup>"This study of women who experienced current or past abuse found that 43.2% reported that they don't feel safe from their abusive partner at work, 29.8% reported they have been fired or lost a job because of domestic violence, and 34.7% said their education and training efforts have been hampered by abuse. More specifically, 84.5% said their abusive partner had kept them from sleeping, 58.7% said his threats had made them afraid to go to work or school, 47.1% said he refused to provide promised child care at the last minute, 41.5% said he had called them repeatedly at work, 34% had been refused promised transportation at the last minute, and 33.9% had been beaten so badly they could not work." Id. at 4

<sup>5</sup>"A 1990 Ford foundation study found that 50% of homeless women and children were fleeing abusive homes." Joan Zorza, "Woman Battering: A Major Cause of Homelessness," *Clearing-house Review*, vol. 25, no. 4 (1991).

The focus on immediate job placement subverts the original purpose of welfare reform, which was helping women to transition from welfare to work in a manner that would keep them from repeatedly returning to public assistance. It also discourages TANF workers from strategizing with women on a case-by-case basis to create individualized plans that will address their specific needs.

This individual approach is critical to battered women in particular. Although there may be some similarities among battered women, each woman's case is unique.

[E]ach battered woman faces different risks and therefore has different needs for safety and self-sufficiency. Because each battered woman's risks are different, determining what battered women need must be done on a case-by-case basis. There is no formula for safety or self-sufficiency. Options that may work for one woman will increase danger for another.<sup>6</sup>

Each woman's situation must be assessed individually to accurately and effectively create a plan that will help her and her children move safely from assistance to independence. In order to do this, caseworkers must not have their decision making restricted by arbitrary caps. This means removing restrictions on the length of time that women can be involved in educational training as a legitimate "work activity" under TANF guidelines and eliminating the cap on the number of women whose educational training can count towards a state's work participation rate. This also means expanding the definition of "work activity" to include full time care of a disabled child or a child under 6, vocational or educational training at any level, and participation in activities addressing domestic or sexual violence, mental health, substance abuse and/or disability.

### **3. States, in Consultation with State Domestic Violence Coalitions, Must Be Required to Address Domestic Violence as Part of their Implementation of TANF.**

By enacting the Family Violence Option<sup>7</sup> (FVO), Congress recognized that the combined experience of poverty and violence raises particularly difficult issues for battered women. However, a state's response to domestic violence needs to be broader than the range of protections offered by the FVO. The purpose of requiring states to respond to domestic violence in their administration of TANF funds is to address the root causes of poverty among battered women and provide the kinds of services that will assist battered women in removing barriers to self-sufficiency and permanently transition from public assistance to independence.

Exemptions from program requirements are a critical tool in assisting battered women, but in order to help battered women transition effectively and permanently from welfare to self-sufficiency, a more holistic approach is necessary. Other important responses include providing ongoing support services, mandatory domestic violence training for TANF workers, and resources to create and sustain an ongoing collaboration between domestic violence advocates and TANF workers. Participation in such programs should be voluntary and not used to sanction or impose burdensome requirements on a battered woman.

#### **A. Frequent Screening for Domestic Violence**

TANF caseworkers should begin screening for domestic violence at the initial intake interview and continue to do so at various points in the process. This screening should be voluntary and non-coercive. In the beginning, the caseworker is a stranger to the woman, and as such, it may take time for a woman to feel comfortable enough to disclose to a caseworker that she is being battered. That's why it is imperative that a woman be allowed to disclose at any point in the process without fear of sanction.

In the event of a disclosure, the caseworker should follow up with immediate referrals, either to a domestic violence advocate already present in the office or to a domestic violence program that the TANF office has a relationship with. Again, services should never be imposed on a woman. No one is better qualified than the woman herself to assess the danger of her situation and choose the options that best protect her and her children.

#### **B. Exemptions from Program Requirements**

Battered women face many pressures in their attempt to extricate themselves from abusive situations. Some women will require waivers from specific program requirements while they are in the process of rebuilding their lives. The clock should

<sup>6</sup>Jill Davies, "Building Opportunities for Battered Women's Safety and Self-Sufficiency," at 5, Violence Against Women Online Resources, MINCAVA 1998.

<sup>7</sup>42 U.S.C. § 602(a)(7).

stop ticking while victim's taking time to address these barriers. It is imperative that time limits on assistance do not add extra pressure to women who are already dealing with the stress of leaving an abusive relationship and reestablishing themselves. States need the flexibility to create a range of services and responses to domestic violence. However, the state's plan to address domestic violence must include exemptions from program requirements and time limits when domestic violence interferes with a woman's ability to complete the required tasks.

#### C. Provision of Support Services

Some battered women may want to participate and can meet the requirements of the program when provided with the necessary support services. They have less of a need for waivers than for a range of support services that will facilitate compliance with program requirements. Often times the barriers that battered women face to gainful employment are not only safety concerns, but also more basic considerations such as transportation, childcare, basic job skills and referrals to domestic violence program when requested. These concerns are not exclusive to battered women; they are common to many TANF recipients. Citing a survey done in Florida, Eleanor Lyon found that "51% of all the sampled women in Florida's WAGES (TANF) program cited transportation as an obstacle, 44% said childcare, and 31% said lack of job skills."<sup>8</sup> In addition, many battered women also encounter a crisis in the availability of affordable housing, which often has waiting lists years long. Without access to affordable housing, a battered woman finds herself left with two unbearable alternatives—returning to an abuser or enduring homelessness. Assistance in overcoming these obstacles to self-sufficiency should be offered as an integral part of a state's plan to address domestic violence.

#### D. Screening Required Prior to Enforcement of Any Available Sanction

It is imperative that TANF workers not immediately enforce sanctions on battered women without assessing the individual's situation and referring the woman for voluntary participation in counseling or support services to help her overcome the obstacles she faces in meeting program requirements. This extra step between non-compliance and sanction allows victims of domestic violence to address the challenges that may be unique to violent situations and should never be used to coerce a woman into services in order to avoid sanction. As noted in the report to the Department of Health and Human Services about the experience of seven counties administering TANF to battered women,

[t]he programs that did best at identifying domestic violence issues were those set up to identify *all* major barriers to self-sufficiency—that is, those with a strong orientation to use 'carrots'. Programs focused more on immediate employment rather than on longer-term self-sufficiency were not well set up to identify any type of barrier, and the same was true for domestic violence issues.<sup>9</sup>

Assessing the barriers a woman faces and offering necessary services before mechanically applying sanctions has proven to be a more effective way to facilitate the transition from welfare to work.

#### E. Training

To help battered women navigate the TANF system, it is imperative that both TANF workers and domestic violence advocates are trained. TANF workers need to be trained to recognize the signs of domestic violence and to understand the unique barriers that battered women face. Domestic violence advocates need to be trained in the structure of the TANF system so they can assist their clients in obtaining all of the benefits to which they are entitled.

Domestic violence is a complex phenomenon that can manifest itself in many different ways, and without a background in the issue, it can be very difficult for a TANF caseworker to properly assist a battered woman. In order to be able to help a woman create an individual plan to transition out of a violent relationship and into self-sufficiency, TANF workers need to be aware of all of the challenges that battered women face, including issues of safety, affordable housing, transportation, childcare and legal assistance. Mandatory domestic violence training for TANF caseworkers should be a fundamental component of a state's domestic violence plan. "Training gives workers the understanding to interpret clues and indicators, to

<sup>8</sup> "Welfare, Poverty and Abused Women," at 6.

<sup>9</sup> Martha R. Burt, Janine M. Zweig and Kathryn Schlichter, "Strategies for Addressing the Needs of Domestic Violence Victims Within the TANF Program: The Experience of Seven Counties," Chapter 8 at 5, Urban Institute report to Department of Health and Human Services, June 30, 2000.



probe carefully and understand correctly. And to remain non-judgmental but supportive.”<sup>10</sup> If an individual’s caseworker is not sensitive to these issues, the worker may push a woman to take actions that are either unworkable or unsafe. This kind of response may make a woman feel that her only available option is to return to her abuser.

It is critical that this training be federally mandated and done consistently by experienced domestic violence advocates. The training must be scheduled with regularity to ensure that even if an agency has a high turnover rate among caseworkers, all caseworkers will undergo some form of domestic violence training in their orientation process. This training should be conducted by and in coordination with a local organization whose primary purpose is to provide services to victims of domestic violence or a state domestic violence coalition who will train caseworkers in the empowerment model of working with victims of domestic violence. Finally, resources should be allocated to pay for training provided by domestic violence advocates whose time and resources are already stretched thin.

The TANF system itself is also complicated and difficult to navigate for those not well versed in its intricacies. Domestic violence advocates are not usually trained in the details of what assistance is available to women, making it difficult to know what aid is available to a particular client under TANF. Considering the complex web of rules and exemptions governing what assistance is available to battered women—everything from what aid is available to undocumented immigrants to what options battered women have to stop the clock under the Family Violence Option or similar state legislation—navigating the system can be very difficult. Grants should be made available to states to conduct voluntary training for domestic violence advocates so that advocates will be better equipped to help their client access services and meet program requirements. Also, training between the two agencies can also increase contact and communication between the two agencies. This interaction can ease what in the past has been characterized as a difficult relationship between domestic violence programs and TANF agencies.<sup>11</sup>

#### 4. Confidentiality and Autonomy

The cornerstone of state plans for assisting battered women in the TANF system must include strong protections for the woman’s confidentiality and autonomy. Whether a disclosure is made to a caseworker, a child support advocate, or a domestic violence advocate, the information that a battered woman discloses must be held in the strictest confidence. This is a critical component in working with battered women. No information should be shared with other workers or agencies unless consent is obtained from the woman herself.

There are very good reasons for privileging the information disclosed by a woman facing a domestic violence situation and giving her control over the amount of information she wants generally known by the agency. Such protection of confidentiality need not compromise the ability of either the on-site advocate or any TANF caseworker to develop an appropriate self-sufficiency plan. However, the lines of communications and privacy need to be drawn clearly and carefully, understood by all, supported the administration, and communicated directly to staff.”<sup>12</sup>

If this policy is not strictly enforced, it will deter women from divulging abusive situations. Without this information, managing a battered woman’s case will be exceedingly difficult. In addition, the fear in some states that child protective services will find out about the abuse will also keep some women from coming forward.<sup>13</sup> If women are not certain that the information they share with their caseworker will be held in the strictest confidence, not only will they be reluctant to come forward, they may elect to stay in the abusive relationship just to ensure that they keep custody of their children.<sup>14</sup>

<sup>10</sup>Burt, Chapter 8 at 3.

<sup>11</sup>“Cross-training and developing mutual understandings of each agency’s mission, constraints, and resources have also been important in assuring that clients get the services and supports they need. Often this has meant overcoming histories of non-communication or, worse, distrust and suspicion.” Burt, Chapter 8 at 5.

<sup>12</sup>Burt, Chapter 8 at 12.

<sup>13</sup>“Women are afraid that their children will be taken away from them. Some women have had their children taken away from them due to endangerment. Batterers use this as a way to threaten women.” Id Chapter 2 at 10.

<sup>14</sup>“DCF has taken an aggressive stance on children residing in homes with domestic violence. Children are now removed with little investigations from homes in which domestic violence occurs. Women who lose their children are being forced to address the domestic violence issue before they are allowed custody of their children. Although this policy is not directly related to

In addition, victims of domestic violence who come forward and disclose the abuse to their case workers should not be forced into services or into dealing with the criminal justice system in order to get the assistance that is due to them under TANF. Battered women often know more about the intimate details of their own situations than any caseworker could independently assess.

A battered woman will face one set of batterer-generated risks if she stays in the relationship and a different set if she leaves. Leaving a relationship does not guarantee the reduction or elimination of violence, threats or other risks. For some battered women, leaving may create new risks or increase existing ones. Battered women continually analyze the risks they face.<sup>15</sup>

These women know whether or not going to the police would help or hurt their situation, what services they need, and whether it is prudent to seek child support. For example, there are many reasons that a protective order may not increase the safety and security of battered women and their children.

Some of the reasons a protective order may not work are: the batterer will not obey court order; the batterer will increase his violence when he is "served" with the order; the protection order may not include protection of the children; the batterer will lose his job as a result of the order and this will reduce the likelihood of child support; she will lose her job if she misses work because she must go to court to get an order; the protection order will "kick him out" of the home and she can't afford the rent on her own; or the batterer will find the woman in hiding because the legal process for obtaining an order may give him information about where she is and the opportunity to have contact with her in court.<sup>16</sup>

All of the factors that figure into a TANF case where domestic violence is present calls for an independent assessment of how program requirements may affect the safety of that particular woman. Caseworkers should not be allowed to force a woman into support groups or other services in order to access TANF funds.

### **5. Marriage Promotion**

Any efforts to promote marriage should recognize the direct and imminent danger that women and children face when living in a violent home. There are many reasons why a woman may not be able to leave an abusive home. The answers were complicated and varied, with economic dependence being a significant cause. The danger inherent in marriage promotion activities is that women may feel additional shame and stigma if they attempt to flee a violent home and end an abusive marriage. They also may become even more economically dependent on the perpetrator if the TANF system provides more resources to women who stay married to the father of their children. Women should not have to stay in an abusive home in order to receive a larger TANF check. Nor should the stigma of divorce become so great that a battered woman chooses to remain in a dangerous situation to avoid the societal stigma and shame of a failed marriage. These are the real, unintended consequences of a policy that emphasizes marriage at the expense of safety.

Additionally, programs that promote marriage may take a naive approach to the causes and impact of domestic violence. Programs that promote couples counseling, parenting education, or other basic services may not have the expertise to deal with the complicated nature of battering. Batterer intervention must be long term and focused on changing the belief system that the batterer holds about his right to use violence to control his wife and children. Traditional psychotherapy, conflict resolution and anger management have not proved to be efficacious in addressing abusive behavior. It is critical that marriage promotion programs not utilize such techniques in its bid to build healthy families. Such activities are dangerous for victims and their children and should not be promoted as solutions for battering. Instead, resources should be directed towards programs that address both victim safety and offender accountability and have the expertise to deal with the potential lethality of domestic violence situations.

### **6. Conclusion**

When provided with the necessary training and support, battered women can successfully make the transition from public assistance to total independence. However, this journey must be aided by individualized planning and protected by strict confidentiality. The system must be designed to address the root causes of the woman's

the activities of the One Stop Career Centers, it may effect women's willingness to disclose domestic violence as a barrier to work." Burt. Chapter 5 at 8.

<sup>15</sup> Davies at 3.

<sup>16</sup> Davies at 12.

poverty and respond to her individual needs, always keeping safety at the forefront. Implementing the strategies outlined in these comments will allow battered women to leave abusive relationships and establish independent, violence free lives for themselves and their children.

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**Statement of Sister Mary Elizabeth Clark, NETWORK, A National Catholic Social Justice Lobby**

NETWORK, A National Catholic Social Justice Lobby, is a membership organization made up of more than 11,000 groups and individuals, many of them faith-based social service providers. Our mission is to educate, lobby and organize to influence the formation of federal legislation to promote economic and social justice.

In 1996, soon after its signing, NETWORK initiated a multi-year, nationwide study to examine the effects of *The Personal Responsibility and Work Opportunity Responsibility Act* on people living in poverty. Almost 4,000 patrons of soup kitchens, health clinics and other private, primarily faith-based social service facilities were interviewed during three separate surveys. Results of the first two surveys, conducted in 1997 and 1998, were published in the 1999 report, *Poverty Amid Plenty: The Unfinished Business of Welfare Reform*. Results of the third survey, conducted from November 2000 through January 2001, appeared in *Welfare Reform: How Do We Define Success?*, a report that was released at a Capitol briefing in July 2001.

The study has shown that a significant number of current and former welfare recipients with incomes both below and above the poverty line are unable to meet their most basic needs. As a result, many turn to emergency facilities to provide for themselves and their families.

During the most recent survey, we found that almost half of those we interviewed in emergency facilities had household yearly incomes under \$8,500, while 30 percent lived on less than \$6,000. Sadly, roughly two-thirds of these desperately poor families included children. Despite their extreme poverty, only 28 percent of these families received government cash assistance.

We also found welfare reform “successes”—people with jobs who had moved above the poverty line—in our soup kitchens and other emergency facilities. Fully one-third of those we surveyed came from households with incomes that exceed the federal poverty income level, and three-quarters of this group had at one time been on welfare. Why are they relying on emergency services? Mostly because of lost benefits and inadequate wages. Also, a shortage of affordable housing means that housing costs consume a high percentage of their earnings.

NETWORK believes that the ultimate test of the success of welfare reform is whether welfare-to-work families are able to achieve independence and a secure future. This requires job training, childcare, education and other supports such as transportation, stable housing, addiction treatment, domestic violence protection and counseling.

We are concerned that the Administration’s TANF proposal makes it difficult for states to do much more than provide inexpensive, short-term services to people who need much more. By mandating that more people be engaged in some kind of “work activity” while not boosting funding to provide the support they need, the proposal forces states to do more with less.

We also worry that the current proposal is more restrictive concerning the types of education and job training that are allowed. For example, the limiting of training activities to three months within a 24 month period rules out post-secondary education. To make matters worse, the President is also calling for cuts in federal funding of job training programs for low-income adults.

One of the most difficult aspects of the 1996 legislation was the instituting of time limits. Like many groups, NETWORK found these new restrictions arbitrary and inherently unfair. Recognizing the low political likelihood that time limits will be abolished this year, NETWORK supports a number of measures to lessen the suffering they cause. These include:

1. Redefining work. This means stopping the time clock for people who play by the rules, people, for example, who are:

- actively looking for a job
- enrolled in job training classes
- attending school
- caring for children under the age of six
- unable to find quality, affordable child care for their children

- employed but not earning a living wage.

2. Increasing the percentage of families who receive extended time limits, currently limited to 20 percent of a state's average caseload. NETWORK supports increasing it to *at least* 20 percent of the state's caseload when welfare reform was enacted in 1996, a larger number.

More generally, welfare-to-work families need all the tools necessary to achieve long-term self-sufficiency—a living wage, health care, affordable housing, transportation, daycare, training, and education. States need appropriate levels of funding and flexible requirements to provide for these families.

The welfare reform reauthorization process provides Congress with an important opportunity to take concrete steps to lift millions of people out of poverty by providing the tools they need to become independent. The people of the U.S., acting out of compassion, hastened to provide assistance to the victims of September 11. We have cared for the victims of the terrorist attacks. It is now time for Congress to extend that caring to people who struggle in poverty each day.

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**Statement of Gloria Guard, Executive Director, People's Emergency Center,  
Philadelphia, Pennsylvania**

I appreciate the opportunity to submit written testimony as the Executive Director of People's Emergency Center (PEC), Pennsylvania's oldest service agency for homeless families founded in 1972. PEC offers a comprehensive "continuum of care" to address the housing, employment and social service needs of homeless families in Philadelphia. PEC has served over 6,000 homeless women and children and been remarkably successful in helping these families achieve permanent self-sufficiency. PEC understands and addresses the needs of low-income families and communities more broadly. PEC created the People's Emergency Center Community Development Corporation in 1992, to serve as its community revitalization agent. Since its inception, PECCDC has leveraged \$14 million of investment into West Philadelphia and converted 70 vacant and blighted properties into 94 units of affordable transitional and permanent housing, 3 social service facilities, a community playground, and green space. PECCDC has an additional \$8 million of important facilities and housing projects in various stages of the development pipeline.

Directly related to welfare, PEC, through its Job Opportunities and Basic Skills Program (JOBS), has provided specialized employment services to homeless women transitioning from welfare to work. JOBS conducts outreach at 11 of the City's homeless family shelters and enrolls an average of 125 women per year. Nearly 50% of those placed in jobs are still working after a year, which is positive compared to industry standards. In addition, PEC has almost completed the construction of Families First, a one-stop welfare to work center that will house under one roof child care and afterschool for 120 children, a JOBS program assisting 100–120 women annually and a preventive healthcare center. Finally, PEC has increasingly been recognized as an organization that can speak confidently on welfare reform policy issues, particularly from the perspective of an experienced provider serving women with multiple barriers to employment. In the past year, PEC was instrumental in calling attention to the expiration of the federal Department of Labor's welfare-to-work funding and for soliciting other public sector resources to maintain essential components of Philadelphia's welfare to work program. PEC was selected from among the United Way of Southeastern Pennsylvania's member agencies to provide the provider perspective on welfare reform at United Way's welfare reform forum in November. PEC recently took the lead in organizing a planning group and establishing the Philadelphia Welfare Coalition to address critical welfare issues over the next six months. The Coalition hosted a forum in January aimed at developing a cohesive and broad-based response to the Pennsylvania Department of Public Welfare's (DPW) proposed regulations related to the five-year time limits. The Coalition is now beginning to focus its attention on the federal reauthorization of TANF.

**TANF Work Requirements:**

Since the purpose of the testimony is ultimately to inform the TANF reauthorization discussions, I want to comment specifically on the Administration's proposed increase in the work requirement to 40 hours per week.

**The 40-hour per week work requirement is nearly impossible to meet consistently:**

The 40-hour per week work requirement is onerous, particularly for single moms with children. A large part of the difficulty of meeting the 40-hour per week work

requirement is the need to meet it consistently *every week* for as long as the person needs welfare benefits. The 40 hours is strictly implemented and does not allow for office holidays, vacation days, sick days or personal days. Welfare recipients are not currently entitled to these critical options the rest of the working population uses to help them balance work and family needs and sustain employment.

On March 12th, President Bush came to PEC in Philadelphia to announce the USA Freedom Corps. I had the opportunity to speak with him directly about welfare reform. I told the President with what I refer to as “the Christmas Story” to illustrate how difficult it is to meet the work requirement. Each year our JOBS Program has clients placed in paid work experiences with other nonprofits or public sector agencies throughout the City. Many of these employers close down their offices for the holidays between Christmas and New Years. Unfortunately, our clients still need to meet their hours-per-week requirement and so we scramble to accommodate with hours at our agency or with other agencies that might be open. It is always a major challenge to find enough supervised positions in Philadelphia during the holidays to accommodate all of those who must meet their work requirement.

Another important point that I did not make to the President but would have made given more time is that between Labor Day and the end of January, with national holidays, there is not a single month when offices are actually open 40 hours per week consistently. Each month, there is at least one observed holiday, which means that one week of every month between September and January welfare recipients are scrambling to make up 8 hours in that same week of the holiday.

The President responded that clearly no body intended implementation of the work requirement to be so rigid that it created these consequences. He promised to look into the issue and to think about potential solutions.

I would like to offer a few points to guide the Administration and Congress’ welfare policy related to work requirements.

- The increase in the work requirement from 30 hours to 40 hours per week significantly exacerbates the problem of meeting the work requirement every week.

- The Administration might be tempted to argue that this is not a real issue because only 24 of the proposed 40 hours of work are strictly defined. However, in practice, it is a real problem. Take the person who is in paid work experience 24-hours per week on Mondays, Wednesdays and Thursdays and who has a GED program on Tuesdays and Fridays. When Thanksgiving falls on a Thursday and her office is closed, this woman cannot just make up those hours another day that week. The nonprofit doesn’t have her supervisor staying late that Monday and Wednesday so that she can squeeze in 8 additional hours. If she tries to make up the work on Tuesday or Friday she meets the 24-hour component of the work requirement but misses her GED program and fails to meet her 40 hours of weekly participation. It is almost impossible for her to remain consistently compliant, and thus, for the state to count her toward their work participation rate.

- A good starting point for a solution would be to allow welfare recipients the same leave policies that other employees in this country get, including vacation, sick days, personal days and official holidays. This leave policy would give welfare recipients hourly credits toward their work requirement. We all need these options and, in fact, poor people need them more. For example, PEC’s homeless clients on welfare have to interact with several bureaucracies—the County Assistance Office, the Section 8 office, family court, and others—in their effort to stabilize their lives. All of these agencies require that clients come to the office in person during regular business hours. Each time they are required to go to one of these offices, they need to make up those hours in that same week or fail to meet their work requirement.

I focused my discussion with the President around this one major implication of the 40-hour work requirement. However, there are others. It is the “all or nothing” nature of the 40-hours per week requirement that is most problematic. A respected colleague articulated the issue well when she said, “I have never before encountered a test when the only passing grade was 100%.”

We know from experience the past few years that it was extremely difficult for welfare recipients to meet the 30-hours per week requirement. Obviously, very few welfare recipients will be able to achieve 40-hours per week of activity.

We also know from experience that states are driven to hit their work participation rate targets and are unlikely to offer programs that are not structured to maximize the number of people meeting work participation rates.

In the Administration’s proposal, states are only allowed to count families that meet both the 24-hour work requirement and the 40-hour full participation require-

ment toward their work participation rate. (States will apparently be able to obtain pro-rata credit for families engaged in activities less than full-time as long as they meet their 24-hour work requirement, but it is not clear what that means). **What is clear is that under the Administration's proposal, the following would not be considered successful outcomes:**

- A person with a disability working 25 hours per week but unable to commit to other activities above and beyond that.
- A single Mom working 30 hours per week and caring for her disabled child the hours her child is not in school.
- The homeless client who works 24 hours per week and spends 12 hours per week pursuing permanent housing she and her family so desperately need.
- The single mom with school age children who works only 32 hours per week so that she can still be there to see her children off to school in the morning, meet them at the bus stop in the afternoon and supervise them throughout the rest of the day.
- The person who attends substance abuse treatment for three months but requires a more gradual reintroduction to the workforce over the following months.
- The person working for UPS at \$12.00 per hour who does not work the same number of hours or the same schedule every week but who can count on the fact that they are earning more for their family than if they worked a more consistent minimum wage job 24 hours per week.

It is also clear that with work requirements so strictly defined, states will end up sanctioning many families—the most vulnerable families—off the caseload.

Finally, under the Administration's plan, the stated overarching purpose of TANF would be to improve the well-being of children. I think that is a critically important goal of TANF. I want to point out that the 40-hour per week work requirement is not in the best interest of children. First, it is likely that many families will be sanctioned off of welfare rolls for not meeting the work requirement. It is definitely not in the best interest of children for their family to have no income. It is not in the best interest of children for their parents to be penalized for working part-time so they can care for and supervise them. We know from the research on the first wave of welfare reform that Teens were more likely to be negatively affected with studies suggesting decreases in school achievement and increases in risky behavior. (Source: Welfare Reform & Beyond, Brief #1). The increase from 30 hours to 40 hours is likely to increase the negative impacts on teens, particularly since the Administration's proposal does not allocate additional funds for the afterschool programs that will be necessary for children whose parents are working these additional hours.

We all want welfare reform to be a success. I am concerned that the Administration's proposed work requirements set the clients, providers, states and the welfare program up for failure.

I would also like to take this opportunity to present PEC's position on TANF Reauthorization more broadly.

PEC makes the following recommendations in the hope that, when reauthorized this year, the TANF block grant will become an even more powerful asset in helping us to carry out our mission.

First and foremost, the reauthorization discussions should reflect that (1) the welfare population of today differs from the caseload of five years ago, with a substantially higher percentage of recipients facing multiple barriers to employment; and (2) the economy, though on the mend, is not booming at the rate it was over the past five years. Nevertheless, we can and must maintain the goal of personal responsibility and high expectations that people still on the rolls can move from welfare to work. To make these expectations a reality, states continue to need maximum flexibility to support programs that respond to their unique caseload and labor market realities. They also need sufficient resources—Congress simply must increase the block grant level at least to account for inflation. A more substantial increase is required if we wish welfare reform to evolve to the next phase of reaching even the most troubled families and further reducing poverty. Additionally, to sustain the momentum of welfare reform, we urge the Administration and Congress to:

- (1) **Make the rules of the game for families transitioning from welfare to work the same as they are for the rest of us.** We expect welfare recipient to work 40 hours per week like the rest of us. But most people do not work 40 hours per week every week. Think of Christmas and Thanksgiving. Welfare recipients are penalized if they work less than 40 hours in any week, regardless even of national holidays. This is unfair. They deserve a reasonable leave policy to enable them to balance work and family needs and retain employment, just

like other employees. Also, people transitioning from welfare to work should not be required to work for less than the minimum wage. Nor should they have to work off checks and food stamps at artificially low wage rates. Finally, to the greatest extent possible, welfare recipients should be paid wages that allow them to benefit from the Earned Income Tax Credit and build an employment history for unemployment compensation and social security purposes. We at PEC find that welfare recipients want to give an honest day's work; we owe them an honest day's pay—coupled with time for their family and a chance to build for that family's future.

(2) **Give providers on the front lines, like PEC, the flexibility we need to provide appropriate services to assist families with multiple barriers to move toward employment and self-sufficiency.** Unfortunately, the combination of the proposed 40-hour per week requirement, 70% work participation rate and the elimination of the caseload reduction credit incentivizes states to offer a “one-size fits all” program. We urge the Administration to examine options, including retention of the caseload reduction credit, for allowing states to support the full range of programs they will need.

(3) **Recognize that affordable housing is essential to the successful transition from welfare to work.** The first purpose of TANF is to “provide assistance to needy families so that children may be cared for in their homes or in the homes of relatives,” yet the TANF program fails adequately to recognize the critical importance of this work support. Research shows that people leaving welfare that receive housing assistance have significantly higher employment rates and earnings, while housing problems threaten families' ties to work. Accordingly, the reauthorized legislation should clearly define housing subsidies as a work support, similar to childcare or transportation, instead of as assistance. States should also be required to address housing in their TANF plans. This is just common sense—it is hard for TANF recipients to meet our heightened expectations when, even after going to work, these vulnerable families lack a stable home due to overwhelming housing cost burdens.

Thank you for your time and consideration.

Project IRENE  
Springfield, Illinois 62704  
March 18, 2002

To: House Human Resources Subcommittee  
Re: New Vision for Reauthorization of TANF  
From: Rose Mary Meyer, BVM; Project Director, Project IRENE

The Vienna Declaration and Programme of Action Adopted at the World Conference on Human Rights, June 25, 1993 reads:

. . . Recognizing and affirming that all human beings derive from the dignity and worth inherent in the human person, and that the human person is the central subject of human rights and fundamental freedoms, and consequently should be the principal beneficiary and should participate actively in the realization of these rights and freedoms. . . . (italics in original)

In order to assure these rights and freedoms for TANF recipients, we need a new vision for reauthorization. Opportunities include:

- reconsideration of time limits

The well-being of the family ought to be primary in the new vision. If parents have sick children or infirm relatives, the current time limits ought to be suspended. The effects of domestic violence also have to be factored into the equation. Families engaged in part-time work or school ought not to be terminated because of time limits.

- restoration of benefits to lawfully present immigrants

A study by the National Immigration Law Center found that 1.3 million children who are U.S. citizens lost benefits because their parents were dropped from welfare roles. The 1996 law made most lawfully present immigrants ineligible for Federal public benefit programs such as food stamps, Medicaid, SSI, TANF. Nutrition assistance and health care benefits need to be restored to lawfully present immigrants.

- expansion of educational opportunities

A U.S. Department of Health and Human Services study, which followed TANF recipients for one year, indicates that only 5.9% received job training or education. The 1996 law limits states in their ability to include education and

job training in their TANF programs. However, job training and education are essential for economically poor women in order to access jobs that pay wages that allow these women to support a family. Adequate housing, food and health care are human rights, not privileges.

In the new vision of the reauthorization bill, educational opportunities need to be expanded. The limits on education and job training need to be eliminated.

- reconsideration of work requirements

Work requirements have to be flexible in order for the necessary education or job training to occur. Research indicates that most of the current TANF recipients have multiple barriers to employment. Therefore, assessment of needs and provisions of services ought to be considered as facets of the work requirements.

- reduction of poverty

Reduction of poverty is life-giving. Reduction of case loads does not guarantee reduction of poverty. Securing jobs which pay higher wages than the minimum wage and also offer benefits such as health insurance are essential to reduce poverty.

All of us benefit from poverty reduction—government, business, neighbors, families, friends. A new vision for TANF reauthorization will strengthen families and reduce poverty.

#### Conclusion

I am confident that you will foster a new vision of TANF that will guarantee the rights and freedoms of TANF recipients. Thank you.

Project IRENE (Illinois Religious Enabling Nonviolent Endeavors) is a project of the Leadership Conference of Women Religious, Region 8. This not-for-profit corporation engages in analysis, education and advocacy which impact women and children.

Protestants for the Common Good  
Chicago, Illinois 60601  
March 7, 2002

Hearing Clerk  
House Human Resources Subcommittee  
Washington DC

To the Subcommittee:

I wish to offer several concerns about work requirements and time limits related to TANF reauthorization on behalf of Protestants for the Common Good, a faith-based education and advocacy organization with a thousand members in the Chicago Metropolitan Area of Illinois.

Protestants for the Common Good has been involved in studying and analyzing TANF at the federal and state levels, and advocating for realistic policies that will help move welfare recipients not only into the workforce but also out of poverty. Based on our knowledge of the welfare caseload in Illinois, and also a knowledge of the history of implementation in this state, we offer these comments pertinent to the issues before your committee:

Work requirements: (With special attention to the proposal that has been put forward by the President)

- Research shows, and our own state Department of Human Services concurs, that most of the remaining caseload in Illinois (30,000 now available to work, compared with about 175,000 in 1997), has multiple barriers to work: illiteracy, lack of work history, mental illness, physical impairments, substance abuse, homelessness, caring for a disabled child or family member, living in an area where there are no jobs available or no transportation to get to employment. Research also shows that TANF recipients can generally overcome one or perhaps two barriers, but finding and keeping a job with multiple barriers is very difficult if not impossible.

- Given the makeup of the caseload, it makes no sense to limit full-time services that could address only one of these barriers to three months out of 24 as is proposed by the President. It will more likely take various full-time services for all 24 months to ready most of these welfare participants for employment, where employment is in fact an option.

- Similarly, it makes no sense to require these multiple-barriered people to work 40 hours when most have not been able to successfully find and keep 30



hours of work. Some of the 30,000 available to work in Illinois are in fact working, about 36%, but have not been able to find enough hours or earn enough to work their way off the welfare rolls, but they are clearly trying. And they should not be penalized, nor should the state. Their continuance on the rolls is not for lack of insistence by the Department of Human Services that they must find a job or be engaged in work activities. The Department has in fact been severe in its treatment of those who have not for whatever reason been able to follow the rules. Requiring 40 hours of work a week does not change the nature of the caseload or alleviate the multiple barriers they face.

- Those who wrote the President's proposal may think they are doing people with multiple barriers a favor by requiring only 24 hours of the 40, or three days a week, to be "real" work, and the other two can be education or training or substance abuse treatment etc. That plan might fit a few people who are lucky enough to find a three-day-a week job, where the three days will exactly fit the two days where they could find education and training programs or open substance abuse slots. This is highly unrealistic and extremely inflexible. There are not enough substance abuse slots now, and education and training programs that can be combined with work have not been developed in Illinois.

- Many companies have a 35-hour or 37.5 hour work week.

- Where are the additional funds that will pay for the services that theoretically could be supplied during the two days a week of the 40 hours not required to be at work, provided such new programs could be set up with new funding? Without an inflationary increase in bloc grant funding, providing extra services would be impossible, especially when this state is already cutting its human services budget to meet a budget crisis.

- It makes no sense to require of the state that 70 % of that 30,000 is to be working, again a very inflexible and unrealistic requirement. The present 50% requirement is not only not being met, it is not currently a requirement, because there is now a credit for caseload reduction, which has disappeared in the president's proposal. To get more people working does not require a stiffer requirement, it requires more services.

#### Time limits

- The big need of the states is for flexibility. The President's party is supposed to be the party that allows states to experiment, to innovate, to be leaders, to be a laboratory for developing good public policy. What happened to that? There should be great flexibility given to states to stop their time limits clock from running. States should be able to do this by defining work and work activities, and by allowing welfare participants to engage in full time education and training so that they can truly work their way out of poverty.

#### Conclusion

Protestants for the Common Good recommends that the work requirements be maintained as in the 1996 Act, preserving flexibility for the states, with two exceptions that add more flexibility: (1) more services that address multiple barriers should be allowed to count as "work" and (2) more flexibility should be allowed for education and training programs of all kinds and at all levels, both full-time and in combination with work.

Sincerely yours,

Nancy Brandt  
Co-Chair, Board of Directors  
Welfare and Poverty Issue Manager

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Women and Poverty Public Education Initiative  
Milwaukee, Wisconsin 53206  
March 19, 2002

To: Members of TANF Subcommittee

From: Jean Verber, Director of Women and Poverty Public Education Initiative

I appreciate the opportunity to weigh in before the March 21 deadline with comments on work requirements and time limits as they are being considered in the reauthorization process.

I have worked with poor women in central city Milwaukee since 1995, the end of AFDC through the transition to the present when many women are dealing with time limits and economic hardship.

Over the past 6 years, we have interviewed hundreds of welfare mothers, one-on-one as a way to document and track their progress and measure of well-being in the W-2 program. It is from this history and vantage point that I offer these comments and recommendations.

Several key barriers clearly stand in the way of owmen moving toward some measure of self-sufficiency:

- low wage jobs, temp work, only part time employment options
- lack of education and training for better paying jobs

To truly get out of poverty, policies need to support

1. a combination of work and training to be eligible for family supporting jobs.
2. professional assessment and referrals for those with personal barriers to work. Services offered need sufficient time and count as 'work' to assure readiness, not only for successful employment but also to remain employed.

3. With a soft labor market, factories closing, downsizing, hours reduced, and more part time than full time positions open, women should NOT be tied to time limits. In Milwaukee's central city, the Oct., 2001 survey of business openings showed a 10 to 1 job gap (ten active job seekers for every full time opening). There is no way that arbitrary time limits will force or keep participation in this kind of labor market.

Furthermore, those in training, therapy, victims of domestic violence (more than we ever realized!), these cases need to be dealt with according to need and not locked in to an arbitrary lime limit. Many, in our opinion, should be exempt due to insurmountable problems like caring for disabled children, those in rehab working with addiction, the mentally ill, physically ill, those struggling with abuse.

Somehow, the reauthorization policy language needs to be crafted to assure understanding of the above mentioned and humane treatment as primary and accountability facets as secondary to be truly effective and productive for families, as well as the community where they reside.

I urge you to engage with real families living in these situations so the reality comes from real experience. We are challenged to create policies that we would want for our own mothers, sisters, and daughters. The present policy program is a disgrace, punitive, and demeaning. Our women and children deserve more. Let's give hope back to them. Thank you for giving these comments your careful consideration.

Jean Verber  
*Director*

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**Statement of Jenny Wittner, Senior Policy Associate, Women Employed,  
Chicago, Illinois**

Thank you for the opportunity to submit comments on welfare work requirements and time limits to the House Human Resources Subcommittee. Women Employed is a membership organization that works for the economic advancement of women. Besides engaging in education and advocacy activities, Women Employed provides job-training services to low-income women who are struggling to enter the workforce. Based on our experience as service providers and advocates, and on behalf of the members of Women Employed, we submit the following recommendations.

The newest research from the National Evaluation of Welfare-to-Work Strategies joins other research in consistently demonstrating that the most effective welfare-to-work programs maintain a strong focus on employment and provide opportunities for some participants to engage in job search and others in education and training—not exclusively one or the other. Additionally, in Illinois and elsewhere, the fastest-growing occupations require skills that most TANF recipients do not have. Those jobs that do require only minimal or basic skill levels pay poverty-level wages and offer few prospects for advancement. Indeed, research shows that by itself, gaining work experience does not increase low-skilled workers' earnings. Depending on an individual recipient's current skills, TANF recipients can gain between \$5,000 and \$10,000 of annual income by increasing their skill levels through education and training. Additionally, those with higher levels of education are more likely to remain off welfare once they have left it. Research conducted for the Illinois Department of Human Services shows that those without a high school degree are more than twice as likely to return to welfare than those who have a high school degree or a GED.

New TANF legislation should encourage states to make education and training a part of the menu of services that are offered to those on TANF and those who have recently left the TANF rolls. As Congress considers welfare reauthorization this

year, Women Employed recommends changes in the federal welfare law to enable states to enroll greater numbers of welfare recipients in education and training that leads to employment. We recommend that Congress legislate a welfare program that will:

- Allow increased flexibility for states to count education and training as a work activity. New TANF legislation should expand the definition of “work activity” to include vocational training without the current 12-month limit as well as literacy, ESL and GED instruction and higher education.
- Include the types of activities that help remediate barriers such as substance abuse, mental illness and learning disability in the definition of a work activity so that state agencies are able to address the needs of low-income clients without penalty. The care of a disabled spouse or child should also count as a work activity for those for whom such care prevents other employment.
- Provide funding for supportive services to working families as they undertake work activities until they reach economic self-sufficiency. Working families, on and off TANF, depend on crucial supports such as child care subsidies to ensure that they can meet basic needs. These subsidies should be available to those attending education and training part-and full-time, to those attending other types of activities such as drug rehabilitation and mental health programs, and to those in low-wage employment.
- Eliminate time limits for people still on welfare who are trying to overcome barriers to employment. Families who are making good faith efforts to overcome barriers such as disability, mental illness, substance abuse, domestic violence and lack of literacy or job skills need continued support. Families that face barriers to employment or job loss due to a contracting economy also need continued access to TANF.

Once again, thank you for the opportunity to submit comments.

