

Highlights of Senate Finance Hearing - March 8, 1995

WR - Senate
Hearings

MEMBERS PRESENT

REPUBLICAN: Chrm. Packwood, Dole, Chaff, Grassley, Simpson, D'Amato, Nickles (four Senators absent)

DEMOCRAT: Moynihan, Baucus, Bradley, Pryor, Rockefeller, Breaux, Conrad, Graham, Moseley-Braun (100 percent attendance)

OPENING STATEMENTS

Sen. Packwood said this is the first of nine hearings on welfare reform. He said the question of individual entitlement v. block grant in the philosophical keystone of welfare reform.

Sen. Moynihan called the House welfare reform legislation draconian. He said their vote to repeal title IV-A and JOBS is an incoherent action. He hopes the Senate will perform its constitutional role in thinking about what will happen under this legislation.

Sen. Dole said the first concern must be the well-being of children, who are victims, not instigators. Citing out-of-wedlock birthrates, he said he wants to work with governors to assist states and hopes for a cooperative, nonpartisan effort. He added that child support enforcement program was initiated in the Finance Committee with the federal income tax refund offset years ago.

Sen. Rockefeller said we need to get beyond the "false promise of time limits." He is concerned about families in rural areas where there are no jobs and no transportation. He said welfare reform should not punish children because that would in effect punish all of us.

Sen. Grassley said governors and state legislatures are willing to be innovative, but are stymied by the federal law and have to come on bended knee for waivers. He said states should have maximum discretion.

Sen. Chafee agreed that the federal requirements are overly burdensome, but said federal regs exist for a reason. States sometimes have fallen down on the job. He called foster care a disaster. He asked the governors to focus on three questions: (1) What are inefficiencies and barriers to innovation? (2) How would things be different if we remove barriers? (3) Would fewer federal requirements really produce cash savings.

Sen. Breaux said that since December, we have lost the sense that

welfare reform should be about work, rather than focusing on illegitimacy. He described the block grant proposal as putting welfare problems in a box and shipping it to the states. He is working with Sen. Hank Brown on a proposal to privatize job placement, for example issuing vouchers that recipients could use to enter programs like America Works.

Sen. Graham recalled the new federalism discussion during the Reagan Administration. He said President Reagan saw welfare as a federal function. He said welfare reform is likely to require an initial investment to realize long-term savings. He said he is concerned about the House bill.

Sen. Nickles said his staff counted 336 welfare programs, including 154 federal job training programs. He is excited about turning them over to the states. He said states took used gimmicks to cause phenomenal growth in Medicaid spending, and that cannot continue. He called EITC another exploding program that we cannot afford to continue.

TESTIMONY

Governors Dean and Thompson said NGA was able to agree on the parameters of the problem and that the welfare system is broken, but was not able to agree on the question of entitlements v. block grants. They outlined certain principles that ought to apply under either scenario. Both governors were careful to distinguish between NGA positions and their own personal views.

Gov. Thompson said emphatically that waivers are not the way to go. He said he came to Washington on bended knee in order to be granted a total of 179 waivers under three Administrations.

Gov. Dean said children in different states should be treated similarly. He believes there is a middle course (between entitlements and block grants) that will protect children.

DISCUSSION

Sen. Packwood asked for an example of an acceptable national standard. Gov. Thompson said requiring children to go to school would be one. Gov. Dean said the federal government has an interest in children and that federal deficit reduction will put tremendous financial pressure on states. He said he does not object to federal standards as long as they are not unfunded mandates.

Sen. Moynihan said that if governors settle for block grants, the grants will only go down. He added that "quantitative change leads to qualitative change." For example, the out-of-wedlock birth rate in St. Louis in 1950 (?) was 6.7 percent. Now it is 69 percent.

Sen. Chafee asked whether national standards are antithesis of flexibility. He noted that state foster care programs are not well-run and said that states asking for complete flexibility without some maintenance of effort would be pressing the Congress pretty far.

Sen. Rockefeller noted that WI and VT have low unemployment rates and good average incomes. He recalled his experience as Governor during the recession in the early 80s and asked what happens to poor children during next recession if programs are block granted.

Gov. Thompson referred to Sen. Kassebaum's proposal to swap programs. He would jump that the chance to do that, but said Sen. Kassebaum backed away from her own proposal due to the cost. Gov. Dean said he would oppose the Kassebaum bill because he has nightmares about the federal government running Medicare and Medicaid.

Sen. Pryor said we need to address unpaid child support. Both governors agreed that this should be a major federal function. Gov. Thompson said IRS should be used. Sen. Conrad also expressed shock at the number of deadbeat dads, even in North Dakota. Sen. Moseley-Braun was delighted to hear about the importance of fathering and that welfare reform was not just a war on women.

Both Governors and several Senators were critical of the 1115 waiver process. Gov. Thompson said he wanted "Work not Welfare" to be statewide, but was limited to two counties. Sen. D'Amato, referring to a New York application, asked whether we can liberate states from this horrible process of delay. Gov. Dean suggested that once a single state receives a waiver, other states should be permitted to receive similar waivers. Gov. Thompson and Sen. Breaux added that even President Clinton agreed that the waiver system must go. Sen. Moynihan referred to a culture in HHS that assumes governors don't mean any good. (In an aside, he said it took 15 years for the Welfare Measurement Act to get enacted and blamed the delay on unnamed House Committee staff. He said the Clinton Administration had hired the individuals.)