Wider Opportunities for Women

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Thank you, Chairman Davis and the Members of the Ways and Means the Subcommittee on Human Resources for holding the hearing on *Improving Work and Other Welfare Reform Goals* in the Temporary Assistance for Needy Families (TANF) program. The hearing had the stated goal of emphasizing how States engage recipients in work activities that move them toward self-sufficiency. Primary among our recommendations to this Committee is the need to truly define what this means for families and utilize a method that not only defines self-sufficiency but embraces it as a tool to benchmark individual progress and program success.

The TANF program and the economy have changed significantly since the last round of reforms. Unlike the economic climate at the time of the last TANF reauthorization, jobs today are scarce and many pay low wages leaving families incapable of meeting their basic needs. A large number of breadwinners who have suffered from the unprecedented job loss have found "Temporary Assistance for Needy Families" incapable of meeting, even temporarily, the needs of their families. This is unconscionable. Rather than the anticipated increases in families served, caseloads continue to drop leaving significantly fewer families receiving cash assistance at the same time more and more families are falling into deep poverty. In 2010, there were 1.9 million families receiving TANF cash assistance, down from 4.8 million in 1995, the year before TANF was created — a 60 percent decline even though unemployment is much higher now than it was in 1995, when the unemployment rate was only 5.6 percent[1].

Moreover, the number of working poor has increased by almost 1.5 million workers and prices for goods and services have increased while wage values have fallen[2]. Specifically, median household income had the largest one-year decline since 2007-2008 and most recently poverty rose to 15.1 percent – its highest level in decades[3]. Unemployment has remained high at over 9 percent with no current projections for a decrease to this number and long term unemployment of six months or more is accounting for nearly half of those currently unemployed (42.9 percent)[4]. Workers are finding themselves unemployed for longer periods of time than in previous recessions because of the massive number of jobs lost, some 8 million and counting. Of course, these numbers do not reflect the growing number of discouraged workers who have opted out of the labor market.

These harsh realities demonstrate the need to establish a floor for working families facing hard times, a floor that we as a civilized society should not allow our families to fall below. We remain concerned that the 1996 TANF Block Grant stated a goal of self-sufficiency yet failed to provide the direction or the tools necessary for program administrators to truly define what this means for families. As such, TANF policies have been a more of the problem than the solution. For example, concrete evidence demonstrates that education and training lead to economic advancement, yet current TANF policies impose unnecessary barriers for workers to obtain the education and training they need to be put on the path to long-term if not lifelong self-sufficiency. Many parents leaving welfare for work have done so for low wage jobs with no on-the-job benefits resulting in continued or exacerbated poverty for these families, even as the breadwinners enter the labor market.

We agree with Chairman Davis that reforms of TANF are necessary. We support TANF's intention to grant funding to States "to *provide assistance to needy families with (or expecting) children and provides parents with job preparation, work, and support services to enable them to leave the program and become self-sufficient*.[5]" However, we are far from achieving the goal of TANF leavers being self-sufficient. We urge Congress and the Obama Administration to support a reauthorization package that removes barriers to education and training, changes participation measures to measures that benchmark self-sufficiency, replaces the participation rate calculation with an outcome-based performance measure, creates better links to work supports and responds better respond in times of

crisis. There exist a number of options for Congress that can bring a focus on work that does not include continuing punitive measures including the arbitrary focus on work participation rates.

CHANGE PARTICIPATION MEASURES TO MEASURES THAT BENCHMARK SELF-SUFFICIENCY

Existing federal policies, especially the work participation rate calculation, force a preoccupation with program participation rather than promoting the long-term outcomes needed for families to achieve self-sufficiency. Families that leave TANF and return to assistance do so for a myriad of reasons including a failure to acquire the skills they need to be successful in the workplace. Time and money to ensure workers are trained and appropriately placed would be a better use of scare resources even in times such as these. Families living on the brink of disaster expect TANF to be even more responsive when jobs are scarce. Let's not let them down.

- **Adopt a measure such as the *Self-Sufficiency Standard* or *Basic Economic Security Tables™* to benchmark outcomes.** The Administration and Congress need a consistent and realistic measure of outcomes and success. Outcome measures are already being used across the country which, can be drawn upon as successful models[6]. Such measures provide a clear delineation of the income floor necessary for families to be economically independent. Additionally, these measures may be used to identify and understand the role that public programs designed to fill income gaps and to promote the acquisition of tangible and intangible assets have in moving our families to higher ground. They provide detailed and consistent data about how States are faring in meeting the goals of TANF and in moving families to the currently undefined standard of self-sufficiency. Absent such data, there remains no accurate way to measure program success or individual progress. Imagine the power of sharing with welfare leavers a benchmark income for which they can strive in the workforce. Imagine the power of being able to demonstrate the very real impact of publicly sponsored programs such as subsidized child care, food stamps, or housing assistance as families meet basic needs in the near-term while getting the experience and skills for better jobs.

  WOW has worked with partners in more than 40 states to develop and deploy Self-Sufficiency Standards and Basic Economic Security Tables which define the level of income needed by a family giving consideration to family size and composition as well as the community in which they live. These measures use transparent methodologies to calculate basic costs including food, housing, child care, transportation, out-of-pocket health care costs, taxes and, in the case of the BEST, levels of personal contributions to retirement and emergency savings. TANF policy should adopt such a definition and provide training and tools for front-line staff who would then be better prepared to work with recipients on comprehensive plans for obtaining the education and training upgrades necessary for jobs offering the baseline wages needed to support their family types in their communities.

  The Self-Sufficiency Standard created by Wider Opportunities for Women and Dr. Diana Pearce, founder of the Women and Poverty Project at WOW, and a professor at the University of Washington, School of Social Work. The Basic Economic Security Tables were created by WOW in cooperation with Drs. Michael Sherraden and Yunju Nam of the Center for Social Development at Washington University-St. Louis.

REMOVE BARRIERS TO EDUCATION AND TRAINING

A closer look at jobs loss reveals that the underemployment rate for workers with less than a high school degree has risen to over 14 million workers as of 2009[7]. Only fifty-two percent of TANF recipients have a high school diploma and only three in ten have completed up to grade 11. According to BLS, workers with less than a high school education are more than 8 times more likely to be classified as working poor than those with a college education[8]. Job training and education are proven strategies for moving low-income workers into occupations that offer increased wages and benefits necessary for creating financial stability in American households. The more education one has the higher their wages - "*every additional level of education completed leads to increased earnings and lower rates of unemployment. And the largest earnings increase, 42 percent, comes with earning a high school diploma"*[9].

According to MDRC the welfare-to-work programs that were the most successful overall for both high school graduates and non-graduates were those with the flexibility to allow for a mix of initial activities with some individuals starting with a job search and others with short-term, work-focused education or training[10]. Because most TANF recipients face a variety of barriers that require supports or longer periods of training and education to acquire job skills, program flexibility should be the norm rather than the exception. TANF recipients overwhelmingly are single mothers, mothers who may need child care at atypical hours due to work and/or education schedules, mothers who may be victims of domestic violence who need secure living arrangements, mothers who need transportation to workplaces inaccessible by public transportation; or mothers needing workplace flexibility to accommodate physical or emotional limitations. Moving mothers from cash assistance to full time, self-sustaining employment requires a holistic approach to meeting them where they are. Allowing for flexibility in the administration of TANF programs increases the likelihood that they will be successful in leaving the TANF rolls for a better quality of life for themselves and for their children.

- The definition of work in the welfare law should be broadened to include vocational training without the current arbitrary twelve-month limit. The 30 percent cap on the number of recipients who can count education and training activities as work should be eliminated. Increased access to education and job training programs will provide a bridge between poverty and career ladders to self-sufficiency wages. Policies should be changed to train recipients and newly unemployed for jobs that are projected to emerge. States should encourage post-secondary education participation, including vocational training, pre-apprenticeship and apprenticeship programs, and should be permitted to count such education as fulfilling work requirements. At the same time, literacy and GED programs that strengthen basic skills in the context of employment should be permitted.

- Countable work activities should be broadened to include any activities that will improve the family's economic and social well-being. Work activities should include full-time care for young children; care for a family member or domestic partner with a serious health condition; and participation in activities designed to address domestic or sexual violence, mental illness, substance abuse, disability or serious health condition.

REPLACE THE PARTICIPATION RATE CALCULATION WITH AN OUTCOME-BASED PERFORMANCE MEASURE

The participation rate calculation, as it currently exists, provides no incentive for states to create effective pathways to self-sufficiency. The calculation measures whether clients spend the required amount of time participating in countable activities. It does not measure whether a recipient has learned a new skill or earned a credential needed in the labor market.

Programs should be evaluated by whether their job training programs are reflective of concrete labor market data that demonstrate there are jobs at the end of the credentialing process. This includes measuring outcomes such as employment entry, job retention, earnings gains or poverty reduction. States should be allowed to opt out of the process-focused participation rate for either the entire TANF population or for groups participating in specific programs such as career pathways initiatives[11]. Work requirements are a core element of TANF programs but there is no evidence that participating in a narrowly-defined set of work activities improves employment outcomes for recipients and has not lead to decreases in poverty.

Policymakers at the federal and state levels have acknowledged they need to consider not just how many people have left the welfare rolls, but also how families leaving welfare are faring. Informed decision making demands that policymakers know what programs work in terms of helping people move up the ladder of economic independence. At a more fundamental level, states need to know at what point it is that welfare leavers have achieved economic self-sufficiency. It should be required that data reported demonstrates there is no "creaming" or establishment of barriers that would discourage services to less employable participants. States should be rewarded for high performance in areas such as:

- training, placing and retaining welfare leavers in the higher-wage jobs and/or nontraditional occupations for women;
- providing career development assistance related to higher-waged jobs including reliable, up-to-date career counseling services, employability assessments on available employment that pays a sustainable wage, nontraditional training and education options, and employment opportunities;
- increasing participation in post-secondary educational programs;
- increasing use of effective literacy programs that strengthen basic skills in the context of employment;
- encouraging participation in vocational education programs for occupations identified by the state's assessment; and
- using a measure of self-sufficiency such as the Self-Sufficiency Standard.

CREATE BETTER LINKS TO WORK SUPPORTS

Increased access to work supports such as child care is integral to enabling parents to successfully complete education and training and move toward self-sufficiency. All too often recipients are not connected to the full range of supports needed to achieve their goals which weakens the potential of the program. Furthermore, a significant portion of TANF recipients have various barriers to work such as being a victim of domestic violence, have a physical or mental health limitation or a child with a learning disability. Many of today's jobs require employees to work nontraditional hours both starting and/or finishing after most child care programs open or close or, have to travel long distances from home to child care then work. Simplifying the process for recipients to apply for and maintain supports will lead to improved outcomes. One report showed that 19.5 percent of TANF leavers who received child care assistance returned within three months, compared to 27.7 percent of families without such help[12].

TANF SHOULD RESPOND MORE STRONGLY IN TIMES OF CRISIS

The TANF block grant has not been raised in nearly 16 years and thus, was not responsive during the current economic crisis. More successful programs such as Supplemental Nutrition Assistance Program (SNAP/food stamps) fluctuate during economic shifts and respond to times of crisis. Specifically, SNAP

enrollment increased 63% between December 2007 and March 2011. Conversely, the TANF caseload did rise in 2010 but not relative to the increase in poverty and increase in severe poverty[13].

Additional funding was provided through the American Recovery and Reinvestment Act of 2009 TANF Contingency Program. This program had bipartisan support yet was met with an untimely demise. Thus, we find TANF programs again strapped for cash even as poverty increases. Programs are responding through additional program cuts of direct assistance to recipients. It is the TANF programs role to provide temporary assistance for needy families and thus, must increase its responsiveness during times of broad economic crisis.

Conclusion

TANF cash assistance provides that much needed aid at critical times in a family's life. Very few TANF recipients currently have access to education and training. When looking at how families have fared after welfare reform, reports show that when families leave TANF either for work or for other reasons, they tend to remain classified low income with most dependent in part on other public benefits[14]. In fact, the National Bureau of Economic Research found that welfare reforms have reduced both the probability that women aged 21-49 will attend high school and that those aged 24-49 will attend college, by 20-25 percent[15].

If we were committed to attending to the well-being of and advancing the self-sufficiency of families, our measure of success would be reflected in a decrease in deep poverty and increase in an educated workforce. Neither census data nor research supports the achievement of these outcomes. Investments in education and training will pay off when TANF recipients move toward self-sufficiency through obtaining better jobs with career pathways, have less need for public benefits, become bigger consumers in their local economy and become taxpayers. Aligned with work supports such as health care, child care, food stamps, and the earned income tax credit, education and training is essential to effectively moving parents into jobs and keeping them there.

The purpose of TANF should be to provide the necessary resources to become self-sufficient, not just to reduce caseloads. Until TANF policies create true opportunities to prepare recipients for work that will enable their families to meet their basic needs, the intent of the TANF law will not be realized.

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