Comments for the Record
United States House of Representatives
Committee on Ways and Means
Subcommittee on Human Resources

Hearing on Waiving Work Requirements in the TANF Program
Thursday, February 28, 2013, 9:00 AM

By Michael G. Bindner
Center for Fiscal Equity

Chairman Reichert and Ranking Member Doggett, thank you for the opportunity to submit comments on these issues. While this subcommittee has addressed this issue before, and will likely continue to do so until we can find a more satisfying solution to the problem of poverty in America, this topic yielded additional national attention in last Fall's campaign, due to its misuse. Hopefully, this hearing addressed rather than exacerbated the truth deficits on this issue.

As always, the Center for Fiscal Equity is available to brief the Subcommittee, individual Members and staff regarding this issue and our approach to it, which we have provided before. We await your invitation to talk.

Sadly, the Center believes that welfare reform has worked exactly as intended in far too many cases and it is only recent reforms which have mitigated the harm done to marginally skilled families. The current law is in drastic need of reform, although we do not expect the current majority to propose those reforms which would actually improve the lives of our nation's economically marginal families. Allowing the Secretary to issue waivers to force more people into dead end jobs when they are not even literate is not a step in the right direction.

We note that the Chairman referred to helping able-bodied recipients to find jobs. In this day and age, the challenge is finding able-minded ones.

The goal of using welfare reform to cut case loads and reduce budgets has led some states to cherry pick TANF participants, directing families in more need of assistance to the Social Security Disability program or other forms of assistance. This helps no one escape long term poverty. Further, lifetime benefit limits have pushed poorer women to use abortion services to preserve the economic health of their families. Poor women have been chosen to sacrifice their children for subsistence, just as ancient Israelites sacrificed their children to Baal for a good harvest. We can do better.

The work opportunities available to most TANF participants can easily be described as low wage work and, without significant resources in human development, are likely dead-end jobs. Such jobs often receive tax subsidies, such as the Earned Income Tax Credit and the payroll tax holiday. One must look askance at any programs which transfer the responsibility for providing adequate wages from the employer and the consumer to the taxpayer.

The Making Work Pay tax credit and the payroll tax holiday subsidized low wage labor where the preferred option would be a higher minimum wage, forcing employers and ultimately consumers to pay for the services they receive. Minimum wage laws, such as the one the President proposed in his State of the Union Address are necessary because they level the playing field so that employers cannot initiate a "race to the bottom" by allowing workers to compete against each other to offer ever lower wages, often leaving families in the impossible position of having to bid well below what would otherwise be a reasonable standard of living in order to survive.

Increases to minimum wages and benefits, such as mandatory sick leave are, by far, the best incentive to get people to work. Mandatory sick leave would also help the prospects of health care reform, as parents would no longer be forced to resort to emergency room care because the doctor's office is closed during working hours, thus decreasing costs for all. I recently had a hospital stay for chest pains. The lobby was full of families with children needing care for the flu who could not get it during the day or from a normal doctor.

Another area that will help make work more attractive is income support for families. Such support addresses real market failure in the employment market. It is entirely appropriate to use tax benefits to assure that all families receive a decent wage.

The United States Department of Agriculture estimates that it costs about $1,000 per month per child to provide a decent level of subsistence. The federal government could easily guarantee half of this amount using tax reform, with states providing the other half with coordinated tax benefits.

This credit would replace the earned income tax credit, the exemption for children, the current child tax credit, the mortgage interest deduction and the property tax deduction. This will lead employers to decrease base wages generally so that the average family with children and at an average income level would see no change in wage, while wages would go up for lower income families with more children and down for high income earners without children.

This shift in tax benefits is entirely paid for and it would not decrease the support provided in the tax code to the housing sector – although it would change the mix of support provided because the need for larger housing is the largest expense faced by growing families. Indeed, this reform will likely increase support for the housing sector, as there is some doubt in the community of tax analysts as to whether the home mortgage deduction impacted the purchase of housing, including second homes, by wealthier taxpayers.

One major obstacle in getting TANF recipients into the working world is the quality of skills they bring to the table. Indeed, a recent survey of the vocabulary of TANF recipients in public housing puts it below the level of the average seven year old. Not seventh grader, seven year old.

State based efforts to move TANF participants to a level of basic – or even advanced literacy – should be applauded. Indeed, provisions to not only provide remedial education to all who require it should be a mandatory part of TANF reform, not just in states that chose to.

Literacy training must also be provided to fathers if required. Indeed, to facilitate this, the restriction on benefits to intact families must be abolished. Furthermore, compensation for this training should be as rewarding as work, so participation should be compensated at the minimum wage.

In addition to the wage, participants should also receive the same Child Tax Credit as those who work, as well as the same level of health insurance, which could be offered to them as if they were employees of the education provider – thus ending the second class care they receive through the Medicaid program, as well as the need to pay benefits through large, yet underfunded, social welfare bureaucracies at the state level. Public housing should be replaced with residential training programs for both parents and children.

Program participants must be treated as adults. If they are, they can be expected to behave as such. All too often, the fiscal, welfare and immigration policy of the United States seems designed to provide a pool of low wage workers for the food service industry – from the field to the fast food counter. **While these jobs may provide some degree of upward mobility, at times they are akin to slavery**.

In the 21st Century, we can do better than that. If some products cannot be produced without what amounts to subsistence wages, than perhaps those products should not be produced at all, either at home or abroad**. It should not, indeed it must not, be the policy of the United States Government to shield consumers from paying decent wages to those who feed us.**

Establishing a decent level of income through paid remedial training, increased minimum wages and increased family support through an enhanced refundable child tax credit will also **reduce the need for poor families to resort to abortion services in the event of an unplanned pregnancy.**

Indeed, if state governments were to follow suit in increasing child tax benefits as part of coordinated tax reform, most family planning activities would be to increase, rather than prevent, pregnancy. It is my hope that this fact is not lost on the Pro-Life Community, who should score support for this plan as an essential vote in maintaining a perfect pro-life voter rating.

The Center for Fiscal Equity applauds any state which uses excess MOE credits to provide decent income and training to participants without requiring that they work in substandard jobs. We challenge those who support the current law to produce any success stories of workers who started in low wage jobs through TANF and have now entered the middle class. We expect that there are less such stories than the number of children aborted due to life-time benefit limits under this program.

Thank you again for the opportunity to present our comments. Again, we are always available to members, staff and the general public to discuss these issues.

Contact Sheet

Michael Bindner
Center for Fiscal Equity
4 Canterbury Square, Suite 302
Alexandria, Virginia 22304
571-334-6507
fiscalequity@verizon.net

Hearing on Waiving Work Requirements in the TANF Program
Thursday, February 21, 2013, 9:00 AM

All submissions must include a list of all clients, persons and/or organizations on whose behalf the witness appears:

This testimony is not submitted on behalf of any client, person or organization other than the Center itself, which is so far unfunded by any donations.