

RESPONSE TO STATE CRITICISMS OF CHANGES

1. The Republican bill allows States increased flexibility to meet the work requirements and while States may need to make some adjustments to their programs, those adjustments are reasonable.

- 58 percent of adults receiving cash welfare benefits funded by hard-working taxpayers in America do not participate in any work or education and training activities as provided under Federal law in exchange for their benefits.
- Today, 14 States allow individuals on welfare to avoid work requirements for the first 24 to 30 months while on welfare. That policy does not help welfare recipients prepare for self-sufficiency.

2. There is sufficient funding to operate improved programs.

- A total of \$169 billion is available in State and Federal funds for welfare and child care programs over the next five years to serve a welfare caseload half the size of that in 1996 when this funding level was first set.
- Despite claims in 1996 that funding was insufficient to meet the program's requirements, \$7.4 billion in TANF funds remain unused in the US Treasury.
- Under TANF States have been able to collectively save about \$3 billion per year by cutting back to 75% of their prior State spending levels. Federal funds have stayed at 100% of the prior rate despite huge caseload declines.

3. Many comments by Governors do not take into consideration the changes incorporated into the Republican bill.

- The Republican bill introduced by Rep. Pryce on May 9 made various improvements to the President's proposal that increase State flexibility. The National Governors Association wrote House Leadership in support of key provisions in the Republican bill.
- The proposal offers more flexibility than current law in many important aspects:
 - States can define and count up to 16 hours of activities per week;
 - States receive partial credit for individuals who perform as few as 24 hours of work per week, down from 30 under current law; and
 - States have total flexibility in designing activities that count as work for 3 out of every 24 months, plus an additional month if the individual is pursuing education or training linked to an available job in the local area.
 - With the new "State Flex" provision, States will have long-sought flexibility to align multiple programs serving low-income families, tailored to local needs.
- Overall, the real increase in work requirements under the Republican bill is only 4 hours. Current law requires 20 hours of direct work. The Republican proposal increases that to 24 hours of Federally defined work activities. The other 16 hours are at State discretion

and could include anything reasonably tied to the four TANF program purposes, including helping in your child's classroom, or similar activities.

- Other areas of increased flexibility include:
 - An increase of \$2 billion in child care funds over five years.
 - States can transfer up to 50% of their TANF grant to the Child Care and Development Block Grant or Social Services Block Grants (up from 30%);
 - The proposal eliminates separate and higher two parent work requirements; and
 - Individuals are only expected to participate in work activities 48 weeks, not 52 weeks, per year to count fully toward the State work rates.

4. NGA's lead critic operates one of the less effective welfare programs in the country.

Vermont's Governor Howard Dean, a possible Democratic candidate for President in 2004, said this at a recent Senate Finance Committee hearing: "In Vermont, we have aligned our work requirements with the current Federal requirements to ensure compliance with TANF and have exercised the State's flexibility to tailor the Reach Up Program to the realities of Vermont's caseload, labor market, and resource delivery systems."

- In fact, Vermont runs one of the less effective work programs in the country. While national caseloads have fallen by more than fifty percent since welfare reform, Vermont has lagged way behind most States – only five States performed worse.
- Only five States performed worse than Vermont in engaging people in activities to promote self-sufficiency. Vermont's waiver exempts all cases from Federal work requirements, and requires NO activity during the first 30 months on assistance.
- So, Vermont would have to change its program to expect more work of welfare recipients. That is perfectly appropriate, especially since these are mostly Federal, not State funds we're talking about and the additional work and other activities will improve the long-term prospects of recipients.