



Statement of the A Call To Invest in Our Neighborhoods (ACTION Campaign)

In Response to the Hearing on “Moving America’s Families Forward: Setting Priorities for Reducing Poverty and Expanding Opportunity”

June 6, 2016

The A Call To Invest in Our Neighborhoods (ACTION) Campaign, representing over 1,300 national, state, and local affordable housing stakeholders, urges the Ways and Means Committee to expand the Low-Income Housing Tax Credit (Housing Credit) as part of any effort to reduce poverty and expand opportunity through our nation’s tax code.

The Housing Credit is our most successful tool for encouraging private investment in the production and preservation of affordable rental housing, and a proven solution to address the shortage of affordable housing that faces every community in the U.S. For 30 years, it has been a model public-private partnership program, bringing to bear private sector resources, market forces, and state-level administration in order to give low-income families, seniors, veterans, and people with disabilities access to homes they can afford.

We urge Congress to invest in this proven affordable housing delivery system by raising the cap on Housing Credit allocation authority by at least 50 percent in any tax reform legislation.

Our Nation’s Affordable Housing Needs are Vast and Growing

More than one in four renter households in the U.S. – roughly 11 million– spend more than half of their monthly income on rent, leaving too little for other necessities like food, medical care, and transportation. According to the Urban Institute, not a single county in the United States has nearly enough affordable apartments for all of its extremely low-income renters, and only one in four eligible low-income households receives any housing assistance.

Meanwhile, we continue to lose affordable housing from our nation’s stock. Nearly 13 percent of the nation’s supply of low-income housing has been permanently lost over the past 15 years. Over the next decade, the demand for affordable housing will become even greater as over 400,000 new households enter the rental housing market each year, many of whom will be low-income. According to a recent study by Harvard University’s Joint Center for Housing Studies and Enterprise Community Partners, the number of renter households who pay more than half of their income towards rent could grow to nearly 15 million by 2025.

Affordable Housing Improves Lives and Contributes to Local Economies

Affordable housing promotes financial stability and economic mobility. It leads to better health outcomes, improves children’s school performance, and helps low-income individuals gain employment and keep their jobs. It also provides a financial return on our nation’s investment through increased tax revenue and job generation.

Families living in Housing Credit-financed homes have more discretionary income than low-income



families who are unable to access affordable housing. This allows them to allocate more money to other needs, such as health care and food, and gives them the ability to pay down debt, access childcare, and save for education, a home down payment, retirement, or unexpected needs.

Affordable housing located near transportation and areas with employment opportunities provides low-income households with better access to work, which increases their financial stability and provides employers in those areas with needed labor.

In addition to the many benefits affordable housing provides to residents, affordable housing also has a significant positive impact on local economies, providing tax revenue and jobs in the construction, real estate and related industries. Affordable housing can also play a key role in revitalizing distressed communities.

The Housing Credit is a Proven Solution to Address the Crisis, but Resources are Limited

The Housing Credit is our nation's most successful tool for encouraging private investment in the production and preservation of affordable rental housing production. It has financed nearly 3 million affordable apartments since 1986, providing homes to roughly 6.5 million low-income households since then, while transferring risk from the government to the private sector.

Moreover, the market for Housing Credits is extremely healthy. In 2015, investors paid an average of 97 cents per dollar of Credit, according to the *Journal of Tax Credits*. This high pricing means more equity is available for the production and preservation of affordable rental housing.

Despite the growing need for affordable housing, viable and sorely needed Housing Credit developments are turned down each year because the cap on Housing Credit authority is far too low to support the demand. In 2013 – the most recent year for which data is available – state Housing Credit allocating agencies received applications requesting more than three times their available Housing Credit authority. Many more potential applications for worthy developments are not submitted in light of the intense competition, constrained only by the lack of resources.

The scarcity of Housing Credit resources forces state allocating agencies to make difficult trade-offs between directing their extremely limited Housing Credit resources to preservation or new construction, to rural versus urban areas, to neighborhood revitalization or developments in high opportunity areas, or to housing for the homeless, the elderly, or veterans. There simply is not enough Housing Credit authority to fund all of the properties needed, but with a substantial increase in resources, many more of these priorities would be addressed.

Congress Should Expand Housing Credit Authority by at Least 50 Percent

Though the need for Housing Credit-financed housing has long vastly exceeded its supply, Congress has not increased Housing Credit authority in 16 years. To make a meaningful dent in the affordable housing supply gap, we urge Congress to increase the cap on Housing Credit authority by at least 50 percent. Such an expansion would support the preservation and construction of 350,000 to 400,000 additional affordable apartments over a ten-year period. There is ample developer and investor appetite for Housing Credits to support such an increase.



We also encourage Congress to give states the discretion to convert a portion of their private activity bond volume cap to Housing Credit authority. This would allow states greater flexibility in their use of existing resources and could meaningfully supplement a cap increase.

Expanding the Housing Credit is a natural extension of the bipartisan support for this program from the Ways and Means Committee. Legislation to strengthen the Housing Credit (H.R. 1142) by establishing permanent minimum credit rates has the support of 28 Ways and Means Committee members – 16 Republicans and 12 Democrats – in addition to 58 other members of the House.

As Congress considers a pro-growth agenda that does not shy away from tough problems like poverty, we strongly urge Congress to increase Housing Credit authority. For the millions of families paying more than half of their income towards housing – choosing between paying the rent or their medical bills, making repairs to their cars, or enrolling in job training classes – an expansion of the Housing Credit cannot come soon enough.

ACTION Co-Chairs

National Council of State Housing Agencies
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Council of Affordable and Rural Housing
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For a full list of ACTION Campaign members, visit www.rentalhousingaction.org.

Testimony Submitted for the Record

On behalf of

Catholic Charities USA,

before the

House Committee on Ways and Means

***“Moving America’s Families Forward: Setting Priorities for
Reducing Poverty and Expanding Opportunity”***

May 24, 2016

Introduction

Catholic Charities USA (CCUSA) is grateful for this opportunity to provide testimony for the hearing “Moving America’s Families Forward: Setting Priorities for Reducing Poverty and Expanding Opportunity” with the House Ways and Means Committee.

As a Catholic community, we believe that each person has an inherent dignity and that caring for one’s neighbor honors God. These views are rooted in our faith and tradition, and they animate our work which includes promoting the common welfare, advocating for justice in social structures, and serving all people in need regardless of background or religion. The CCUSA network, through its 177 agencies and affiliates, served more than 8.7 million people in need in 2014 (our most recent figures). These agencies provide help and create hope through their services offered at more than 2,630 sites in 49 states, the District of Columbia, and five US territories.

Our network provides services that address a full spectrum of individual and community needs, ranging from clothing and shelter to the development of life skills like financial literacy and healthy living habits. Each Catholic Charities agency is unique – offering a set of services and programs that are tailored to the needs of its local community. Across the network, more than 334,000 staff, volunteers, and board members carry out ministries that include at least 30 domains of service grouped into five primary pillars of need: education, family economic security, health, housing, and hunger. Cutting across these domains of well-being, we also focus on a number of vulnerable populations such as children, seniors, pregnant women, victims of domestic violence, prisoners and ex-offenders, refugees and immigrants, and all those who are marginalized within society.

In 2014 Catholic Charities agencies helped prepare and place more than 18,000 people in full-time jobs, 72% of whom earned above minimum wage. At the same time, the agencies also helped more than 58,000 low-income workers access the Earned Income Tax Credit, returning approximately \$140 million to working families.¹ In addition, CCUSA was able to leverage an additional \$1.70 in private funds beyond every government dollar they receive and provided an additional \$193 million in volunteer services.² These are just some of the most tangible examples of savings that Catholic Charities services provide to society at large, but the return to families and communities in terms of preventing homelessness, educating children, counseling the mentally ill, and providing nutritious food should not be underestimated.

Reducing Poverty and Expanding Opportunity:

To properly orient our national efforts to address poverty and expand opportunity we must first ground such efforts in the fundamental need to place people front and center in our efforts to address poverty. Catholic social teaching places the human person at the center of development. This means that we first seek to understand that all persons are deserving of honor and respect, who have inherent rights and

¹ Based on national average EITC return value of \$2,400. Internal Revenue Service (14 January 2014), <https://www.eitc.irs.gov/EITC-Central/eitcstats>.

² Using rate of \$23.56 per volunteer hour, based on latest figure from 2015 Bureau of Labor Statistics data, indexed by Independent Sector (April 2016), https://www.independentsector.org/volunteer_time.

responsibilities. At the same time, we also understand that each individual is part of a community of persons, which has its own rights and responsibilities. Such a human centered approach to poverty is fundamentally necessary as it allows us to reject those solutions which serve to destroy human life and dignity but is also necessary so that we properly prioritize and weigh solutions being proposed. If the fundamental goal of an effort is simply to find ways to save money, then it is likely to fail to address poverty. Likewise, if the fundamental goal is merely to protect the status quo, such efforts will also fail. Instead the focus needs to remain on the dignity of the human person and how can we best achieve a society in which every human person can live in accordance with their dignity and realize their full potential.

Here are some of the ways in which we believe a human centered anti-poverty effort can better inform poverty programs and policies:

- 1) Engage with local social service providers and beneficiaries:** In federal poverty discussions solutions for addressing poverty are too often driven by and limited to the political, financial and academic interests and experiences rather than the day to day experiences of those serving communities in need and those individuals and families living in poverty. A purely top-down solution-oriented anti-poverty program too often fails to engage those living the reality of poverty and fail to take into account the innovative solutions and problem solving that are the daily experience of social service providers and people living in poverty. Through localized engagement, policies can better respond to specific challenges as well as better humanize the response. Encountering the poor where they are is not only a moral imperative but also good policy. Such engagement allows policy makers to not only better understand the problems and the solutions needed but also allows policy makers to address these concerns in a more respectful manner.
- 2) Create greater flexibility for client-centered service delivery:** One of the biggest challenges facing our national anti-poverty efforts is ensuring funds and programs align with the widely diverse needs of different individuals and communities.

The first step in providing greater responsiveness to our systems is to distinguish between programs which serve as a “net” for fundamental human needs during times of short and long-term economic crises versus those designed to return and improve individuals and families ability to support themselves. Social safety nets such as SNAP provide important countercyclical and responsive resources for individuals to meet their fundamental nutrition needs without the uncertainty that accompanies annual appropriations processes. However, there is still opportunity to improve the effectiveness of other safety net programs to help individuals achieve greater economic security.

A key means for achieving success in addressing poverty programs is to reform anti-poverty programs to break down the fiscal silos which drive services and move towards a more client and human-focused means of service by providing individuals and families with a case management system of service delivery. Case management allows trained professional social workers to meet the individuals in need where they are and find holistic solutions. Such a service delivery model has the flexibility to tailor services to the needs of the individual rather

than being forced to provide services based on what is being funded. It also has the ability to recognize the assets that each person possesses and leverage those assets in order to allow the individual to better support themselves and their community. Catholic Charities agencies are actively engaged in providing and testing case management social service programs at the local level. Using or leveraging private resources, these agencies are able to holistically address the needs of a person in poverty rather than letting financial programming drive services.

- 3) Measuring and paying for successful outcomes:** One of the key aspects of improving the response to poverty is to identify programs that work and scale-up these programs to meet the needs of the larger community. Current pay-for-performance programs present opportunities, yet more work needs to be done to better understand how accurate a performance measurement is to a specific social service program. In this effort, CCUSA partners with the University of Notre Dame's Wilson Sheehan Lab for Economic Opportunities (LEO) to match top researchers with passionate leaders in social service agencies to conduct impact evaluations that identify the innovative, effective and scalable programs and policies that help people move permanently out of poverty. LEO is currently working with Catholic Charities programs to help structure impact evaluations on topics including WIC, homeless prevention, and medical respite for homeless individuals, comprehensive case management, senior housing, and community college persistence. The CCUSA network offers the infrastructure to take successful programs to scale through our national scope. The recent passage of the Evidence-Based Policymaking Commission Act is a first step in what we hope to be a fundamental shift in our Nation's ability to measure and respond to poverty.

- 4) Improving the public private partnership in providing care for those in need:** Catholic Charities and other faith-based organizations play a vital role in supporting our nation's collective efforts to serve those in need. This partnership allows the government not only to support community-driven efforts which understand local needs and concerns but also allows faith-based organizations to leverage volunteer and charity in support of government programs. Support of the charitable tax deduction and respecting the unique contribution and mission that drives faith-based and other charitable organizations efforts allows civil society to play a robust role in identifying needs and meeting those needs in a responsible, caring and effective manner.

Conclusion

While this testimony focuses on the more holistic means for addressing poverty and expanding opportunity, there are a number of bipartisan and effective ideas which would make an immediate contribution to improving our efforts to address poverty. Expansion of the Earned Income Tax Credit to childless workers is one example of a bipartisan reform that could make a substantial contribution to addressing poverty. Likewise, providing flexible grants to help families on the brink of financial crisis avoid falling deeper into poverty by allowing flexible use of funds to address things that are often a one-time payment – such as a broken car or disconnected telephone. Also, finding new and innovative ways to promote financial literacy and asset development, addressing the marriage penalty, improving the effectiveness of mental health programs and access to affordable health care and identifying and addressing the systemic causes of poverty will all make important contributions to addressing poverty and expanding opportunity.

CCUSA brings a unique perspective to these challenges as our agencies see the daily face of poverty and have worked tirelessly to expand opportunities and ideas for addressing poverty . We therefore urge members to put aside divisions and focus on ways we can all work together to address the needs of the poor and vulnerable. Let us ensure that all people are able to live in accordance with their inherent dignity.



Statement before the House Ways and Means Committee
On “Moving America’s Families Forward: Setting Priorities for Reducing Poverty
and Expanding Opportunity”

Going Backward on Work

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A major cause of poverty is simply that few poor adults, either men or women, work regularly. The welfare reform of the late 1990s caused millions of welfare mothers to leave welfare for work, both reducing the rolls by two-thirds and making most of the leavers better off. As work levels among poor mothers soared, poverty among children and minorities plunged to the lowest levels in history. It was the nation's greatest victory over working-aged poverty since poverty first became a national issue in the 1960s.

Success came mainly because many more welfare mothers than formerly were required to work as a condition of aid. Equally important, work meant actual employment rather than going into education training. Conditionality and work first, as these policies became known, were legislated by the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996. They were embodied in the new Temporary Assistance for Needy Families (TANF) program. Under the older Aid to Families with Dependent Children (AFDC) program, demands to work and take available jobs had been far weaker.

But despite this success, criticism of TANF has recently mushroomed, and some have suggested that reform should be reversed. There is in fact no sound reason for doing that. The best way to raise work levels among the poor is to maintain and improve the reform we have—and extend it to poor men. To do that will require more, not less, commitment to good government.

Controversy over Welfare Reform

The new policies were the doing largely of conservative leaders and thinkers, and they have remained controversial on the left. Liberal experts and advocates also wanted more poor adults to work, but most preferred to promote employment without enforcing it, and they favored allowing recipients to enter training or education, the better to get higher-paying jobs later, rather making them take existing, lower-paid positions right away. Those were the policies that had failed to raise work levels or reduce dependency in the past, which was why PRWORA rejected them. But most liberals stood by them.

For years after PRWORA, the evident success of reform deterred criticism. But recently, shortcomings in the implementation of TANF have surfaced, and critics have seized on these to launch a more general attack on conditionality and work first. Unless answered, this movement could reverse welfare reform and take the nation back to the less demanding policies that failed prior to PRWORA. The true way forward is to address the problems in TANF while maintaining conditionality and work first. Further progress requires improving and extending the reform we have, rather than abandoning it.

Conditionality

Some who oppose conditionality believe that welfare recipients often fail to work only because opportunity is unavailable to them. Either jobs are absent or mothers lack the child care needed to work. Belief that these or other “barriers” actually prevent work were largely discredited by the ability of millions of former welfare mothers to go to work in the decade after PRWORA, not to mention the ability of 11 million illegal aliens to find work without apparent difficulty.

The Great Recession of 2007-9 and its aftermath, however, raised the unemployment rate to 10 percent. For critics of reform, that revived the idea that jobs might actually be lacking for the low-skilled.

In response, Congress's stimulus legislation (the American Recover and Reinvestment Act, or ARRA) of 2009 funded state welfare agencies to create around 250,000 subsidized jobs, and jobless workers eagerly took them. Today, however, with unemployment rates down to 5 percent, there is scant reason to think that jobs are unavailable. A related belief is that, even if jobs are available, many poor mothers have mental and physical problems that prevent them working, even if they are not impaired enough to qualify for disability coverage.

More important, however, to the liberal critique of reform has been the "detached" mothers. About 40 percent of the mothers who left welfare during reform did not go to work. This left them without apparent means of support, and many liberal observers believe they suffer hardship. In the recent *\$2 a Day*, Kathryn Edin and Luke Schaefer argued that as many as 1.5 million households are effectively destitute for lack of cash income, because they cannot obtain either welfare or work. While that number is overstated, some poor families clearly have been denied cash aid because some local welfare departments have made it too difficult even to apply for TANF. That has fed an impression that cash aid for families has totally disappeared, forcing some to live only on the Supplemental Nutrition Assistance Program (SNAP, or food stamps) or on charity. In fact, over 4 million people still live on TANF.

Critics of reform focus on hardship cases who today are denied cash aid or decline to seek it but who before reform would have received it. TANF supports a far smaller proportion of poor families, they note, than AFDC used to do. The detached mothers, however, are many fewer in number than the millions who left AFDC due to reform, went to work, and emerged better off. To restore aid without work for all eligible mothers would help the hardship cases but would also tempt many of the more employable mothers to give up jobs for welfare and become worse off. The abandonment of work for welfare helped drive the initial explosion of the AFDC rolls in the 1960s and 1970s, when welfare first became a major issue. America should not go down that road again.

Critics conclude that welfare reform was a mistake. Family aid should once again be an entitlement—given out on the basis of need alone, rather than conditioned on work. Some go further, suggesting that housing aid become an entitlement given to all eligibles as it is not now, also without work requirements (Matthew Desmond), or that there might be a universal basic income given to everyone as a matter of right (Richard Reeves). This would take the country back to the idea of a guaranteed annual income that liberal economists developed in the 1960s and 1970s, although it was never adopted. Only in the 1980s did the movement to reform welfare with work get serious.

Work First

The traditional argument against work first was that, if welfare mothers did not go to school to improve their skills prior to working, they might get off welfare but they could never get jobs good enough to escape poverty. But with the current availability of SNAP, the Earned Income Tax Credit (EITC), and some other benefits to supplement low earnings, that case has weakened. Today, in virtually every state, working at available jobs and claiming remaining benefits yields an income above the official poverty line and well above TANF and SNAP alone.

A more recent argument is that globalization is increasing the demands of even low-paid jobs. Thus poor adults must improve their skills or become unemployable. This case is vastly overstated. The high-tech economy puts pressure mainly on middle-class jobs that are technical or administrative in character. These are the positions that are easiest to replace with computers or web sites—or export to cheaper labor overseas. There is also well-paid skilled labor, such as in the craft professions. For some of these skilled positions, jobs currently go begging. But most of the low-skilled jobs that poor adults can do are below the level affected by globalization. Serving food at fast-food franchises or cleaning hotel rooms does not demand educational credentials and cannot be done abroad. These are the jobs that unskilled immigrants find readily available. Why should welfare recipients not also take them?

The De Blasio administration in New York City has embraced the globalization argument. The welfare department has given up requiring most welfare mothers to look for work and instead instructed its employment contractors to emphasize education and training. But the result will likely be simply that more mothers stay on welfare longer than they did under work first. This policy effectively means that recipient need not take low-skilled jobs, which will instead be done largely by immigrants, many of them illegal.

This argument has found its way into national policy discussions as well. In Congress, the House Ways and Means Committee last summer produced a draft bill to reauthorize TANF that eliminated the preference that PRWORA had given to work first over education and training. States would have been free to assign recipients to activities without favoring actual work or job search, the way they did prior to PRWORA. After strong conservative protests, that bill was shelved.

Longer-Term Evidence

Some answers to the critics of TANF are already suggested above. Conditionality and work first also have longer-term evidence and experience behind them. Since the welfare rolls first burgeoned in the 1960s, government failed to get welfare mothers to go to work on a voluntary basis. Simply to provide child care or work incentives produced next to no movement off the rolls. Then in the 1980s, a series of highly authoritative evaluations of welfare work programs established that these programs had to require participation to increase job entries. Very simply, the more these programs demanded that recipients enter the program and go to work, the more did so.

This also was the message I heard from administrators in welfare work programs when I researched these programs in the 1980s and 1990s. Staffs told me that whether welfare mothers went to work was not due principally to their skills or the labor market. Rather the program's authority was key. If the mothers were expected to work as a condition of aid, then more would do so. Economic conditions were secondary. Analyses of program data confirmed that the share of clients who went to work was due mainly to the share whom the program obligated to participate actively in the program. Work programs must facilitate employment by providing child care and other supports—but they must also enforce work.

That has proven true in good economic times and bad. Researchers generally credit the booming economy of the late 1990s as well as the EITC with helping to move most of the TANF caseload from welfare to work. But since a good economy in the late 1980s had no similar effect, TANF's new ability to

enforce work was crucial to breaking the mold of the old welfare. To *require* work was the key change that convinced most recipients that demands for work had to be taken seriously.

At the same time, education and training as a strategy for reducing welfare had also failed. Many recipients who were sent back to school or training did not even finish these assignments, let alone take jobs. If the goal was employment, one had to demand it more directly. By the mid 1990s, evaluations established that work programs that demanded actual employment in available jobs generated larger gains in employment and earnings than programs that stressed education and training, and this edge was sustained even five years after the programs. Training can still play a role, but only if it is short-term and aimed at existing jobs.

Advocates of a return to training say that these evaluations are twenty years old and hence out of date. But there is no later evidence of equal rigor to suggest that work first is mistaken. Like a return to entitlement, to send more recipients to school rather than work would likely repeat the disappointments of the past.

Problems in TANF

Opposition to conditionality and work first has arisen initially, not because the evidence has changed, but because of problems in the implementation of TANF. The “detached” mothers have become an issue in part because some states have made TANF benefits too hard to get. They do this by requiring that mothers who are eligible on an income basis look too long for jobs up front before they can even apply for benefits. Or applicants have to provide too much paperwork. Carried to extremes, these policies effectively close the door to aid.

Restrictive policies can leave families that are currently destitute out in the cold. That is contrary to the intent of TANF. PRWORA in 1996 opposed families living on welfare indefinitely without work, as was then common. But TANF still assumed that aid would be available to needy families in the short term. Had it been, the hardship cases that critics make much of would have been far less numerous.

To prevent hardship, there is no need to go back to entitlement, which would simply mean less work and higher welfare rolls. Rather, federal administrators should ensure that state welfare agencies allow application for TANF without unreasonable prerequisites. Local welfare departments should also reach out to families that leave TANF without work to be sure they are coping. It is easy to do this, because most recipients who leave TANF still receive SNAP, whose rolls are now much larger than TANF’s. Using SNAP data, it is easy to locate former TANF families and check up on them.

TANF can provide cash aid to such cases without immediately requiring that they work. Under TANF rules, a state is required to have only half of its cases active in work activities, not all of them, and various exemptions have limited the actual level required to around 30 percent. States also may exempt up to 20 percent of their cases from the work test entirely. And cases are supposed to work within two years, not necessarily at once. Those that struggle to work can be given less demanding assignments until their situation improves. This approach avoids restoring entitlement for the much larger number of cases who can work, thus avoiding a return to high cash welfare rolls.

Another shortcoming is that few TANF programs today run serious employment programs. Under federal rules prior to PRWORA, states had to develop work programs to place recipients in jobs, and they had to involve minimum shares of recipients in these programs. TANF, however, does not require that they maintain these programs, and so in most states they have atrophied.

Under TANF, states are no longer rewarded by placing recipients in jobs. Most meet the work participation standard, rather, by counting as employed the many recipients who get their own jobs and work part-time while still on TANF. Some states even put working mothers on the rolls for small grants just so they can get this credit. States are also rewarded for keeping caseloads down. Any reduction of caseloads below the levels in 2005 counts against a state's work participation norm. That is one more motivation to make applications for aid difficult and to shorten time limits.

The solution is to revive serious welfare work programs. Change TANF to require that states develop and optimize these programs, as they did prior to PRWORA. That would enable welfare to get somewhat better jobs for its recipients than they can get on their own, thus reducing resistance to work first. These programs could also allow some training, since only about two-thirds of the activity TANF requires (30 hours a week) must be closely work-related. Work first need not mean work only.

A further problem is that TANF provides no dedicated funding for work programs, or for administration in general. States get a federal block grant that they may use for broadly defined purposes. They may divert funds from serving TANF recipients to serve other low-income populations. Many states have done this, often to fund child welfare services, and that partially explains the implementation problems that TANF shows today. Limit the diversion, and earmark some funds for administration and work programs. TANF will become better run, both reducing hardship and ushering more recipients into worthwhile jobs.

Work programs could also provide some jobs through government, thus answering the objection that some welfare mothers are too impaired to work, even if they are not clearly disabled. Placing recipients in such positions actually strengthens the work test, by showing them that employment cannot be avoided. Many mothers placed in these positions will then quickly obtain better-paying jobs in the private sector, or leave aid entirely.

The leading problems with TANF can be solved if it is simply implemented as first intended. Federal administrators should disallow undue up front requirements to apply for aid, and limited legislative changes are needed to restore work programs and limit funds transfers. There is no need to reject conditionality or work first in the thoroughgoing way that critics propose today.

Beyond TANF.

Controversial as TANF still is, it is no longer the main challenge in national social policy. Past welfare reform directly affected mainly welfare mothers and their children receiving cash aid. A remaining challenge is to establish more meaningful work programs in other aid programs that now lack these—notably SNAP and housing. Both levy only very minimal work expectations now, and these are seldom enforced. Better rules might well be administered through the same work programs that should be

revived in TANF. The requirements might well be less demanding than those in TANF, but still more definite than now.

A larger challenge is to raise work levels among poor men, few of whom work consistently. These men are often the former spouses of welfare mothers and the fathers of their children. But they seldom receive welfare directly and so cannot be reached, as in TANF, by work requirements attached to these benefits. Rather, work tests for them should be based on the institutions to which they often are subject—child support enforcement and criminal justice. Many poor men are obliged to work to pay child support to their former families, on pain of going to jail. Similarly, many are ex-offenders, and those who leave prison on parole are obliged to work in most states, on pain of returning to prison.

Building on those requirements, a men's version of welfare reform has begun to emerge. Many states and localities have established work programs for men as part of local child support or criminal justice operations. The programs aim to place the men in jobs and help keep them there, the better to avoid the penalties they would incur by not working. In a survey in 2009-10, nearly half of states had such programs in child support, nearly two thirds in criminal justice. Ninety percent of the child support work programs were mandatory, in the sense that men referred to them had to show up and participate or face sanctions. In criminal justice, only a quarter of the programs themselves were mandatory, yet the overall structure was still mandatory because parole officers could require work as a condition of parole.

Studies to date suggest that men's work programs should observe the same fundamentals as in welfare reform—conditionality and work first. Participation must be enforced, and men must seek and take available jobs in preference to training. Voluntary work programs aimed at poor men have usually had difficulty attracting participants, and most of the men they serve are unlikely to profit from training programs until they have a steadier work history.

Men's programs must also provide practical assistance. They should include case managers to enforce participation, help arrange other benefits, and assist the men to find and keep jobs. Jobs must be guaranteed in some form to men in the programs, because some of the men—particularly ex-offenders—are less able to find private employers than are welfare mothers. About a third of nonworking poor men say inability to find a job is the main reason they are not employed. A combination of "help and hassle" is essential to make work programs effective, as welfare work programs already showed.

While some evaluations of men's work programs are encouraging, the programs require further development before they could be implemented more widely. To that end, the federal government recently funded several demonstrations of programs designed to provide jobs to low-income men and other needy groups. The projects include the Department of Labor's Enhanced Transitional Jobs Demonstration (ETJD), the Department of Health and Human Services's Subsidized and Transitional Employment Demonstration (STED), and the Administration for Children and Families's Child Support Noncustodial Parent Employment Demonstration (CSPED). Each project includes several local programs, and all programs will receive experimental evaluations.

The value of this research, however, is much reduced by the fact that, except for one program in CSPED, all the programs tested in these demonstrations are voluntary. That is, they must persuade the

clients assigned to them to show up. They cannot require them to. The administration is not even testing mandatory programs against voluntary ones, even though it has been clear even since working-aged poverty became a problem that whether to require work was a central issue. Mandatory work programs dominated welfare reform, for good reasons. They also dominate men's work programs in child support, while criminal justice work programs are divided. The current demonstrations have next to nothing to say about this central question.

The officials who planned the projects say they never considered even testing a mandatory structure. The immediate reason appears to be that all the new programs are modeled on the ARRA job creation effort, in which all the programs were voluntary. But in the background were probably these features of liberal social policy thinking, all of them deeply seated:

- A tendency to attribute non employment to lack of opportunity rather than insufficient motivation to work. This implies that jobs created by government need not be enforced for the jobless to take them.
- An aversion to enforcing any change in behavior on the poor, whose problems are attributed chiefly to adverse social conditions rather than personal lifestyle.
- The tendency among economists to understand social programs in terms of the benefits and incentives they generate, downplaying the key roles of administration and authority.

The social policy debate, one planner said, had “moved on” from enforcement, and now the focus was only on how to guarantee jobs. What this really represents is a return to the past—to the benefit-oriented programming of the 1960s and 1970s whose failure led to the more directive policies adopted in welfare reform and in most men's work programs to date.

Optimizing Programs

The history also demonstrates that solving the work problem, among both men and women, required continual effort. The success of PRWOA promoted the idea that welfare reform need only be done once. Get it right, and the welfare problem is solved once and for all. The subsequent problems in TANF make clear, however, that reform has to be ongoing. Over time government learns more about the programs it already has, not only from formal evaluations but simply from what operators find works well or poorly “on the ground.” Conditions also change, and government also attempts new programs. By all these routes knowledge accumulates, and the best model for a given task becomes clearer. The current policies favoring conditionality and work first reflect just this sort of convergence. The critics of TANF cannot yet claim any comparable consensus.

In Europe, welfare reform effort has been far more persistent than here. Many Americans think that only they have reformed welfare, that Europe remains a land of entitlement where the employable can live on welfare indefinitely without working. But this is false. Most European countries have considerably stiffened work tests in their benefit programs in recent decades, although the focus has been mostly on the unemployed and youth, rather than on single mothers as in the United States. European reform has also gone through several phases, each one stiffening conditionality and work first demands more than the last. Administrative arrangements have also changed, with many countries merging different work programs or assigning them to different levels of government.

Frustration with this kind of effort is no doubt one reason for the recent criticism of welfare reform. The left claims to be pro-government, but—like the right—it has limited patience for the statecraft needed to make welfare work. Liberals are tempted just to throw money at social problems and hope they will go away, just as some conservatives would prefer just to abolish welfare entirely. Neither side relishes improving administration, even though that is what solving the work problem really requires. Not more or less government, but better government, is the key to raising work levels at the bottom of society. And that in turn is the key to improving lives for poor families and the whole society.