

Hearing on Welfare Reform Proposals

HEARING
BEFORE THE
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OF THE
COMMITTEE ON WAYS AND MEANS
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WELFARE REFORM PROPOSALS

Wednesday, July 15, 2015

House of Representatives,

Subcommittee on Human Resources,

Committee on Ways and Means,

Washington, D.C.

The subcommittee met, pursuant to notice, at 10:32 a.m. in Room 1100 Longworth House Office Building, Hon. Charles Boustany [chairman of the subcommittee] presiding.

*Chairman Boustany. The subcommittee will come to order. I would like to welcome our Members, witnesses, and guests to this morning's hearing on welfare reform re-authorization proposals.

On April 30th, this Subcommittee held a hearing on ideas to improve TANF to help more families find work and escape poverty. We had an excellent panel of witnesses who shared their ideas, and since that time Members and staff have been discussing ways that we might work together to improve our nation's welfare system

Today our hearing will focus on specific proposals to improve the lives of families on welfare by better promoting work and helping families in need move up the economic ladder. Work is the only way for people to really escape from poverty and achieve the American Dream, and we are eager to help more families succeed at doing just that.

The Ways and Means Committee discussion draft released last Friday is designed to focus on outcomes, helping people get jobs and stay employed, and to help more people move from welfare to self-sufficiency. In short, this discussion draft revitalizes the work requirement for people collecting welfare benefits; provides states more options to help

people prepare to leave welfare for employment; holds states accountable for getting adults off welfare and into jobs;

prevents the work requirements from being waived; ends the TANF marriage penalty, among other key reforms; and maintains funding for the TANF program going forward.

I would like to thank Ranking Member Doggett and his staff for working with us on this draft. We are doing this the right way, holding constructive hearings, working in a bipartisan way on draft legislation, and soliciting expert and public comment as the work continues. So we will welcome our witnesses' comments, and we will be working together to incorporate that feedback as this legislation progresses.

I would also like to thank the many Members who have joined me in introducing specific bills to improve how the TANF program works. Whether it is ensuring more adults on welfare are engaged in work and activities, providing additional flexibility so these activities meet people's specific needs, or just setting a goal of reducing poverty through more employment, those bills are important markers of our path to helping families find work, escape poverty, and achieve the American Dream.

We are joined by several additional Members today, including Congressman Paulsen and Congressman Renacci, who are former members of this Subcommittee, and we certainly welcome them back. And I appreciate everyone's contributions to this effort.

[The statement of Chairman Boustany follows:]

*****COMMITTEE INSERT*****

*Chairman Boustany. So, with that, I would like to now yield to the ranking member of the subcommittee, Mr. Doggett, for the purposes of an opening statement.

*Mr. Doggett. Thank you very much, Mr. Chairman. We are pleased today to get additional input on the Temporary Assistance for Needy Family program, and how it may be reformed. This program has limped along for over short periods of time for a number of years. On Friday afternoon there was a discussion draft issued, as the chairman has indicated, and I think that is what it is, a discussion draft that justifies considerable more discussion to see how it might achieve the objectives, many of which we share and some of which we still have divergent opinions on.

I think there is a recognition that TANF is more hole than safety net at present, and its flaws need to be mended. There should be a recognition that, since the Welfare Reform Act of the nineties that I voted in favor of, much of the objective of that Act has not been

fulfilled, and that a significant amount of dollars have essentially been used by the states during the ups and downs of the budget, and the economy, to simply use the federal dollars to supplant what the states were or should have been doing, rather than to expand innovative programs and do more to get people into the workforce.

I think that an objective of this bill is not just about work, but about opportunity, especially an opportunity to work into the middle class, and that the concept of just finding any dead-end job for someone who is currently receiving temporary assistance, rather than finding opportunity to work and advance within our society, is not where we need to be going.

Of the provisions that I have reviewed in the discussion draft, I think some of the most hopeful are those concerning vocational education, secondary education, and job readiness activities, which would all be permitted under the TANF work requirements in the discussion draft. Those programs are essential to be included, because they do help prepare people for an opportunity up, rather than just a subsistence level of participation.

On the average, the states are only spending about half of the funds that they receive today in TANF on core purposes of TANF, such as financial assistance, child care, and work assistance. In many states, like Texas, that percentage is much lower. While the inherently flawed nature of any block grant program is what allows this situation to occur, I think we can move TANF forward with stronger requirements to achieve more targeted spending. States should be spending at least half of their funds on these core purposes.

I do think that there are some reforms in the discussion draft concerning state matching, and the state approach to these funds that are constructive, that I support, and I would only like to see them enhanced.

The maximum monthly benefit under the program for a family of three now is only 28 percent of the poverty level. In Texas, the benefits are less than 20 percent of the poverty level. As children across the country face homelessness, not one state in 2014 provided a benefit amount equal to the fair market value of rent in that state.

This is truly a temporary subsistence program. And with these deficiencies in mind, I look forward to working with our experts to further evaluate if a specific percentage of state spending towards financial assistance alone should be required, as well.

There are some ideas that we have explored in hearings over the last year for innovation. One of those is social impact partnership projects. I am pleased that we will be hearing about -- more about the experience of Utah, which has been a leader on social impact partnerships. Any ways that we can constructively get the involvement of the private sector and of foundations, and can focus on outcomes, I think is constructive.

I certainly agree with Ms. Cox, in her testimony, that these social impact partnerships, as they relate to the limited amount of TANF funds, should only serve actual

participants -- actual recipients of TANF funds. And I think we need to be cautious in moving in this area to be sure that dollars that are essential for providing services are not consumed in consultant and lawyer fees to set up these new arrangements.

There is, in short, Mr. Chairman, much that we agree with in the discussion draft, but much that remains to be discussed and improved if we are to achieve genuine reform in the way this system works. And I look forward to working with you on it.

*Chairman Boustany. I thank the gentleman, and I would agree. I think there is much fertile ground that we can cover to get to good reforms, with the objective being moving people up the opportunity ladder into the middle class. So I think -- I appreciate the spirit of cooperation.

We have a very distinguished panel here today. I would like to introduce our panel, and I want to thank our panel for being here today to provide expert testimony.

First we have Kristen Cox, executive director, Governor's Office of Management and Budget for the State of Utah. Secondly, LtCol David Kelly, Secretary of Program for the Salvation Army. Thirdly, at this time I would now yield to the gentleman from Minnesota, Mr. Paulsen, to introduce the next witness, Mr. Boyd Brown.

*Mr. Paulsen. Thank you, Mr. Chairman, and I want to thank you also for holding this important hearing, and letting me introduce our next witness.

Boyd Brown has over 18 years of experience overseeing a wide range of programs serving low-income families, individuals with disabilities, and ex-offenders. Boyd has extensive program management experience, including oversight of several large-scale TANF employment programs in Minnesota's two largest counties.

He is currently the area director of employment and training at Goodwill/Easter Seals Minnesota, whose main programs provide employment services specifically designed for people with disabilities, disadvantages, and other barriers to work. Last year, Goodwill/Easter Seals provided more than 63,000 services to more than 35,000 people, helping them find employment and achieve independence.

Prior to joining Goodwill/Easter Seals in Minnesota, Boyd worked for Dakota County and the for the State of Minnesota's ombudsman office for mental health and developmental disabilities, coordinating several different initiatives that led to public policy changes in the area of health care and disabilities.

I think, Mr. Chairman, Boyd's experience and knowledge will be a valuable perspective for this hearing, for the committee, as it looks at ways to reform and improve TANF. I thank Boyd for being here, and sharing his perspective, his ideas, and his experience with members of the committee, and I thank you.

*Chairman Boustany. I thank the gentleman. Next we have LaDonna Pavetti, vice president for family income support policy, Center on Budget and Policy Priorities. And I am also pleased to -- I just found out there is a family connection to Lake Arthur, Louisiana, small town in my district. So glad you are here.

And last, and certainly not least, Grant Collins, senior vice president, workforce development, and executive director, WeCARE Region II, FedCap.

Thank you all for being here. We have your written testimony. I would ask you to try to keep your oral remarks to five minutes, so we can move forward with the question period.

And with that, Ms. Cox, thank you. You may start with your testimony.

*Ms. Cox. And will you give me the warning, because I am blind?

*Chairman Boustany. I sure will.

*Ms. Cox. Okay, great.

*Chairman Boustany. I will give you a warning at four minutes, and then you will have a minute to wrap up there.

*Ms. Cox. Perfect, thank you.

*Chairman Boustany. Thank you.

STATEMENT OF KRISTEN COX, EXECUTIVE DIRECTOR, GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET, STATE OF UTAH

*Ms. Cox. So, Mr. Chairman, members of the committee, and Ranking Member Doggett, thanks for having me.

Utah has a big -- a deep, rich history around TANF. And before this job, I ran the Department of Workforce Services, which administers TANF, as well as almost 100 other federal and state programs, safety net programs and workforce development programs. So I think we have a very unique perspective on integrating safety net programs, those challenges that are inherent across safety net programs, as well as the importance of work through the way our department is established.

Through that lens I want to talk about four issues that are relevant to the discussion draft. One I will touch on lightly, and, for me, it is the goal of aligning safety net programs towards a common goal and objective. Ninety-nine percent of our TANF recipients receiving federal funds -- I mean financial assistance -- are on other public assistance programs, primarily Medicaid and SNAP, with different eligibility

requirements, different work requirements. Some can do transitional services, some cannot. It is not very cost-efficient.

It is cumbersome for us, as a state. And it is, more importantly, very cumbersome for our clients, who are trying to navigate multiple safety net programs that don't seem to have a cohesive strategy or goal. So, while I recognize the focus of today is on TANF, which is fantastic, I hope it is part of a broader discussion on overall reform.

My second point is on accountability. In Utah we are very excited to see this going towards more of an outcome-driven system. When I ran the Department of Workforce Services, there was a time that I refused to even look at the participation rate, because it was driving our systems more than employment was, and put the whole focus on employment outcomes, instead. We think it is a great direction to go.

But in the written testimony I have outlined a few areas that I think still merit discussion and refinement, moving forward in this direction. For example, we think cost per service delivery should absolutely be fundamental to this discussion. How do you include positive exits? For example, if somebody exits for increased income due to marriage, as you are trying to eliminate the marriage penalty, should that count as a positive closure or not? Same thing with SSI or SSDI. Those are topics that need discussion.

Some of the lag indicators that we are seeing in the performance measures could take 14 to 17 months. It is difficult to budget in that scenario. Do I budget a portion of my funds ongoing at one time, not knowing if I am going to get dinged on the performance measure?

A few other challenges: Should states be held accountable if somebody exist for non-compliance and they are sanctioned? How do we deal with the national new-hire directory, so that states can get credit for people who get work out of state?

So, I have listed a number of areas that I think still merit some consideration, but we think the direction is absolutely going in the right direction.

The third point has to do with state flexibility. With the increased accountability, which we think is fantastic, we think states should have maximum flexibility. So we definitely support eliminating the distinction between non-core and core activities, and think that is the right thing to do for states.

I would suggest, though, that there are two areas that you may want to tighten up, and that is if we are going to open up more freedom for education and vocational training after 24 months, we think it should be training in jobs in demand, and that should be a rigorous review for what kind of training people enter into, and what taxpayers pay for, as well as when we look at subsidized employment and some of those grants, that we make sure that those are going into the private sector and government entities are not benefitting from the subsidized employment initiatives.

My final point, really, is around this evidence-based evaluation.

*Chairman Boustany. We are at the four-minute mark now.

*Ms. Cox. Okay, thank you. We totally support that. We are a little concerned with a lot of language around the random control trials. While that is the gold standard, they are not always appropriate, and sometimes not even ethical in government situations. So, having flexibility around the full continuum of evidence-based interventions -- exponential research, propensity scoring, other options that are more nimble and more operational -- we want to make sure states have that flexibility.

And going to the social impact bonds, as well, we have listed comments on the pros and cons of social impact bonds. They, from my perspective, are a great catalyst, but not necessarily a panacea. They cost money and time and they are hard to scale, but they can help reinforce the need for good data decision, and understanding the cost-to-value ratio in our services.

I would add with this last point I am excited to see this increased focus on the work. It is the way out for people. And, personally, not -- I am going to put my personal hat on for a second. Being blind, for years I was on Social Security disability in a time in life when I thought work would never be a possibility for me. Work is the thing that brings dignity to somebody's life. It brings responsibility, a sense of contribution, and it is not a punishment when we ask people to work and require that they work, it is a way to transform lives. And I will be open for questions. Thank you.

*Chairman Boustany. Thank you very much, Ms. Cox.

Mr. Kelly, you may proceed.

STATEMENT OF DAVID KELLY, LIEUTENANT COLONEL, SALVATION ARMY

*Mr. Kelly. Thank you for the opportunity to share with you today.

This year the Salvation Army is celebrating its 150th year of ministry to the world, now serving in 126 countries. Our mission remains to tell people of the love of God expressed through Jesus, and to meet human needs in His name without discrimination. While many probably only know us for Christmas kettles, thrift stores, and rehab centers, each year we also serve 30 million individuals and provide 50 million meals and 10 million nights of shelter.

I admit, though, that, despite this quantity of assistance, in the past several years we have done some soul searching about whether or not, in the midst of all of our efforts, we are sufficiently focused on finding long-term solutions for those who are coming to us for assistance.

The outcome of this self-evaluation is a renewed determination to support life-transforming opportunities for those who come for material assistance. That doesn't mean we are going to abandon our efforts to feed and shelter, to provide character-building programs for youth, daycare, summer camps, or disaster assistance, but it does mean that we are going to intentionally carve out resources, both personnel and financial, to help families move out of poverty, to make the transition from serving to solving.

This new initiative, piloted in some locations over the past three years, and now being rolled out nationally, is called Pathway of Hope. It is an approach that provides enhanced services to families who desire a path out of inter-generational poverty. Food pantries, soup kitchens, daycares, they are all going to continue, but we are going to make a focused effort to actually help families move further than they have moved before.

Once engaged in the program, teams will walk alongside families as part of a partnership effort to facilitate changes and provide support. Pathway of Hope families meet regularly with Salvation Army caseworkers to develop goals and implement an individual plan that will increase their self-sufficiency and hope for the future. Trained staff will complete assessments with the families to tailor service delivery to their specific needs.

Our pilot programs are filled with measurable outcomes, and there is reason for optimism about the potential impact this will have. I share that with you because the legislation we are looking at today seems to blend well with the success we are finding these past several years.

We believe that any new legislation should make provision for the following key elements.

We affirm the elimination of what is commonly referred to as the "marriage penalty" in every state. It is difficult to fathom any positive societal impact coming from indirectly encouraging the breakdown of a two-parent family. Extensive research shows the long-term negative impact the family breakdown has upon a child's future educationally, economically, and in future opportunities. The marriage penalty produces only a small, short-term savings, but the long-term cost, both to the family and to the budget, is enormous.

Number two, I am very encouraged to note the reference to improving and customizing individual opportunity plans. Educators long ago understood the value of individualized plans for children struggling to keep up in school. These individual plans have helped countless children overcome challenges, catch up and thrive in academic settings. And educators understand that early intervention is not only good for the children, but saves significant cost later.

An equivalent approach in addressing families in poverty will have a similar positive impact. While it may be less expensive in the short term to just treat everyone exactly the

same, that approach has not proven to be successful. And the addition of customized individual opportunity plans is a great step, from our perspective.

Number three, allow more education to count toward activity hours. We find that most individuals in poverty have an excellent employment record, and simply don't have the education needed to progress to a higher, more sustainable economic level. Education is a critical step to finding a stable job at a livable wage.

And fourth, fund pilot projects. This is a key provision, and consistent with the success we have experienced with Pathway of Hope programs and other initiatives. It makes good business sense to experiment, identify best practices, and remain somewhat fluid during initial implementation, as new ideas evolve. I should add, though, that in the same way we are implementing Pathway of Hope while maintaining our financial commitment to much-needed programs, we urge you not to decrease funding for TANF, but rather, consider the pilot programs as an additional step.

The Congressional Record will show that on December 15, 1982, a Salvation Army officer came to Washington to testify about homeless and poverty at a congressional hearing just like this one. That officer was my father, then Major Paul Kelly.

I pray that we will get this right, that we will mold the best possible legislation and together make meaningful improvements to how we address poverty in this generation.

If the next generation is here to testify in 30 years, let it be to celebrate that we have dramatically improved how we help those in greatest need. Thank you.

*Chairman Boustany. Thank you, Mr. Kelly.

Mr. Brown, you may proceed.

STATEMENT OF BOYD BROWN, AREA DIRECTOR, EMPLOYMENT AND TRAINING, GOODWILL EASTER SEALS MINNESOTA

*Mr. Brown. Thank you for the opportunity to testify on our experience as a local TANF community-based provider. As Mr. Paulsen mentioned, my name is Boyd Brown, and I am the area director of employment and training at Goodwill/Easter Seals Minnesota. We are a leading provider of workforce services in our state, and our stores serve as the economic engine for our employment programs. This past year we served 35,000 people with various employment, including 1,500 families who came to us through TANF.

Our recommendations for TANF policy changes are, first, hold providers accountable for what matters most: results. Second, allow providers to document progress towards employment goals, not hours of participation. Third, offer flexibility and allowable activities to meet the unique and individual challenges our families face. And, fourth, include fathers as part of the solution by funding fatherhood initiatives, making the

voluntary services of responsible fatherhood a permanent part of TANF. Fathers are part of the solution to stabilizing low-income families.

Next I talk a little bit about Elizabeth's story that was in my written testimony. When our counselor first met Elizabeth, she slept most nights in her car and with her daughter. Elizabeth was adamant that she needed to find a job, and that income was the quickest way to secure housing. She had dropped out of school in the 10th grade. To her, education was a luxury she could not afford. Elizabeth's initial employment plan included six weeks of job search, and she gave 100 percent to finding that job, but to no avail.

Usually, the next step in the process is unpaid work or volunteering. But her counselor knew this would not lead Elizabeth to long-term stable employment. The counselor convinced Elizabeth to include GED preparation in her plan, even though it wasn't counted in the work participation rate. While attending GED classes, Elizabeth was couch-hopping from one friend's home to the next. Thirteen months later, she completed her GED. Elizabeth said, other than the birth of her daughter, it was the proudest day of her life.

Three days later, she landed a job at Target, and the following week enrolled at a community college, pursuing a two-year human services degree. She moved in to her own apartment. Her work hours increased, and she discontinued assistance in late 2014. She will graduate in June of 2016, and plans to continue a BA to become a social worker.

So, what does Elizabeth's story tell us? First, education and training are important. Research shows that additional education can yield substantial earning gains, which means that participants with more education will need less government assistance to meet their basic needs. Elizabeth's story also tells us that the one-size-fits-all approach dictated by the work participation rate with its core and non-core activities doesn't work for many participants, including Elizabeth.

And after spending, on average, 53 percent of their time on documentation and verification, our TANF career counselors simply do not have the time to provide the needed family supports that change outcomes. Elizabeth's story illustrates that, with time, meaningful and productive relationships develop and -- that lead to success.

Elizabeth's is only one story. We serve many people who are homeless, who have serious mental illness, other disabilities, who have criminal records, and little work experience. We succeed by building strong relationships with employers, and responding flexibly to the very different needs and situations of the people we serve.

In my written testimony I describe multiple innovative Minnesota TANF programs. One I will highlight here is the Father Project. The Father Project offers voluntary services for low-income dads to help them support their children, both financially and emotionally. More than 90 percent of the 1,500 dads enrolled reported

that the project helped increase their commitment to financially support their family, increased their child support payments, and 481 obtained jobs. A return on investment study demonstrated a return of \$3.41 for every dollar invested in the Father Project.

In conclusion, by focusing on outcomes and not process, adding flexibility and activities allowed, and reducing the documentation demand, we can increase employment outcomes and move families off of assistance and out of poverty. We believe in accountability. However, hold us accountable for the outcomes that matter, which are getting people into jobs and off of assistance.

So, thank you for the opportunity to share our experience as a TANF provider. We appreciate the committee's interest in hearing from the field, and are happy to serve as a resource to you as we look to increase both effectiveness and efficiency of how TANF is implemented across the nation. Thank you.

*Chairman Boustany. Thank you, Mr. Brown.

Ms. Pavetti, you may proceed.

STATEMENT OF LADONNA PAVETTI, VICE PRESIDENT FOR FAMILY INCOME SUPPORT POLICY, CENTER ON BUDGET AND POLICY PRIORITIES

*Ms. Pavetti. Thank you for the invitation to testify today. In my recent testimony, I presented data showing how few poor families TANF serves and how little TANF does to help poor families find work and escape poverty. In my testimony today I will focus on ways in which the draft bill could help improve TANF's performance in these areas, and I also will suggest additional changes to address some of TANF's fundamental flaws.

States have long identified the complexity and rigidity of TANF's countable work activities as hindering their ability to operate an effective work program. The draft bill makes many improvements that address those issues. We fully support the changes in the bill that will expand recipients' access to education and training, encourage states to address the needs of TANF recipients with significant employment barriers, and remove the disincentives for serving two-parent families.

I encourage the committee to go further by eliminating the 30 percent cap on vocational education, which, in this economy, doesn't seem to make any sense.

The draft bill's elimination of the caseload reduction credit is a positive change, as it lessens the incentive for states to continually reduce their TANF caseloads and not serve people in need. But it effectively raises the target work participation rate that states must meet, and it will increase the burden on states to place a greater share of families in work activities.

While the proposed work activity changes will enable states to count more people toward meeting the rate, a sizeable gap will likely remain, which could encourage states to further restrict access to the program. So I think we need to be paying attention to this access issue.

The draft bill's requirements that states failing to meet the work rate must increase their state spending is a significant improvement over the current penalty structure. One change we would suggest is requiring states to reinvest those additional resources to the core purposes of TANF. We believe that states should be held accountable for employment outcomes, but we are concerned that the details, as outlined in the draft, may be unworkable, and we are hoping that this is an area where we can actually have some conversation.

I believe it is realistic and appropriate to hold states accountable for employment and retention, but I worry that the short-term measurement limit and the limited assistance that TANF programs usually provide -- that it may not be realistic to hold them accountable for advancement. As an alternative, I suggest measuring median earnings at one point in time to encourage states to place recipients in higher-paying jobs to really go towards meeting the goal of reducing poverty.

We are concerned that the proposed penalty structure for these new outcome measures are too onerous and too complex. The long lag time required to gather and report the data poses substantial challenges. And the penalty is harsher than any initial penalty currently, and it appears that states may have no opportunity to remedy the problem before block grant funds are withheld. I also worry that, because the penalties are too onerous, what states would do is negotiate very low rates, and we wouldn't see sort of the employment outcomes that -- and the push towards high outcomes that you may want to see.

So, I would propose an alternative approach that emphasizes improvement and focuses directly on states that fail to meet their negotiated goals. First, require states to develop a program improvement plan, and provide technical assistance to help them do so. And second, require states to increase their state funds and target them to work activities, just as required for the work participation rate.

Implementing an outcome measure will not be easy for states, nor will it be costless. Most states currently have no data on employment outcomes which they can use to set meaningful outcome targets. And to fill that gap, what I recommend is starting with a benchmark year in which states would be required to report on outcomes, but wouldn't face any penalties. That would allow them to have some benchmarks that they could use to negotiate targets for the future, and to really build on and make improvements.

A key flaw of the TANF block grant is that permissible use of the funds is so broad that states spread them across many areas of the budget. TANF re-authorization provides a key opportunity to reclaim some of those funds, and it is one that shouldn't be

missed. We believe requiring states to spend a substantial -- a specific share of their TANF resources on core purposes is essential for improving TANF work programs. There are several possible approaches here.

First, all states could be required to spend a specified share of TANF funds on core activities, as Representative Doggett suggested. Alternatively, states that fail to meet the rate could actually -- benchmarked could be required to move those additional funds to those purposes.

The draft bill adds a new purpose on reducing poverty. And, while this is a laudable goal, TANF can't reduce poverty that fails to reach poor families. So one of the suggestions I would make is that we actually add a third outcome measure, and that is access to the program. If families aren't served by the program, we can't reduce poverty, and they can't have access to the services that the program is likely to show.

So, I think that TANF reform is long overdue, and I am looking forward to working with the committee to see how we can move forward to make positive changes. So thank you.

*Chairman Boustany. Thank you, Ms. Pavetti.

Mr. Collins, you may proceed.

STATEMENT OF GRANT COLLINS, SENIOR VICE PRESIDENT, WORKFORCE DEVELOPMENT; AND EXECUTIVE DIRECTOR, WECARE REGION II, FEDCAP

*Mr. Collins. Good morning, Chairman Boustany, Ranking Member Doggett, and distinguished members of the committee. I am pleased to appear before you today to discuss the next phase of welfare reform.

I am currently the senior vice president of FedCap Rehabilitation Services, Incorporated's workforce development practice area. FedCap is an 80-year-old non-profit human service company that specializes in addressing the economic well-being of those with barriers to work. My comments today will center around the provisions found in H.R. 2968 and H.R. 2952 on casework, employment, and retention, as much of what we do is consistent with these bills.

FedCap administers a wide range of employment programs, including placement services for the court-involved individual re-entering the workforce, placing veterans as well as public assistance recipients. We also provide employment services for recipients with a wide range of health claims, which we deliver through a comprehensive case management model called WeCARE, Wellness Comprehensive Assessment Rehabilitation and Employment.

A group often exempted from participation in most states, each year we place thousands into employment, as we consistently exceed our contractual goals for job

placement, while also achieving a job retention rate at six months of just over 73 percent. To achieve these outcomes we employ a strength-based assessment model, where we focus on what our program participants can do, rather than focusing on their weaknesses. Engagement really begins with our receptionist. However, relationship-building is established with our case managers, whom we refer to as our ambassadors of self-sufficiency.

Our unique approach to case management begins with a set of mental tools. Henry Ford once said, "Whether you think you can or think you can't, you are right." Mr. Ford was referring to what is commonly known as the Pygmalion Effect, or self-fulfilling prophecy. In short, what you expect is what you get, so we expect success and shift paradigms up front. Since we expect our participants to work, we refer to them as job-seekers from that point forward.

Core to our success is our belief that, number one, there are jobs; number two, that people are better off working; number three, people do want to work. Let me discuss each briefly.

Number one, there are jobs. We remind our job seekers that, despite the unemployment rate, one job is all they need, and that employers have openings.

Number two, people are better off working. There are many reasons why we work. Work adds to a person's self-esteem, it improves their lifestyle. Work can provide opportunity and hope for the future. There is a platform when each of us can add to a employer's business or to our communities, or advance a cause, and work is the way we keep our minds and skills sharp. It is one of the primary ways we manifest our potential. There is a certain dignity that comes from work that only work can provide.

And, number three, people want to work. A pathway to the best job for a person can be reached from taking a job now.

Work is the focus of our initial face-to-face meetings. Case managers conduct one of several assessments, starting with an impromptu mock interview on the spot. Within the first few minutes, we look to see if the job seeker is employer-ready. With a sense of urgency, we get the job seeker placed immediately, or track them quickly, often the same day, into a second, more formal assessment called the Diagnostic Vocational Evaluation, or DVE. The DVE is a battery of assessment tools that is designed to help the job seeker understand their work-based strengths. The outcome of the DVE is the basis for the development of the job seeker's individual plan for employment, which includes, among other things, the top three jobs they are looking to obtain.

The plan is established, agreed upon, and signed by the job seeker and case manager. We then fortify this with an action plan that clearly identifies the job seeker's short-term and long-term goals. The initial work activity, and weekly hours are assigned, similar to what is proposed in the TANF re-authorization draft.

Except for a few work activities, most assignments are no more than 12 weeks in length. To extend the activity beyond 12 weeks, a comprehensive employment plan review and new plan with new goals must be established. The draft TANF re-authorization envisions this same approach, meeting every three months to review progress and to determine next steps.

We also provide case management even after employment begins. Once the individual is employed, we typically meet with them no less than monthly for up to six months. This is consistent with the focus on the outcomes in the draft, and is one way to get states to follow recipients after they leave for work, to make sure they don't come right back.

Personal responsibility is at the core of the TANF program. Effective case management, regular progress reviews, clear, practical action plans for employment and retention can often provide the necessary engagement to help more job seekers establish their own employment futures.

I, along with the other members of this panel, stand ready to work with you to make economic independence for America's neediest families a reality. I would be happy to answer any questions you might have.

*Chairman Boustany. Thank you, Mr. Collins, and thank you all for your testimony. We will now go to a question and answer phase of this hearing. Let me start by asking Ms. Cox.

You have administered the TANF and workforce systems in your prior role, and you now administer an office focused on creating more value for every tax dollar invested. And, to me, that sounds like focusing tax dollars on results, and not just paying for a process, but to try to really get an outcome, and hopefully, a favorable outcome.

The TANF statute requires states to ensure 50 percent of their welfare caseload participates in work or activities. And while this measures how a state is engaging welfare recipients in activities while receiving benefits, we don't currently measure how well the states are doing in helping welfare recipients leave TANF for work, and hopefully meaningful work.

This discussion draft would reserve a portion of the TANF block grant to pay states based on their success in achieving three goals: moving TANF recipients off of welfare into work; keeping these former welfare recipients in work; and helping them increase their earnings over time. All, we think, are laudable goals.

How do you think changing the TANF program from one that focuses solely on process to one that focuses more on these types of outcomes might encourage states to move more people into jobs and really, actually, help them move up the economic ladder? And what are some of the pitfalls we need to look at, going forward in this?

*Ms. Cox. So, what you just said is music to my ears. Having been in government for a while, I struggle sometimes with the lack of outcome and accountability that we have on programs that are being funded by taxpayers, and should have impacts for people. It can be very process-focused, and very bureaucratic. And, at the end of the day, we don't know if we have made a difference or an impact.

So, when we -- when I took over the TANF program, it was completely participation-driven, and there wasn't -- what is her -- here, down here, talked about, you know, may not even have the employment data. So, you know, like I said in my testimony, we -- I said I am not looking at participation. I want employment outcomes. And it shifted the culture, that that is what we were about. And then can we design participation activities that actually lead to employment outcomes, rather than just sitting people in services, so that we can get the participation credit? So we are all about that.

A few cautions that I think would be important to continue to vet. One, the idea -- I think it is 30 or 40 percent would be on increased earnings in the fourth quarter. I don't know if that is arbitrary, I don't know if the general public generally, within the fourth quarter, receives increased earnings or not. I think it is a good aspirational concept to consider, but I don't know what the trend is in the general population. Is that within a state's or a provider's ability? States could potentially game it. You could put them part-time employment, knowing that it will move to full-time fourth quarter, so your earnings increase, but you have never really made a big difference in their actual earnings, long-term. So there is different ways that that could be gamed, and I think that is an area that merits consideration.

The lag issue is one of the other issues I would want to explore. When I budget or do long-term contracts, I look at ongoing versus one-time funding. And if I don't know if I am going to have that money in 17 months, I am not sure how to budget for that. Now, if I am talking a 3 percent, it is, you know, 3, 3, 4, a total of 10, that is not going to make or break my budget. But it would potential impact how I would set up contracts, et cetera. So working through that lag, and giving states a little bit more immediate feedback if they are going to hit that or not is going to be something I think that we need to continue to discuss and work through.

So there is other issues there, but I don't think any of them are insurmountable. I would offer this counter-comment. I like the fact that money may get lost. A lot of our federal -- maybe nobody else will agree with me on this, but a lot of our federal programs threaten lost money. Right? And you go through a lot of corrective action plans, and yada, yada. But, generally speaking, there is not a real consequence. There just isn't. And these funds should be considered precious, scarce resources, and I think it is fair to say, if people don't perform, there is a consequence to it. Now, maybe they should have some technical assistance and chance to improve. But at some point there needs to be a real consequence if we are not performing.

*Chairman Boustany. Well, I thank you for bringing the value of your experience to bear on this. It is really helpful to us.

Mr. Doggett?

*Mr. Doggett. Thank you very much.

Dr. Pavetti, as you know, the discussion draft leaves open for discussion this question of how much the states are devoting to the core purposes of cash aid, child care, and work activities. How do you feel that should be -- that blank should be filled in, and why?

*Ms. Pavetti. I definitely think that there needs to be a requirement that states spend a certain share of their funds on core purposes. And if there isn't, I don't think you will see meaningful change. There are some states that spend as little as one percent of their TANF funds on work programs. And to expect that we can increase -- reduce poverty if they are spending so little, I think, is unrealistic.

So, I really think there is two ways. I think one is to require all states to get there, and to give them sort of a time to get there. And the other is to -- you know, in the draft bill there already is expectations that states will have to spend more state money if they don't meet those requirements. And so that would also be -- rather than that -- just being able to go anywhere in the state budget, that that really be directed to state core purposes.

But I think it is one of the huge failures of TANF, that so many of the funds have been pulled away from families who really are the most needy, and this is an opportunity to reclaim those funds. And it would be a shame if we didn't actually get those back.

*Mr. Doggett. When welfare reform was originally approved back in the nineties, wasn't one of the objectives -- and I think you make reference to this -- people would work their way not only just to work, but to work their way out of poverty, and work into the middle class? And how well has that objective been satisfied?

*Ms. Pavetti. So what we know about the work -- about work and earnings among TANF recipients is that, one, we have very little recent data on employment among TANF recipients. We have data from the early years, but most states don't collect that data and don't report it. So we really don't even know where the starting point is in setting these benchmarks, because we don't know how many get employed. So that is one thing I think we need to think about.

But for those who do get employed and start out in low-wage jobs, there was an expectation that people would move up. But that is really -- if you look at the experiments, you don't see sort of increases in earnings over time. What you see is some increases in employment. And where the programs really fall short is in stable employment.

So, right now there is lots of people who get jobs, but they don't hold them. And if people are going to increase their earnings and increase them over time, there are two things that make a difference. One is holding on to jobs, and the other is having the education and the skills that are demanded in the labor market, so that they can move up.

So I think Boyd talked in his testimony a very compelling example of why education really does make a difference. So I think that the education and training -- we have evidence that there is a lag, there is an initial -- there is -- that gain isn't immediate. But when you compare people who are in those training programs, usually two years out their earnings gains are much greater than people who don't participate in them.

So I think we need to be really encouraging states to move in that direction.

*Mr. Doggett. If there are no new dollars, which is the case with this proposal, no additional funds added, and if a state can continue to devote only one percent to work -- in the case of one of the states you mentioned -- how realistic are the provisions in the bill that there be an individual opportunity plan and state counseling with the recipient every three months?

*Ms. Pavetti. I think that is pretty unrealistic, that states will be able to do that. I think it is the right thing to do, but I am not sure how you do it without resources. So I think that it is really something that needs to be paid attention to.

I think the other thing that is important is sort of thinking about -- what happens in TANF is that we sort of -- we provide a little bit of services to everybody, including people who may not need any services, and really thinking about how can you take what resources are there, and really concentrate them on the people who need the most help. And I think the work participation rate, and the way it is designed, and the focus on hours really does encourage this across the board, serve everybody, even if they don't need it.

So, I think there is -- both we should temper our expectations, if the money isn't there, but also really think about can you use the resources that are used better, and not spread them so thin.

*Mr. Doggett. You probably covered this already. But, in short, what do you think are the most important changes that need to be made in the draft?

*Ms. Pavetti. I think the most important changes -- there are two. I do think that the elimination of the core/non-core distinction is pretty -- is quite important for states, because it gives them much more flexibility, and it helps on the education and training aspects. And the other is I think the movement to outcome measures is hugely important. I don't think the details are quite right in the draft, and that we really need to think those through. But I do think actually adding outcome measures will change the way states think about what they do, and will change their behavior.

*Mr. Doggett. Thank you.

Thank you, Mr. Chairman.

*Chairman Boustany. Mr. Young?

*Mr. Young. Thank you, Chairman, and thank you to all of our witnesses here today.

I will begin with where I am headed with a question. It will be addressed to Mr. Kelly of the Salvation Army and Mr. Brown of Goodwill, and that is, can better casework reduce poverty and increase employment? Your organizations are on the front line of our efforts to reduce poverty. As Chairman Ryan likes to say, "The Federal Government is the rear guard, but you are the vanguard of this effort, clearly."

I am sure those you work with who are receiving TANF benefits often also receive other benefits and services. I have experienced this on the ground throughout my state of Indiana. And in many cases, the individual must meet with multiple case workers, and visit different offices to receive these benefits and meet the different requirements of each program. They may also have to make repeat visits to these various case workers, as their circumstances change over time.

Now, as I think of the served population, these are people who lack the resources, they lack the time, often times. They are under great stress. And moving from casework to caseworker, office to office, through a constellation of different programs, can not only be mind-numbing, but problematic and a deterrent, even, to seeking the assistance that they require.

It is burdensome, it is confusing, it is unworkable, it is insensitive, it is irresponsible, and unacceptable. So we have to coordinate our efforts to solve poverty, and that starts with good casework, to my mind.

And so, this week I introduced the Coordinating Assistance for TANF Recipients Act. This would provide funds for states to test better ways of helping recipients move through welfare and into work and self-sufficiency. This bill, which is now part of the larger Ways and Means discussion draft we are focusing here on today, would provide funding to test and evaluate various efforts along these lines.

So, back to the original question. Mr. Kelly, we will begin with you, sir. How might supporting more coordinated casework bring dignity and opportunity to more welfare recipients by helping them move into work and out of poverty?

*Mr. Kelly. Well, first, let me say I think that is a great observation. And we would add to that that our experience with those who are living day to day in poverty are suffering from a severe lack of hope, that they have essentially given up. And part of that giving-up process is the despair that comes from going from office to office without,

really, a coordinated, centralized way to help them in the process. So, we would, I think, be advocates of a more thoughtful, strategic approach to how we are caring for people.

I would also say we need to help all parties keep in mind what our actual goal is. Our actual goal is not a job that they have, either temporarily or part-time or barely allows them to get through a day. We are looking to move people out of poverty. I assume that is what everyone's goal is. And you can't do that without a large amount of coordination, both within the casework field, and in terms of the involvement of the client themselves.

*Mr. Young. Mr. Brown? Yes, sir.

*Mr. Brown. Thank you for the question, Mr. Young. Actually, I think you are right on point. And, actually, in Minnesota we have had several initiatives actually looking at coordinating casework disciplines. And one I want to particularly mention is Families Achieving Success Today that was actually part of a randomized control trial through the U.S. Department of Human Services, where we were integrating adult mental health, children's mental health, along with TANF financial worker, the financial assistance piece, as well as child care, in a colocated, collaborative effort.

It was a one-year study, so it showed promising efforts. We don't have anything beyond that. But we do know that, having those services together in one spot absolutely improved their access to -- our families' access to services, as well as improved their outcomes.

One note of caution I would give is that we have been part of these types of collaborative casework models in the past. However, they did not include employment, and we did not see the results that we wanted to see. This particular one, Families Achieving Success Today, all the providers, whether it is mental health, whether it is health care, they were all on board, that employment is what we are trying to achieve with the families we were serving, and we saw great success with that. So thank you.

*Mr. Young. Perhaps that program will move from the promising phase to proven, or will identify a variant to that, will be a better model, and so forth.

I recognize I am out of time, so I will yield back.

*Chairman Boustany. I thank the gentleman. Mrs. Noem?

*Mrs. Noem. Thank you, Mr. Chairman.

Mr. Collins, I wanted to visit with you about a loophole that currently exists within the TANF program. And, as you know, the TANF program states that it must engage 50 percent of adults on welfare and worker activities related to work. South Dakota, my home state, does a great job of this, but many other states are failing to engage to the same level.

Under current rules, the loophole says -- it is called the Excess Spending Loophole -- that states can reduce the share of people they have to engage in work by simply looking for spending of non-profits, charities, food banks, other third parties, and the states, and how much they are spending on poor families. They then add up all this third-party spending, and report it as if it was actually spending that the state was engaging in. And, by reporting this excess spending to HHS, they reduce the number of welfare recipients that they are required to help.

In fact, in some cases, states have reduced their 50 percent work participation requirement to a 0 percent. And, you know, through this bill that we have proposed, the TANF Accountability and Integrity Improvement Act, that I have introduced and which is a part of this discussion draft that the committee has put together on TANF reforms, it would put a stop to some of those activities.

I was wondering if you could give me some feedback on that loophole, if you think that these recommendations to fixing that problem are good in the discussion draft, and if you think that it will be effective in making sure that some of the states implement changes that would reflect more of what is done in my home state of South Dakota.

*Mr. Collins. Thank you, Congressman, for that, and for your leadership on this particular part of the discussion draft.

As you are well aware, the current TANF purposes do allow for such excess maintenance of effort to be applied against the work participation rate. And, as you rightly mention, there are numerous ways in which this can be done, including volunteer hours of Boy Scout leaders, as well as coaches and Shriners and -- it is, really, almost endless, the number of ways in which the rate can be essentially avoided, by providing all of these excess maintenance of effort opportunities.

So, what -- I believe this is probably one of the more far-reaching components of the discussion draft, being able to put a stop to this. It eviscerated the work participation rate, as we know it. Whether you agree on what work activities we are to do, the idea of having to engage with someone is the start of a conversation that will allow them to propel forward.

If you provide such loopholes, the incentive for states to really go and reach out to people and engage them productively goes away. So I think that what has been envisioned for the discussion draft is exactly what is needed right now.

*Mrs. Noem. While you worked at HHS, did you see some states engaging in these activities, or some states that were, potentially, the worst offenders?

*Mr. Collins. So, to be fair, I would -- most states participated in it to some degree or another. It is unfortunate, because it really did reduce the work requirement. I would like to commend all those states, post-DRA, that actually did meet the 50 percent work participation rate.

I agree with my colleague, Ms. Cox, that the activities really should be an on-ramp to employment. So it is not really about putting people in activities for activities sake, but that, really, the pressure that the rate was supposed to provide, really, was only 50 percent. And, if you think about it, that is half. I mean we can do far better than that.

*Mrs. Noem. Yes, I saw you nodding your head. Since I have a little bit of time left, when they were talking about the Families Achieving Success program today, did you have some experience with that program, as well, or some feedback to give on the success of that study?

*Mr. Collins. I have just some familiarity with the strong case management approach that the State of Minnesota takes. They are very serious about how they engage with participants.

I was nodding my head, because I run a program in New York City that sees 80,000 people a year that does something very similar.

*Mrs. Noem. Okay. And it has been a successful program?

*Mr. Collins. It has been a very successful program. This is a program where most states would have exempted these participations all together, because they pose some health challenge to the organization. We see that, after 485,000 of independent medical assessments that we have been able to do over the 10 years -- not my company, but the program itself -- that half of everyone can actually work. And a third, while they might be sick today, can heal, and those two can work, as well. And very few people end up on federal disability.

*Mrs. Noem. What was the name of the program in -

*Mr. Collins. It is called WeCARE, Wellness, Employment, Comprehensive Assessment, Rehabilitation, and Employment.

*Mrs. Noem. Thank you.

*Mr. Collins. You are welcome.

*Mrs. Noem. I yield back, Mr. Chairman.

*Chairman Boustany. I thank the gentlelady. We will now go to Mr. Davis.

*Mr. Davis. Thank you very much, Mr. Chairman, and I want to thank the witnesses for being here.

You know, I was just thinking that I believe that work is love made visible. Therefore, I am delighted with the focus of this hearing. I have advocated for improvements to TANF and the fatherhood grants to increase the economic well-being of

parents, especially non-custodial fathers, since Fathers Day 2007. The draft bill before us contain many of the tenets of the Responsible Fatherhood Act, which is supported by numerous national organizations, including the National Fatherhood Initiative, Concerned Black Men National, the Center for Family Policy and Practice, One Hundred Fathers, Incorporated, the Children's Defense Fund, and others.

I applaud the bill for increasing access to education and training, and focusing on actual employment, including subsidized employment. I look forward to working with you, Mr. Chairman and the Ranking Member, to consider additional provisions to support non-custodial fathers and families, such as lifting the 30 percent cap on education, limiting the marriage penalty for Fiscal Year 2007 until enactment, ensuring that participation in healthy marriage or fatherhood programs is voluntary, and making clear to states that they can provide non-custodial parents the same work supports as custodial parents.

Further, I would like to work with you, Mr. Chairman and the ranking member, to include provisions that would better support kinship caregivers. I know that many members of this Subcommittee come from states with high percentages of grandparents raising grandchildren. And I believe Louisiana has the second-highest percentage of grandchildren in the care of grandparents in the nation, with North Carolina, Texas, South Dakota, Georgia, and Illinois having high rates, as well. I am preparing to introduce a bill to improve supports for kinship caregivers, mainly through increased notice, improved data, and state reporting to improve services and supports within TANF.

Mr. Brown, I know that your organization has been advocating for fathers' engagement in children and family well-being. And I hear that your organization works with low-income fathers, often those with criminal backgrounds, to help them support their children, both financially and emotionally, and to provide them skills to become economically self-sufficient and socially empowered parents and citizens. Could you elaborate a little bit on that program, and what do you think federal funds really do for it, and how might we improve?

*Mr. Brown. Sure. Thank you for the question, Mr. Davis. Yes. So we have been part of the fatherhood initiative -- our Father Project has been in existence for well over a decade. We have been funded by the Fatherhood -- responsible fatherhood funding through the Federal Government for the past five years, and been part of the study, as well.

We find that fathers is an important part of the solution to -- for low-income families and moving people out of poverty. Our work, working with fathers, it is a wide array of services, including parenting -- parenting classes, co-parenting, relationship-building. Because, even if you don't get along with your partner, you need to be there for your children. And so, really working with families on how can they co-parent, even if they don't get along, or they are not together any longer, that is a big part of our initiative.

Employment. Of course, we are a workforce development agency. Employment is a key. We want to increase child support for the families from the non-custodial, the custodial parent, making sure that those children's needs are met. So I think it is an extremely important part of TANF and moving people out of poverty. So I commend you on making sure to include fathers and fatherhood initiatives in the TANF reform.

*Mr. Davis. Thank you very much.

*Mr. Brown. Thank you.

*Mr. Davis. Thank you, Mr. Chairman. And I am pleased that each one of the witnesses puts an emphasis on the engagement of fathers, and I appreciate that very much.

*Chairman Boustany. I thank the gentleman. We will go to Mr. Holding next.

*Mr. Holding. Thank you, Mr. Chairman. During the course of this year, and the hearings that we have had, and where I have learned about TANF and some other programs, it is striking how bureaucracy can somehow get in the way of results. And, under TANF, states are required to have 50 percent of their caseload engaged in work or activities to prepare for work. That is, an adult must be in specified activities, work, job search, training for a number of hours a week. I have learned that.

But I have also learned, however, there is a marriage penalty in TANF, and one that encourages states to not serve two-parent families, and that can penalize individuals on TANF if they marry. And I am kind of stunned at that. So, under current TANF law, it establishes a separate, higher participation standard that applies to two-parent families. So these families must meet additional work requirements beyond that of a single-parent family. Of course, we all want two-parent families.

So, I have introduced the TANF Marriage Penalty Elimination Act last week to address this issue by ending the separate and higher requirement for two-parent families. And I am grateful that this has been included as a provision in our Ways and Means discussion draft which we released on Friday.

So, first to you, Mr. Kelly, do you think this is a step in the right direction, to treat single parents and married parents equally in the TANF program? And can you flesh out why that is -- if you feel so inclined?

*Mr. Kelly. I would say, based on our experience, that the key is to start from wherever that family happens to find themselves. So we can't start from the premise that, you know, if it is a single-parent family, well, it would be great if both parents were there, because that is just not always possible. And you can't start the other way, either. You always have to start with where they are.

So, as our caseworkers have met with families that are in need, you don't go in with a pre-conceived notion of something that is ideal. You start with where they are, and go from there. Having said that, I don't think there is any question that it has been proven to be healthier for children to grow up in an environment where both parents are involved. You know, we all have our idea of what the ideal family construct is, but I think statistics are pretty clear that we are better served when both are involved.

In our own study, it has become clear that a child that grows up in poverty is 32 times more likely to be in poverty as an adult. So, the sooner we begin to engage, the better off we are going to be. But we would be very supportive of a philosophy moving forward where we are encouraging involvement of a two-parent family, but from the perspective of understanding where people find themselves at that moment when they come to us, that effective case management is going to be case management where we identify the needs of the family at that time, and build an individualized plan that helps them to move forward.

*Mr. Holding. Ms. Cox, in the minute that I have got remaining, if and why do you think it is important that we take measures to eliminate the marriage penalty, and ensure that TANF is supporting or encouraging two-parent families?

*Ms. Cox. Absolutely, we think it is going in the right direction.

The one question I have around this, though, is if you want -- you know, tell me how you measure me, and I will tell you how I behave. Right? So, if in the outcome measures that you are going to be looking at, how do you count leaving TANF for increased income because of marriage? And I think that is a point to think through, as we look at performance measures, and making sure that, if people leave because of that -- and we want to encourage that -- that states aren't penalized because of that in the actual denominator-numerator formula in the performance measures.

*Mr. Holding. Good, thank you.

Mr. Chairman, I yield back.

*Chairman Boustany. The gentleman yields back. Mr. Dold, you are recognized.

*Mr. Dold. Thank you, Mr. Chairman. And I certainly want to thank you for holding this important hearing. Want to thank our witnesses for your testimony and for your insights. We certainly appreciate that.

I believe -- and, Ms. Cox, you stated in your testimony that work is -- well, it is transforming lives. And I believe that the best way out of poverty is a job. And while moving welfare recipients into employment is the central goal of TANF, some welfare recipients have a difficult time transitioning from welfare into work.

In some cases, employers may be reluctant to hire welfare recipients if they have limited work experience or other barriers to work. That is why I recently introduced the Accelerating Individuals Into the Workforce Act. This bill, which now has been incorporated into the larger TANF discussion draft which we are reviewing today, would provide funds for states to test methods of subsidizing employment for TANF recipients to better help these individuals find jobs and become self-sufficient.

In addition to providing funds for subsidized jobs, the bill requires a high-quality evaluation of each project to determine whether the project was effective in helping welfare recipients move into and stay in work.

Mr. Collins, do you think that providing short-term partial wage subsidies to employers might be a way to encourage them to hire welfare recipients and keep them as employees over the long term?

Ms. Cox, if you have something to say, you can jump in there, too, and then we will go right back to Mr. Collins.

*Ms. Cox. Oh, okay, sorry. We actually did a study to look at what participation activities correlated to employment outcomes. And this was on the top four, "Subsidized Employment." Again, my caution is not to do it for government entities. And, you know, it should go to the private sector, for sure.

But the other piece to be aware of is WOTC, the Work Opportunity Tax Credit that employers could already benefit from, from getting certain populations that are vulnerable into employment. So how to subsidize employment, correlate or work with WOTC, so that some employers aren't double-dipping. Just something to be mindful of, as well.

*Mr. Dold. Okay. Mr. Collins?

*Mr. Collins. Congressman, the details on that will matter. I will tell you one of my biggest concerns is presenting someone to an employer as if, for example, they are a discounted individual. So we would have to be careful about how that subsidy is represented for that individual. Most employers have told me over the years that they are just looking for somebody who wants to work, and they are less concerned about the credits and such that go along with the individual if they, in fact, can do the work.

So, I think it is a great opportunity, as I do many other work activities. There is more than one way to get there.

*Mr. Dold. Sure.

*Mr. Collins. So I think having subsidized employment be a part of the arsenal, if you will, is a great opportunity.

*Mr. Dold. Well, so, can you talk to me a little bit more about some of those other barriers? I mean, obviously, I am a small business person, and obviously, what we find is once people get in, and you have an opportunity to take a look at how they are working, they do a great job. What are some of the barriers in trying to get some of these people that are down on their luck into the workforce, so that they have that opportunity?

*Mr. Collins. It is a great question. Most of it is their self-view, whether or not they believe that an employer will be willing to accept their background, or whether or not they have enough education. A lot of it is the perception of how they see themselves.

If we are able to get them to overcome that, whether it is through on-the-job training and/or subsidized employment, or whatever form of engagement, really, all we are trying to do is to get them, really, to see themselves in a different light, and one in which they understand what employers are looking for, and then be able to sort of show those skills and abilities at that point. On-the-job practices, which I would refer to subsidized employment as being, is a great way to do that.

*Mr. Dold. Well, and part of that -- really, what we are trying to do is we are trying to make sure that there is an easy on-ramp into employment. And giving employers an opportunity to say there are training costs that are going to go into there, and that on-the-job training is potentially some of the best, that is really what, hopefully, this program is trying to do. What would you anticipate some of the complaints or some of the issues from some small businesses to be?

*Mr. Collins. I would be concerned about the cliff effect of what would happen after the subsidy ran out, and whether or not they are willing to continue the employment of that individual, or if -- whether or not they would be interested in, essentially, going and finding another individual who came with a subsidy. Because it does keep their costs down.

So, again, it is all in the details of how this gets rolled out, so that we avoid that. But that would be my biggest concern.

*Mr. Dold. Thank you, Mr. Chairman. My time is expired.

*Chairman Boustany. The gentleman's time is expired. We will go to Mr. Crowley next.

*Mr. Crowley. Thank you, Mr. Chairman. And I want to thank you with the full sincerity -- I think I can speak for the entire side of my aisle -- for holding this hearing today, but for the -- working in a bipartisan way on the discussion draft that was released last week. So thank you, Mr. Chairman.

There are a lot of improvements we can make to the TANF program. But for too long now, we have just been simply renewing it with short-term extensions. So I appreciate the chance to take a serious look at what we can do and do better.

There is some good progress in the discussion draft, as I said. It moves the focus of the program more significantly towards actual poverty reduction. And I am glad that the bill includes some of the program improvements that my Democratic colleagues and I have been advocating for years now. But I have to say that I am disappointed at what is not in the bill, and namely no new funding for child care.

Child care can make the difference that enables a parent to work, put food on the table, and lift themselves and their families out of poverty, and knowing that their child is being adequately cared for. We have had a lot of focus on work participation in TANF. But, as I have said before, work participation has to go hand in hand with ensuring there is adequate access to child care. Working parents need to know that their children are being safely cared for while they are looking for work or are working.

Dr. Pavetti, do you agree that a greater investment in child care would be a significant help to move people out of poverty through the TANF program?

*Ms. Pavetti. Absolutely. I think that, for many families -- and it really varies by state, how much states have devoted their resources to child care, but in some places there is a long waiting list for child care, and families can't get child care to be able to go to work. And I think, without it, we are putting kids at risk, and we are making it so much harder for families to do what they want to do, which is either to go to school or to go to work to be able to provide for their families.

So, I think child care is absolutely essential, and I agree with you, that there is a desperate need for more resources to actually fund child care.

*Mr. Crowley. And would you agree that child care should be considered as part of a TANF re-authorization?

*Ms. Pavetti. Yes, because I think that it is hard to sort of imagine that you are going to put more people to work, and you don't have more funds for child care, because it just doesn't add up that you can -- you know, child care is much more costly than grants, so you can't just say instead of being on TANF they will get child care. It just doesn't work.

So, it will create a bottleneck, and it will make -- again, it will put kids at risk. Because if families feel that they have to go to work, and they don't have the adequate child care, they will piece it together, and it is the kids in the families who will be harmed by that.

*Mr. Crowley. Thank you. The child care assistance provided by TANF and other federal programs is critical. In the majority of states, including my home state of New York, child care costs an average of more than the cost of a year at college. The federal assistance provided through TANF is a tremendous help to working families, who still pay almost 60 percent of the cost of child care.

But the federal investment of child care assistance has failed to keep pace with the need and, in fact, is serving fewer children today than it did in the last decade. I have authored the Child First Act to increase the federal investment in child care, and to close this gap. I will soon be reintroducing this legislation, which will provide the funding needed to serve more than 2.6 million children over 10 years, as recommended in the President's budget. This funding is an investment in successful child care programs, yes. But also in the parents and families that they -- are trying their hardest to lift themselves out of poverty.

Now, I know some might claim we can't add new funding. But those objections didn't stand in the way when my colleagues on the other side added \$610 billion to the deficit through permanent tax cuts for businesses without being paid for. If we want to seriously help families find work and escape poverty, then we should seriously consider increasing child care funding as a part of this re-authorization.

I hope my colleagues on the subcommittee and the full committee will look at this issue very closely. I look forward to working with all of you on this, and on other areas in need of improvement, such as further improving access to vocational education and lifting barriers that block hard-working legal immigrant families from participating in these programs.

Let's take this opportunity and really improve, strengthen, and move the TANF program forward for today's families. Thank you, Mr. Chairman.

*Chairman Boustany. I thank the gentleman. His time has expired, and we will go to Mr. Smith next.

*Mr. Smith. Thank you, Mr. Chairman. The TANF program currently has four purposes, which are generally to provide help to needy families; independence on welfare through job preparation, work, and marriage; prevent unmarried births; and, four, encourage the formation and support of two-parent families. While each of these purposes touches on poverty, none explicitly sets a goal for the program to reduce poverty by promoting work, instead of simply treating the symptoms of poverty day to day.

That is why, last week, I introduced the Reducing Poverty Through Employment Act, to explicitly highlight the connection between poverty reduction and work. My bill would add a new purpose to TANF, which is to reduce poverty by increasing employment entry, retention, and advancement. The same provision is also in the larger TANF discussion draft that is the focus of the hearing today.

Mr. Brown, you talk about the importance of employment goals, and how setting these goals helps people escape poverty over the long term. Do you think adding this purpose to TANF will help others put a greater focus on employment, as well?

*Mr. Brown. Thank you for the question, Mr. Smith. Yes, I do agree with you. Both professionally and personally I have dedicated my career to helping people move out of poverty, and I think TANF is definitely an important part of that. However, what I would say is that TANF is really a small part of the solution, because most people coming off of TANF are not out of poverty.

What I would like to really look at in your language is around entry retention and advancement. I think those are key, you are correct, entry into employment, retention, and advancement. With TANF, people, when they make a certain amount of income, they go off. And a lot of times the retention and advancement is missing. And we need to dedicate more time, more resources to really working with them to help them advance, continue to move on that career pathway.

The other thing I would suggest in regard to this is education and training is a key to moving people out of poverty. So, in addition to employment and retention advancement, I would say that education and training is also a key component to getting people to really -- to family-sustaining wages. So thank you.

*Mr. Smith. Thank you very much. Thank you, Mr. Chairman.

*Chairman Boustany. The gentleman yields back. We will next go to Mr. Renacci.

*Mr. Renacci. Thank you, Mr. Chairman. Thank you for allowing me to be part of this hearing. And I want to thank the witnesses, also, for being here and your testimony.

Mr. Brown, your story about Elizabeth kind of touched home, because I was -- I had met with Stark -- or actually, Summit County Department of Jobs and Family Services, which is a large county in my district, I met with their executive director because he had indicated to me that it was very difficult to meet some of the requirements of TANF, but it is also very difficult when many of these individuals don't have their GED, and there is the education requirement.

So we know the current TANF law really requires states to engage 50 percent of adults on welfare and certain work activities, and some activities only count for certain people, or for a brief period of time. In addition, if someone works one hour less than a number required, the state gets no credit for that person's participation at all. And these were kind of the issues that he brought up to me, and that his staff brought up to me.

Last week I introduced a Preparing More Welfare Recipients for Work Act, which is folded into the larger committee discussion draft that would address this by making a number of changes, such as giving states partial credit for individuals who participate for less than the full hours required under current law; eliminating some of the restrictions on how long participation in certain activities can count toward the state requirement; and allowing participation in some educational activities to count for more individuals and for longer periods than under current law, which I think is really important, and touches somewhat your Elizabeth's story, Mr. Brown.

Do you think this added flexibility would help you better serve those families you are serving now?

*Mr. Brown. Yes, I would absolutely agree with you, that this is definitely a step in the right direction. However, what I would say also is, beyond just more flexibility, we really want to focus more on outcomes.

So, for example, if someone is in education, they are in a community college or they are in GED, we are really focusing on those education hours. So we are counting those hours, getting logs in on those hours. How important, really, is that? Really, what is important is what kind of progress are they making in that education. Are they finishing those classes? Are they getting credits? Are they getting those degrees, or completing those degrees? We really want to focus what we are doing on progress and outcomes versus process.

The other thing I would mention is that, even with that flexibility and the activities that you are asking us to do, one of the other things that that leads to is just more documentation and verification of those activities. It doesn't alleviate that concern. When 53 percent of our counselors' time is really chasing after documentation and verification of those activities, that leaves a lot less time to really be looking at what does this person need to gain self-sufficiency, to meet those employment goals.

So, really, what I would like to see is that, if you are going to ask us to report back on activities, it is more on what really matters. How are they approaching and progressing and meeting those goals?

Employment is another example. So they are out job searching. What does that really tell us, unless we know what are those leads, what employers have they actually connected with and interviewed. What employers have our counselors engaged with that can lead to employment with those folks. Just verifying hours is not helpful in meeting those families' goals.

*Mr. Renacci. Mr. Kelly, your thoughts on some of the flexibility?

*Mr. Kelly. I think, as referenced earlier, that we have seen significant improvements in the education field, based predominantly on some flexibility and the ability to create individual progress plans for people. I don't know how we can get away from that as being one of the significant steps as we move forward. So some of that flexibility, I think, is absolutely required.

I think everybody sitting at the panel has used the word "outcomes" and "accountability" in some form. So even those of us who feel as though some additional assistance is necessary or can be tinkered with one way or the other, we are all in agreement that we should run this in a highly professional, businesslike way, and you can't do that without having significant accountability steps in place.

So, we need outcome measures, clearly-defined outcome measures, but not without enough flexibility to help the individual needs of the people involved.

*Mr. Renacci. Thank you, Mr. Chairman. I yield back.

*Chairman Boustany. I thank the gentleman.

At this time I would like to take a moment to congratulate our current legislative assistant on the subcommittee, Levi Stoep. Levi is leaving us today to begin law school. And, Levi, I just want to say well done, and best of luck for the future. Thank you for the great work.

I want to thank all of you for being here today to provide testimony before the subcommittee. It has been very, very valuable in our efforts to move forward in this TANF re-authorization. I want to thank the Members for their participation and the great work in putting this legislative draft together.

I -- Members may have additional questions that come up, and we will submit those in writing. And we would ask that you try to respond within two weeks so we can get this part of the completed record.

And, with that, the subcommittee now stands adjourned.

[Whereupon, at 11:58 a.m., the subcommittee was adjourned.]

[Public Submissions For The Record](#)