

**Testimony of Peter Edelman, Professor of Law, Georgetown Law Center
Subcommittee on Income Security and Family Support
Committee on Ways and Means
U.S. House of Representatives
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Mr. Chairman and members of the subcommittee:

Thank you for the opportunity to testify today. This is an important hearing and I thank you for convening it.

We are battling the greatest economic crisis since the Great Depression. Millions of people are out of work. Poverty is on the rise. Yet Temporary Assistance for Needy Families (TANF) – cash assistance that goes primarily to female-headed families with children – is playing only a bit part in ameliorating the impact of the recession. The needle on welfare receipt has barely moved and as of last September was still just a little over 4 million recipients, up by about 6 percent since the beginning of the recession. By contrast, the SNAP program – food stamps – is up by about 30 percent since the recession began and now helps some 37 million people. The number of new SNAP recipients is about 35 times the number of new welfare recipients.

Why? What accounts for this disparity? What does it tell us about how we should improve the TANF program to be more relevant in the immediate future and the longer term? TANF's weakness as a countercyclical policy reveals areas in which it should be strengthened for good times as well as bad.

TANF should be a work-based safety net that strengthens families. It should serve two purposes: one, to help adult recipients find and keep jobs that (coupled with other policies like the Earned Income Tax Credit) get them out of poverty; and two, to be a safety net for families who are out of work (or have very low-wage work) and need cash help to get along.

These two purposes are somewhat in tension with one another, especially in good times, but both are vital. The challenge as we move toward reauthorization is to adjust the policy so that it functions well in fulfilling both purposes.

A key underlying premise of the 1996 law – correct in my view, then and now – was that the old welfare framework had fallen short in getting adult recipients off the rolls and into jobs, and consequently had allowed too many people to stay on the rolls for long periods of time. Aid to Families with Dependent Children had 14.3 million recipients by 1994, which was too many in my view. And too many of these 14.3 million – about 5 million adults – were long-term recipients who could and should have succeeded in getting and keeping a job.

We now have almost fourteen years of experience with TANF. We can see what has happened. There are issues both about how successful TANF has been in helping people succeed in the job market and about how well it has functioned as a safety net.

As to the job market there are two categories of questions: one, whether TANF has facilitated the kind of education and training that would enable recipients to make full use of their potential; and two, whether TANF has provided recipients who face multiple barriers to success with the wherewithal to surmount those barriers.

As to the safety net, the extraordinary decline in the number of recipients raises substantial questions, especially in light of the failure of so many states to use the program to respond to the undeniable recession-related needs of people (and in contrast to the help that SNAP has been for millions of people).

I hope that we can look at the facts and come to some agreements about changes in the law that will improve the program.

There are some national facts and, more important, some state-by-state facts. TANF is a block grant (not to mention that AFDC was also a program that allowed for great variance among the states, especially regarding benefit levels), so states can vary widely in their programs. A few states have used TANF to work with recipients on an individualized basis, helping in tailored ways as to both jobs and income support. More are distinctive in a positive way for one or a few aspects of their program, whether it be transitional jobs or child care or something else. Quite a few others are notable for their single-minded focus on trimming the rolls. We can see and learn from the array of variations.

Speaking nationally, cash help for families with children has become an ever-smaller piece of the panoply of programs for low-income people, and the fraction of poor children reached by TANF has become steadily smaller as time has passed. Specifically, it has shrunk from reaching almost two-thirds of poor children to a point where less than a third of poor children live in families that receive TANF. In some states TANF has virtually disappeared. A number of states have cut their rolls by 90 percent from the time when welfare rolls were at their peak in 1994.

It will not do to say flatly, without a closer look, that this degree of caseload reduction is in itself the proof that welfare reform is working. What one should want to know, of course, is why the rolls shrank so much, what actually happened to the people who left the rolls, and what happened to those who could not obtain assistance in the first place. We actually know quite a lot about these issues.

States have utilized two major strategies to reduce their rolls so much. One is to deny people access to the rolls when they come in to apply. An analysis by the Urban Institute showed that 42 states have rules that discourage enrollment, such as requiring an extensive job search even when, as now, there are no jobs to be found. The other is to make use of strong sanctioning policies that remove people from the rolls, temporarily and sometimes permanently, for sometimes minor infractions of various rules governing recipients.

Research by Urban Institute scholars over the years provides important information. It reveals, first, that about three out of five people leaving welfare found jobs, and about half of those did

not escape poverty. These facts are informative in themselves, but even more important is what happened to the two in five recent leavers who did not find work. As of 2002, about half of them, or about one out of five leavers overall, were disconnected – had no job and also did not have a working spouse and did not obtain disability benefits. A study by the Congressional Research Service found that 34 percent of poor single mothers were neither working nor receiving TANF benefits, up from 12 percent in 1991. Many of these in the increased number were undoubtedly people who had applied for welfare and were turned away.

These fractions reflect large numbers. The welfare rolls shrank from more than 14 million people in 1994 to under 4 million in 2007, and have risen only slightly since. A finding that one out of five recent leavers is disconnected translates into a substantial number of people. The CRS figure represents an even larger number.

It is probably not surprising, therefore, to find that over the past decade there has been a striking increase in extreme poverty – having an income of less than half the poverty line, or less than \$9100 for a family of three (in 2009). The number in extreme poverty went from 12.6 million people in 2000 to 17.1 million in 2008. As early in the decade as 2002 one in three recent welfare leavers had an income below half the poverty level, and this did not include the incidence of extreme poverty among those who were denied help. Recent research about SNAP is congruent. Currently about six million people receive only food stamps and have no other source of income. Food stamps by themselves offer an income that is about 30 percent of the poverty line. The shrinking of welfare must surely be a key factor in these disturbing trends about extreme poverty.

Nor has the recession increased access to welfare in the typical state. In many states there was no change in the policies that had reduced the rolls so substantially. Caseloads actually fell in 20 states in 2008. Fourteen of 24 states that responded to an Urban Institute survey said they had not changed any of their TANF policies or practices in response to higher unemployment.

If those who have left the rolls and those who never get on have suffered serious consequences, in most states those who do get on the rolls receive little help. Thirty states pay a maximum benefit that is less than 30 percent of the poverty. Mississippi, at 9 percent of the poverty line, is the most parsimonious.

Nationwide there has been no increase in federal funding since the 1996 law was enacted, so the value of that funding has eroded substantially over the past 14 years. There were great disparities between the states under the old AFDC program. These have persisted, and the purchasing power of the benefits has declined with the stagnation in federal funding.

Turning to the future, we need to think about TANF as one piece of a larger jobs and income strategy for low-income people. Its work promotion purpose needs to be pursued in tandem with the full menu of policies we have in that area, linked to education and training programs that lead to the jobs of the 21st century. Its income support purpose needs to be seen as a part of a framework that also includes unemployment insurance, SNAP, the Earned Income Tax Credit,

the Child Tax Credit, and SSI. There has been a tendency, both substantively and politically, to view TANF recipients in isolation. This needs to change.

In light of all of the foregoing, what is the agenda for TANF reauthorization?

1. *The TANF Emergency Fund.* An immediate concern is to extend the TANF Emergency Fund enacted in the Recovery Act. This is essential to forestall what otherwise might be a need in some states to cut benefits, and to build on the subsidized job programs that have been an encouraging step in a number of states in recent months. TANF itself should be reframed to make it more automatically responsive to future economic downturns.

2. *Funding.* The federal contribution to TANF must be increased. The flat funding of the program for 14 years has been demonstrably difficult to deal with and gets in the way of making the program more adequate for people who have genuine needs. For the future, funding should be adjusted annually to reflect increases in the cost of living. Congress should create a special Program Innovation Fund, including evaluation funds, to develop new knowledge on how best to assure seamless interaction between the work promotion and income support functions of TANF.

3. *A Performance Measure Approach to Work Promotion.* Congress should adopt performance measures for TANF. Caseload reduction should be a means to an end. The aims should be stable and sustainable employment and reduction of poverty, and performance measures should be adopted to encourage pursuit of those aims. The current percentage requirements for work participation by people now on the rolls, including the rigid limits on education and training, are in conflict with the policy that underlies the basic block-grant structure. A new set of performance measures that focuses on employment outcomes and other measures of family well-being would afford states the flexibility they should have to design their own strategies to help people get education and training and find jobs. Federal policy should incentivize states to develop plans that evaluate people on an individual basis and respond to their individual situations. Congress should create a specially targeted initiative to help states develop transitional employment programs for adults who need more than routine job search help.

4. *Reweaving the Safety Net.* The reauthorization should include an effort to reweave the safety net function, the damage to which has been so vividly demonstrated in the current recession. Some of this can be accomplished through the messages sent to the states from Washington. A considerable number of states have time limits shorter than five years, are not using the 20% exception after the five years, and do not use the child-only exemption from time limits. In addition, standards for access to benefits and sanctioning rules should be developed to set outer limits on policies in those states that have essentially abolished welfare as a meaningful part of the social safety net. The law should encourage states to use TANF as an income supplement for very low-wage workers and provide that such a use of TANF benefits does not count against the time limits. And it should provide exceptions to time limits and work requirements for recipients who are caring for chronically ill children or aged and infirm relatives, and for recipients in high school or college or another approved postsecondary or job training program. (Overall, the total number of people affected by time limits grows with the length of time the 1996 law has been in

effect.) HHS should collect and report data that indicate how effective states' TANF programs are as safety nets, especially with regard to children and families in deep poverty.

5. *Legal Immigrants.* Legal immigrants should be eligible for TANF and other means-tested benefits without a five-year wait, and the matter of eligibility should not be left to state option.

6. *Child Support Passthrough.* States collecting child support on behalf of TANF recipients should be required to pass those funds along to the children for whose benefit the money has been paid.

I want to close where I began. TANF should be a work-based safety net that strengthens families. The history of the past fourteen years shows the way to improving it for the future. It would be more successful in promoting work if it analyzed the individual needs and challenges of recipients and provided tailored education, training, support services, and other assistance to help people get and keep jobs. It would be more successful as a safety net if benefits were increased and if people in need could succeed in greater numbers in gaining access to the program.

Thank you for the opportunity to offer these remarks today.