



★ ★ COMMITTEE ON ★ ★
WAYS AND MEANS
CHAIRMAN PAUL RYAN

Boustany Announces Joint Hearing on How our Welfare System Can Discourage Work

Congressman Charles Boustany (R-LA), Chairman of the Subcommittee on Human Resources of the Committee on Ways and Means, today announced that the Subcommittee will hold a joint hearing on how certain welfare programs and related benefits can discourage work as a result of the high effective marginal tax rates they impose on certain populations. The hearing will be held jointly with the Subcommittee on Nutrition of the House Committee on Agriculture, which has jurisdiction over food stamps, formally known as the Supplemental Nutrition Assistance Program. **The joint hearing will take place on Thursday, June 25, 2015, in 1100 Longworth House Office Building, beginning at 10:00 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 experts on how increased earnings may not yield additional income for families due to the complex interaction between earnings, welfare, and related benefits. 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:

Low-income families often receive benefits from multiple welfare programs, such as assistance with food, housing, and day care costs, help with medical costs, or cash payments to supplement or replace earnings from work. While these programs nominally support and encourage employment, program “phase-out rules” – especially when combined across multiple programs – mean certain households may not be significantly better off if they work or increase their earnings from work.

Economists have studied the interaction between earnings and benefits under various programs by focusing on what are called “effective marginal tax rates,” which refers to the portion of an additional dollar of earnings effectively lost due to rising taxes and benefit reductions. Due to effective marginal tax rates that can approach or even exceed 100 percent when individuals receive benefits from multiple programs, it is possible that some individuals can be little better off financially—and in some cases even worse off—if their earnings increase.

In announcing the hearing, Chairman Boustany said, **“This hearing will review one of the worst side effects of current anti-poverty programs. The simple fact is that under current**

welfare program rules, more work doesn't always make families better off. This poverty trap may be unintended, but for those in its grip it is all too real. We will review how we got here and how we should reform benefits to help people go to work and earn more, and thus overcome program features that today discourage work and higher earnings"

Chairwoman Walorski of the Agriculture Subcommittee on Nutrition said, **"Federally funded welfare programs should serve as a support, not a hindrance, to the employment opportunities that come when one works hard. Yet, the Nutrition Subcommittee has discovered that, in many instances, they deter workers from pursuing employment. Together with the Human Resources Subcommittee, we'll examine the 'cliff' faced by recipients when they attempt to enter, re-enter, and remain in the workforce in order to climb the economic ladder. There is no question that helping recipients move into good paying jobs benefits their families and taxpayers."**

FOCUS OF THE HEARING:

This hearing will focus on the interaction between welfare and related benefit programs and how concurrent receipt of benefits from those programs can create perverse incentives that discourage work and higher earnings.

DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:

Please Note: Any person(s) and/or organization(s) wishing to submit for the hearing record must follow the appropriate link on the hearing page of the Committee website and complete the informational forms. From the Committee homepage, <http://waysandmeans.house.gov>, select "Hearings." Select the hearing for which you would like to submit, and click on the link entitled, "Click here to provide a submission for the record." Once you have followed the online instructions, submit all requested information. ATTACH your submission as a Word document, in compliance with the formatting requirements listed below, **by the close of business on Thursday, July 9, 2015**. Finally, please note that due to the change in House mail policy, the U.S. Capitol Police will refuse sealed-package deliveries to all House Office Buildings. For questions, or if you encounter technical problems, please call (202) 225-1721 or (202) 225-3625.

FORMATTING REQUIREMENTS:

The Committee relies on electronic submissions for printing the official hearing record. As always, submissions will be included in the record according to the discretion of the Committee. The Committee will not alter the content of your submission, but we reserve the right to format it according to our guidelines. Any submission provided to the Committee by a witness, any supplementary materials submitted for the printed record, and any written comments in response to a request for written comments must conform to the guidelines listed below. Any submission or supplementary item not in compliance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

1. All submissions and supplementary materials must be provided in Word format and MUST NOT exceed a total of 10 pages, including attachments. Witnesses and submitters are advised that the Committee relies 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 materials not meeting these specifications will be maintained in the Committee files for review and use by the Committee.

3. All submissions must include a list of all clients, persons, and/or organizations on whose behalf the witness appears. A supplemental sheet must accompany each submission listing the name, company, address, telephone, and fax numbers of each witness.

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.

Note: All Committee advisories and news releases are available at <http://www.waysandmeans.house.gov/>.