

Testimony for:
Hearings on Transitional Assistance, Work,
and the Role of the States in Welfare Reform,
and Financing Issues

Subcommittee on Human Resources,
Committee on Ways and Means
U.S. House of Representatives
Honorable Harold E. Ford, Chairman

by:
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Wellesley College
Wellesley, MA

August 9, 1994

Chairman Ford and members of the Subcommittee on Human Resources of the Committee on Ways and Means, I would like to thank you for inviting me here today to talk about welfare reform.

There is a strong belief in the value of work among Americans of all races and income levels. Further, as women have entered the labor market in significant numbers in recent decades, there has been a growing expectation that women will work in the paid labor force in addition to the unpaid work they have always done in the home. Many women have welcomed the opportunity to earn their own money and the independence that comes with it.

The problem lies in providing low-income women, particularly those with few skills, with work opportunities that will truly make them independent and that will give them the financial resources to care for their families according to accepted standards of decency. Most women on welfare are single parents with low earnings potential and without the advantage of a second income in the household to supplement their own. Further, while women in general have made gains in earnings over time, the earnings of women at the low end of the income distribution have deteriorated in recent years.¹ Thus, not only is it difficult to provide poor women with work opportunities that can lead to economic independence, it has become harder over time.

It is for this reason that various legislative efforts have moved in the direction of providing additional support to women who leave welfare for work. Without the availability of health care, child care and various income supplements--such as the Earned Income Tax Credit (EITC)--a low-skilled woman who is the sole support of her family would not be able to maintain her family according to accepted standards of decency with her earnings alone. For example, cost-of-living studies have found that a minimally sufficient family budget for a working single mother with two children and child care expenses would require at least \$9.00 per hour, which is considerably more than most welfare recipients can expect to earn.²

Probably the most contentious issues, however, is not the desirability of work or even the lowness of wages but the availability of work that will make it possible to truly become independent, even with all the supports and transitional benefits that are being proposed. Some have argued that there are simply not enough jobs of any kind to support a large infusion of poor women into the labor market. Others argue that jobs are there and that the economy can expand to accommodate large numbers of new workers. When we throw in a two-year time limit, finding out who is right or wrong becomes a very risky experiment, risky for the women involved and administratively risky as well.

In my view, the ability of the economy to absorb large numbers of poor women will vary greatly from place to place. While the President's bill includes many provisions to give the states flexibility in designing welfare-employment programs, ultimately

¹. For example, see Rebecca Blank, "Outlook for the U.S. Labor Market and Prospects for Low-Wage Entry Jobs" and Gary Burtless, "The Employment Prospects of Welfare Recipients." Papers prepared for the Urban Institute Conference, "Self-Sufficiency and the Low-Wage Labor Market: A Reality Check for Welfare Reform," Washington, D.C., 1994.

². Lawrence N. Bailis and Lynn C. Burbridge, Report on Cost of Living and AFDC Need and Payment Standard Options, prepared for The State of New Hampshire Committee for SB 153, 1991; Suzanne Helburn and John Morris, "Welfare Reform and the Adequacy of the Poverty Budget," in Proceedings from the First Annual Women's Policy Research Conference, Washington, DC: Institute for Women's Policy Research, 1989.

some states and jurisdictions will have greater difficulty in providing jobs for welfare recipients within this limit than others. Thus, a welfare recipient's ability to meet the requirements put on her by this legislation may depend, somewhat arbitrarily, on where she lives.

A second problem is not just the availability of jobs but the nature of these jobs.³ I have argued in the past that it is the instability of the work facing many welfare recipients that may be a bigger barrier than the number of jobs or the earnings from them.⁴ Many of these women may find jobs, but they are often part-time and temporary. In addition, low-paying firms turnover frequently or experience down periods when hours are reduced or staff is temporarily laid off. Thus, the stream of earnings is often erratic. While the current EITC can compensate for this in the long run, month-to-month fluctuations in earnings are still an extreme hardship for women who are living on the edge of subsistence.

There may be ways of adjusting for these month-to-month changes. Results from the New Hope Project in Milwaukee, for example, may provide some insights into how much of an issue this may be and the administrative costs in designing a system that will make it possible to smooth over jumps and fluctuations in income that are expected to occur. In the meantime, however, a single, low-income woman in the labor market may find her life, and those of her children, cycling between feast and famine, with only the possibility of settling accounts at year's end with the EITC.

Finally, I would like to share with the subcommittee results from some of my own research which may shed some light on this subject and that also suggests important racial differences in employment.⁵ As I noted earlier, there has been a tremendous growth in the employment of women throughout the U.S. economy. I examined historical trends in employment by race and sex in three sectors: the government sector, the for-profit sector, and the third sector. I defined the third sector as made up of those workers in a variety of human service industries who are not government workers; for example, non-governmental health care workers, non-governmental welfare workers and so on. Those in the for-profit sector are non-governmental workers in the rest of the economy; for example, in manufacturing, retail trade and so on. (See attached tables for a listing of the industries designated as third sector and for-profit industries.)

Overall, women benefitted greatly from the growth in government (federal, state, and local) and growth in the third sector. The expansion of services meant more jobs for women of all races. African American women and American Indian women have been particularly reliant on government and third sector employment, however. I have presented data for 1990 for administrative support

³. For example, see Heidi I. Hartmann and Roberta Spalter-Roth, "The Real Employment Opportunities of Women Participating in AFDC: What the Market Can Provide," in Women and Welfare Reform: Women's Poverty, Women's Opportunities, and Women's Welfare, Conference Proceedings, Washington, D.C.: Institute for Women's Policy Research, 1993.

⁴. Lynn C. Burbridge, "Welfare in a World of Income Instability," in Women and Welfare Reform: Women's Poverty, Women's Opportunities, and Women's Welfare, Conference Proceedings, Washington, D.C.: Institute for Women's Policy Research, 1993.

⁵. Lynn C. Burbridge, Government, For-profit, and Third Sector Employment: Differences by Race and Sex, 1950 to 1990, Center for Research on Women Special Report CRW-8, Wellesley, MA: Center for Research on Women, Wellesley College, 1994.

(e.g. clerical and secretarial) and service workers. These are the fields that most welfare recipients can go into. (See Table 2.)

Fully 60 percent of African American women who are service workers are in government and the third sector. Fifty percent of American Indian women who are service workers are in these two sectors. Between 33-39 percent of white, Asian, and Hispanic women who are service workers rely on these two sectors.

The same pattern is found for administrative support workers, although less dramatic. A little more than 50 percent of black and American Indian women who are administrative support workers are in government and the third sector. From 33 to 38 percent of other women are in these two sectors.

What this suggests is that African American and American Indian women have had more difficulty finding employment in the for-profit sector than have other women. It is important to remember that the for-profit sector (as defined in this research) provides more than 70 percent of all jobs in the economy and 64 - 66 percent of all administrative support and service jobs.

My research has not progressed to the point of sorting through the reasons for these differences. Nevertheless, the implications for welfare reform are clear. While government and third sector firms have been important employers of welfare recipients in the past, there are reasons to believe that employment growth will not continue as it has in the past. Governments at all levels are reducing their payrolls, as are many non-profit human service agencies. The one exception is the health care industry which is projected to expand, although not without serious attempts by government to contain growth in that industry as well.

Keeping this in mind, I worry about welfare reform measures that will require large numbers of women to find permanent long term jobs that do not take into account racial differences in where women have traditionally found jobs. It should be noted, that these racial differences persist in other occupations as well and have shown no sign of diminishing over time. It is extremely important to take a long term view of changes that are occurring in the labor market and how that may affect the opportunity structures available to women who are currently on welfare or who are vulnerable to welfare receipt in the future.

It is my feeling that the long period of growth in the human services is coming to an end and that the for-profit sector will continue to be the primary employer of men and women of all skill levels. Differential access to this sector may produce differential success in leaving welfare. Whether this does occur, however, depends on a variety of factors: how quickly welfare reform measures are implemented, how many women will enter the labor market as a result of these measures, and how individual firms and employers respond to this infusion of new workers.

I think it is extremely important that any new legislation consider the implications of these differential employment patterns. Once legislation is passed, I think it will be extremely important to track program results, particularly the kinds of job placements that are made. Finally, I think it is extremely important to obtain the input and assistance of those on the community level. They often have a much clearer picture of the labor market and of how it operates for different workers.

Table 1. Third Sector and For-profit Industries, 1990

<u>Third Sector Industries</u> (Non-governmental workers classified as third sector)	<u>For-Profit Industries</u> (Non-governmental workers classified as for-profit)
Hospitals	Agriculture, forestry and fisheries
Convalescent institutions	Mining
Health services	Construction
Legal services	Manufacturing
Elementary and secondary schools	Transportation, communications, and other public utilities
Colleges and universities	Wholesale and retail trade
Libraries	Finance, insurance and real estate
Educational services	Business and repair services
Child day care services	Personal services
Family child care homes	Entertainment and recreation services
Noncommercial educational and rehabilitation services	Offices of physicians
Job training and vocational rehabilitation services	Offices of dentists
Not specified educational services	Offices of chiropractors
Museums, art galleries, and zoos	Offices of optometrists
Religious organizations	Offices of health practitioners
Welfare services	Engineering and architectural services
Residential welfare facilities	Accounting, auditing, and bookkeeping services
Nonprofit membership organizations	Business, trade and vocational schools
Labor unions	Management and public relations services
Miscellaneous professional and related services	

Table 2. Distribution of Administrative Support and Service Workers Among Sectors by Race and Sex, 1990

	<u>Administrative Support</u>	<u>Service Workers</u>
<u>FEMALES</u>		
<u>American Indian</u>		
Government	36.9	22.9
For-Profit	50.8	50.6
Third Sector	12.3	26.5
<u>Asian</u>		
Government	20.6	11.3
For-Profit	66.6	67.2
Third Sector	12.9	21.6
<u>Black</u>		
Government	33.4	20.9
For-Profit	51.5	40.5
Third Sector	15.1	38.6
<u>Hispanic</u>		
Government	23.2	13.0
For-Profit	61.7	62.9
Third Sector	15.1	24.1
<u>White</u>		
Government	17.3	11.0
For-Profit	67.0	61.4
Third Sector	15.7	27.6
<u>MALES</u>		
<u>American Indian</u>		
Government	39.2	26.8
For-Profit	54.4	61.6
Third Sector	6.4	11.6
<u>Asian</u>		
Government	29.3	8.5
For-profit	61.9	82.2
Third Sector	8.8	9.3
<u>Black</u>		
Government	34.3	19.8
For-Profit	58.3	63.8
Third Sector	7.4	16.4
<u>Hispanic</u>		
Government	21.6	9.4
For-Profit	72.8	81.8
Third Sector	5.6	8.9
<u>White</u>		
Government	23.9	13.0
For-Profit	69.9	74.2
Third Sector	6.2	12.8
<u>Total</u>		
Government	21.0	13.3
For-Profit	65.6	64.0
Third Sector	13.4	22.7

Note: Data for wage and salary workers in the labor market. Data for service workers exclude private household workers and protective service workers.

CLINTON WELFARE BILL SHOULD BE ENACTED

Testimony
Richard P. Nathan
Subcommittee on Human Resources
U.S. House Committee on Ways and Means

August 9, 1994

As a veteran of welfare reform debates going back 25 years to when a Republican President for whom I worked (Nixon in his first term) tried to climb this mountain, I have thought long and hard about the Clinton welfare reform proposal (H.R. 4605), the Work and Responsibility Act of 1994. If I could wave a magic wand and have the Clinton bill enacted as written, I would do so. I remember well the hard issues we wrestled with to design Nixon's Family Assistance Plan, which was not enacted. It had its flaws. No reform bill in the hotbox of welfare policy can fully satisfy people like myself who make our living as policy analysts. Nor is every provision of the Clinton bill just what personally I would like. Nevertheless, on balance, and taking into account the arguments below about how crucial it will be to implement this new program effectively, I would be pleased to see the Congress adopt the Clinton bill. The fear of course is that in the cauldron of welfare emotionalism the bill will be changed in ways that would be harmful to the poor, especially poor children. This is a dangerous time for social policy. Still, if you could adopt the Clinton plan as written, I would say do it. It represents a sensible middle ground that in many ways builds intelligently on existing law.

In the usual way, the Clinton welfare reform bill and the statements made about it overpromise. If this legislation is passed, the federal government must avoid what has happened too often in the past in this field;

we promise the sun and we deliver sun spots. The JOBS title of the 1988 Family Support Act is an illustration of this implementation gap. The Family Support Act passed in 1988 is a balanced law that aids the states in adopting policies to get welfare families heads into the regular labor force. But based on research we have done at the Rockefeller Institute of Government, the funding for this law has been too limited, and the work done to implement it has gone slowly.¹

Economists have a concept in theory called signalling. The idea is that what we tell people makes a difference in their economic behavior. In the case of welfare policy, we have been signalling like crazy for years now, but we have not made enough of a difference. Our signal has been that you should not have a child until you can support that child, that you shouldn't live a life of dependency on the state, and that children born to very young single mothers are likely to have a hard time of it. Almost every welfare plan I can remember - left, right, and center - has signalled (indeed preached) that work is better than welfare, that families should be self supporting, and that both parents of a child should be part of this self-support system. We have in fact shouted this to the rooftops. And yet illegitimacy rises (not just among the poor of course) and welfare roles are up. Many people exit welfare quickly, but the big cost and the big problem is the long stayers. This group overrepresents teenagers who have children out of wedlock and lead a life of welfare.

Everyone who knows about this field knows that in promising jobs after two years the Clinton bill sends a strong signal that presents lots of problems as to whether we can really do this. I credit the framers of the

Clinton bill for their phasing in of this requirement, although even with the phase-in, the goals sought are tremendously ambitious.

Why then do I say we should pass the bill?

My experience and my research suggest five points that lead me to this conclusion:

1. As a member of board of the Manpower Demonstration Research Corporation, I have closely studied MDRC reports that show that work/welfare programs work - not well enough in many places, but that they do work. It would be desirable to do demonstration research on the effects of time limits on welfare. However, that takes time. If there is no welfare reform legislation this year, I think this kind of research should be pushed, but even under the best of conditions it will not produce results that this Congress or the next can consider.

2. At the Brookings Institution and Princeton University, we conducted a national implementation study of the CETA public service jobs program in the late seventies. Contrary to what everyone remembers (CETA is remembered as a big flop), the CETA public service employment program worked pretty well. In its early days, reasonably job-ready people did useful work in the community. Hugh Price, the new president and chief executive officer of the National Urban League, has urged a new public service jobs program to deal with low-level public infrastructure needs, of which we have many. The bill before you ties in well with his proposals.

3. My third reason for saying go ahead even though big challenges are raised by the Clinton proposal is that there is money in it. It provides critically needed additional money to the states to make their JOBS programs work.

4 The fourth reason for my conclusion involves management. As a student of implementation in government, I have observed that we learn a lot of things by doing them. Yes, we should plan more carefully and take management factors into account in doing so. Some of this was done in writing the Clinton welfare bill. But the fact remains that it bites off a huge chunk, and that there will need to be a lot of adjustments along the way if we are serious about this stronger signalling strategy for welfare. Still, I conclude we need to make a more substantial commitment to job creation for welfare family heads, both for people already on the rolls and as a signal to other young people that the government won't just support you forever on welfare if you have a baby you can't support.

5 The final reason for my conclusion involves the importance of jobs as the best route out of welfare. This is the approach New York State is taking now under social services commissioner Michael J. Dowling. The New York program is called "Jobs First." At a recent hearing in New York City on this approach, an employer in the Bronx who hires welfare family heads in a home health-care program said he didn't like to hire women who have cycled through one training program after another. He called them "training junkies," and said many of them are just playing the system. Education for skills and training are the right answer for many welfare family heads, but I think we have gone too far in this direction in the past decade. Training is not the answer for many welfare family heads.

+ + + + + + + + +

These five points reflect my reasoning as to why the Clinton bill should be enacted. It is ambitious and tends to be oversold. But what else

is new? In my view the bill represents as good a balance as we are likely to get now. If there is an opening this year to put the knotty welfare issue behind us by enacting this bill in the 103rd Congress, I hope you will do it.

If a full-scale welfare bill cannot be enacted this year, I hope consideration will be given to a two-step approach. By that I mean enacting some changes now to aid and push the states in implementing the JOBS program, holding off until the 104th Congress to debate more fundamental changes. The Clinton bill recommends \$2.8 billion over five years in additional funding for the JOBS program. It also provides \$4.2 billion for child care, \$1.5 billion of this amount for the working poor. There is another \$300 million for pregnancy prevention, plus \$600 million to strengthen child support enforcement. If half of this funding could be authorized now - \$4 billion divided among these several purposes - it would help the states beef up their JOBS programs and related services in order to build a better base for the kinds of more far-reaching changes sought in the form of time limits and the institution of a President Clinton's proposed WORK program.

Richard F. Nathan is director of the Rockefeller Institute of Government and provost of the Rockefeller College of Public Affairs and Policy, the State University of New York. He is also chairman of the board of the Manpower Demonstration Research Corporation. This testimony does not represent the views of either the Rockefeller Institute or the Manpower Demonstration Research Corporation. It states the author's position.

NOTES

1. Irene Lurie and Jan L. Hagen, *Implementing Jobs: The Initial Design and Structure of Local Programs*, The Nelson A. Rockefeller Institute of Government, State University of New York, 1993.



TRANSMITTAL

TO: MARY JO BANE
DAVID ELLWOOD
BRUCE REED
EMILY BROMBERG
WENDELL PRIMUS
KATHY WAY
SUSAN BROPHY
PAUL CAREY
JANET MURGUIA
ISABELL SAWHILL
JEREMY BEN-AMI
AVIS LAVELLE
MELISSA SKOLFIELD
JOHN MONAHAN

FROM: HHS/ASL STAFF (Jim Hickman 690-7627)

DATE: July 28, 1994

SUBJECT: Written Testimony Submitted by Witnesses at the Ways and Means Human Resources Subcommittee Hearing on July 27, 1994

LIST OF WITNESSES TO APPEAR BEFORE
SUBCOMMITTEE ON HUMAN RESOURCES
COMMITTEE ON WAYS AND MEANS
ON WELFARE REFORM

WEDNESDAY, JULY 27, 1994 - BEGINNING AT 10:00 A.M.

ROOM B-318 RAYBURN HOUSE OFFICE BUILDING

The Honorable Robert T. Matsui, M.C., California,
on H.R. 4767, the Family Self-Sufficiency Act of 1994

Panel:

The Honorable Andy Jacobs, Jr., M.C., Indiana
The Honorable Barbara B. Kennelly, M.C., Connecticut
The Honorable Richard E. Neal, M.C., Massachusetts

Panel on H.R. 4767, the Family Self-Sufficiency Act of 1994:

The Honorable George Miller, M.C., California
The Honorable Ron Wyden, M.C., Oregon
The Honorable James E. Clyburn, M.C., South Carolina

Panel on H.R. 3500, the Responsibility and Empowerment Support
Program Providing Employment, Child Care and Training Act:

The Honorable Newt Gingrich, M.C., Georgia, and Republican Whip
The Honorable Rick Santorum, M.C., Pennsylvania
The Honorable E. Clay Shaw, Jr., M.C., Florida
The Honorable Tom DeLay, M.C., Texas
The Honorable Michael N. Castle, M.C., Delaware

Panel on H.R. 4414, the Independence for Families Act of 1994:
Mainstream Forum:

The Honorable Dave McCurdy, M.C., Oklahoma
The Honorable L.F. Payne, M.C., Virginia
The Honorable Jill D. Long, M.C., Indiana

Panel on H.R. 4498, Job Start for America Act of 1994:

The Honorable Patsy T. Mink, M.C., Hawaii
The Honorable Major R. Owens, M.C., New York
The Honorable Donald M. Payne, M.C., New Jersey
The Honorable Jolene Unsoeld, M.C., Washington

(MORE)

Panel on H.R. 4570, Child Support Responsibility Act of 1994:

Congressional Caucus for Women's Issues

The Honorable Patricia Schroeder, M.C., Colorado, Co-Chair
The Honorable Olympia Snowe, M.C., Maine, Co-Chair
The Honorable Marge Roukema, M.C., New Jersey
The Honorable Louise M. Slaughter, M.C., New York
The Honorable Nita M. Lowey, M.C., New York

Panel on H.R. 455, Microenterprise and Asset Development Act and
H.R. 456 Individual Development Account Demonstration Act:

The Honorable Cardiss Collins, M.C., Illinois
The Honorable Tony P. Hall, M.C., Ohio

Panel on H.R. 4318 Working Off Welfare Act of 1994 and H.R. 4051,
Secure Assurance for Families Everywhere (SAFE) Act:

The Honorable Lynn C. Woolsey, M.C., California
The Honorable Ralph Regula, M.C., Ohio

Panel on H.R. 4566, the Real Welfare Reform Act:

The Honorable James M. Talent, M.C., Missouri
The Honorable Y. Tim Hutchinson, M.C., Arizona

Freshman Democratic Class, Welfare Reform Task Force:

The Honorable Eva M. Clayton, M.C., North Carolina, Co-Chair
The Honorable Bobby L. Rush, M.C., Illinois, Co-Chair

The Honorable Bill Richardson, M.C., New Mexico, and Chairman,
Subcommittee on Native American Affairs, Committee on Natural
Resources

The Honorable Jan Meyers, M.C., Kansas

The Honorable Floyd H. Flake, M.C., New York

(MORE)

The Honorable Barbara-Rose Collins, M.C., Michigan

The Honorable Bill Orton, M.C., Utah

The Honorable Ed Pastor, M.C., Arizona

The Honorable Maxine Waters, M.C., California

The Honorable Peter W. Barca, M.C., Wisconsin

The Honorable Xavier Becerra, M.C., California

The Honorable Eric Fingerhut, M.C., Ohio

The Honorable Tillie K. Fowler, M.C., Florida

The Honorable Robert Menendez, M.C., New Jersey

The Honorable Nydia M. Velázquez, M.C., New York

THIS HEARING WILL CONTINUE ON THURSDAY, JULY 28, 1994, BEGINNING AT 10:00 A.M., IN ROOM B-318 RAYBURN HOUSE OFFICE BUILDING, AND WILL FOCUS ON PARENTAL RESPONSIBILITY, INCLUDING ESTABLISHMENT OF PATERNITY AND CHILD SUPPORT ENFORCEMENT.

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Panel on H.R. 4316 Working Off Welfare Act of 1994 and H.R. 4051,
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FOR IMMEDIATE RELEASE
MONDAY, JULY 18, 1994

PRESS RELEASE #19
SUBCOMMITTEE ON HUMAN RESOURCES
COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
1102 LONGWORTH HOUSE OFFICE BLDG.
WASHINGTON, D.C. 20515
TELEPHONE: (202) 225-1721

**THE HONORABLE HAROLD E. FORD (D., TENN.),
CHAIRMAN, SUBCOMMITTEE ON HUMAN RESOURCES,
COMMITTEE ON WAYS AND MEANS,
U.S. HOUSE OF REPRESENTATIVES,
ANNOUNCES A FOUR-DAY SERIES OF HEARINGS ON
WELFARE REFORM**

The Honorable Harold E. Ford (D., Tenn.), Chairman, Subcommittee on Human Resources, Committee on Ways and Means, U.S. House of Representatives, today announced that the Subcommittee will hold a four-day series of hearings on selected welfare reform topics. The series will begin on Tuesday, July 26, 1994, and will run through Friday, July 29, 1994. Each hearing will begin at 10:00 a.m. in room B-318 of the Rayburn House Office Building. The scope of each hearing, and other details, are described below.

The Subcommittee may not be able to accommodate all requests to be heard. As described below, in lieu of a personal appearance, written statements may be submitted for the printed record of the hearing. Additional hearings on welfare reform are planned.

SCOPE OF THE HEARINGS:

(1) Administration Walk-Through of H.R. 4605

On Tuesday, July 26th, Dr. Mary Jo Bane and Dr. David Ellwood, Co-chairs of the Administration's Welfare Reform Working Group, will present the details of President Clinton's welfare reform proposal, H.R. 4605, the Work and Responsibility Act of 1994. Drs. Bane and Ellwood will be the only witnesses to appear at this hearing.

(2) Hearing on Parental Responsibility

On Wednesday, July 27th, the Subcommittee will receive testimony on the provisions of H.R. 4605 relating to the establishment of paternity and child support enforcement. At this hearing, the Subcommittee will hear from a limited number of invited and public witnesses.

(3) Hearing on Early Childbearing

At the hearing on Thursday, July 28th, witnesses will describe the causes and consequences of early childbearing, and will comment on the provisions of H.R. 4605 that are designed to prevent early childbearing. The Subcommittee will hear from a limited number of invited and public witnesses.

(4) Testimony from Members of Congress

The hearing on Friday, July 29th, will be a two-part hearing. During the first part of this hearing, from 10:00 a.m. until approximately 1:00 p.m., the Subcommittee will receive testimony from a sponsor of each of the following welfare reform bills: (a) H.R. 4767, the Family Self-Sufficiency Act of 1994; (b) H.R. 3500, the Responsibility and Empowerment Support Program Providing Employment, Child Care and Training Act; and (c) H.R. 4414, the Independence for Families Act of 1994.

During the second part of the hearing, beginning at 2:00 p.m., the Subcommittee will receive testimony from Members of Congress on H.R. 4605 or other welfare reform initiatives, including those relating to child support enforcement.

(MORE)

DETAILS FOR SUBMISSION OF REQUESTS TO BE HEARD:

Individuals and organizations interested in presenting oral testimony before the Subcommittee must submit their requests to be heard by telephone to Harriett Lawler, Diane Kirkland, or Karen Ponzurick [(202) 225-1721] no later than close of business Thursday, July 21, 1994, to be followed by a formal written request to Janice Mays, Chief Counsel and Staff Director, Committee on Ways and Means, U.S. House of Representatives, 1102 Longworth House Office Building, Washington, D.C. 20515. The Subcommittee staff will notify by telephone those scheduled to appear as soon as possible after the filing deadline. Any questions concerning a scheduled appearance should be directed to the Subcommittee staff [(202) 225-1025].

It is urged that persons and organizations having a common position make every effort to designate one spokesperson to represent them in order for the Committee to hear as many points of view as possible. Time for oral presentations will be strictly limited with the understanding that a more detailed statement may be included in the printed record of the hearings. (See formatting requirements below.) In addition, witnesses may be grouped as panelists with strict time limitations for each panelist.

In order to assure the most productive use of the limited amount of time available to question hearing witnesses, all witnesses scheduled to appear before the Committee are requested to submit 200 copies of their prepared statements to the Committee office, room B-317 Rayburn House Office Building, at least 24 hours in advance of their scheduled appearance. Failure to comply with this requirement may result in the witness being denied the opportunity to testify in person.

WRITTEN STATEMENTS IN LIEU OF PERSONAL APPEARANCE:

Persons submitting written statements for the printed record of the hearing should submit at least six (6) copies of their statements by close of business, Tuesday, August 9, 1994, to Janice Mays, Chief Counsel and Staff Director, Committee on Ways and Means, U.S. House of Representatives, 1102 Longworth House Office Building, Washington, D.C. 20515. If those filing written statements for the record of the printed hearing wish to have their statements distributed to the press and the interested public, they may provide 200 additional copies for this purpose to the Subcommittee office, room B-317 Rayburn House Office Building, before the hearing begins.

FORMATTING REQUIREMENTS:

Each statement presented for printing to the Committee by a witness, any written statement or exhibit submitted for the printed record or any written comments in response to a request for written comments must conform to the guidelines listed below. Any statement or exhibit not in compliance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

1. All statements and any accompanying exhibits for printing must be typed in single space on legal-size paper and may not exceed a total of 10 pages.
2. Copies of whole documents submitted as exhibit material will not be accepted for printing. Instead, exhibit material should be referenced and quoted or paraphrased. All exhibit material not meeting these specifications will be maintained in the Committee files for review and use by the Committee.
3. Statements must contain the name and capacity in which the witness will appear or, for written comments, the name and capacity of the person submitting the statement, as well as any clients or persons, or any organization for whom the witness appears or for whom the statement is submitted.
4. A supplemental sheet must accompany each statement listing the name, full address, a telephone number where the witness or the designated representative may be reached and a topical outline or summary of the comments and recommendations in the full statement. This supplemental sheet will not be included in the printed record.

The above restrictions and limitations apply only to material being submitted for printing. Statements and exhibits or supplementary material submitted solely for distribution to the Members, the press and the public during the course of a public hearing may be submitted in other forms.

OPENING STATEMENT
REP. RON WYDEN

BEFORE THE WAYS AND MEANS SUBCOMMITTEE ON
HUMAN RESOURCES

1994 WELFARE REFORM PROPOSALS

July 27, 1994

Mr. Chairman, I wish to add my voice to those of my friends Bob Matsui, George Miller, James Clyburn, and others in support of decent quality child care for the working poor.

Without significant improvement in current child care services in this country, we are left with the unwholesome spectre of millions of women moving on and off welfare in interminable fashion as their inadequate child support systems fail. Frankly, I am concerned that the absence of dependable child care services could become the Achilles heel of our reform effort.

The Small Business Subcommittee that I chair recently held hearings on problems both employees and employers face in identifying or establishing child care services. In many communities, there simply is no identifiable support system to nurture child care services and to direct working poor families to them. Workers and their companies pay for that vacuum in the form of lost hours, lost productivity and, in some cases, lost jobs.

To allow poor families to break out of the cycle of poverty, welfare reform must include additional resources for child care:

It must increase financial assistance to the working poor.

It must make improvements to transitional child care.

It must require family counseling and additional consumer information about the availability of child care.

It must enhance our ability to have a "seamless" child care system that focuses on quality as well as availability and cost.

These improvements become even more important as we consider the kinds of increased strains welfare reform will place on an already over-burdened, under-funded and quality-questionable system.

Here's how I see the breakdown of needs:

- * The emergence of many more single-parent households, and households in which both parents hold full-time jobs, has placed a terrific strain on an already over-burdened child care system.

The Census Bureau found that 36 percent of dual-employed, married couples had both parents working full-time day shifts. There were about 500,000 such couples in which both parents work full-time, in non-day-shift jobs. Their options for work can include evening or weekend hours, the times most difficult to secure child care.

Parents struggling to get off the welfare rolls sometimes have limited child care choices. Increasingly, parents are forced to accept less-than-ideal, unlicensed child care services, or place their children in licensed care facilities that are unsafe, unsanitary and chronically under-monitored by state agencies charged with protecting children's health and welfare. Parents lose their jobs when children get sick, and parents are forced to stay home to care for them.

- * A place must be found for kids who are part of the approximately 4.5 million American households on Aid to Families with Dependent Children. These families may represent an additional 9 million children who will require full-time or part-time care when welfare reform is enacted.

The transitional care benefit under the Family Support Act of 1988 provides one year of child care reimbursement for people who recently left the AFDC program for a job or for training likely to result in a job. A limited number of states provide the transition care benefit to 20 percent or more of eligible families. But the level of support barely scratches the surface of need.

- * Transitional care helps welfare parents receive training and begin their jobs. However, although approximately 5 million families receive AFDC benefits, only about 230,000 receive AFDC child care in any given month.

Many states are not publicizing the program because they cannot afford the cost of full participation. Some critics charge that states are responding to their budget problems by limiting access to AFDC child care and reneging on the guarantees of child care in the 1988 Act. Families struggling toward self-sufficiency are finding that the door to important information is being slammed shut. We need to ensure that families on AFDC receive appropriate counseling and information about the availability of child care options so that parents' work or training do not occur at the child's expense.

Finally, Mr. Chairman, our goal should be a seamless system that includes financial support and quality control to protect our kids.

At our hearing, the Inspector General of the Department of Health and Human Services reported that many child care centers have serious health and safety problems such as inoperable toilets, blocked fire exits, and access to toxic chemicals.

The General Accounting Office reported that states are cutting the budgets of agencies charged with the licensing and inspection of day care centers. According to testimony before our subcommittee, this has quite literally become a life-or-death matter.

None of us is under the illusion that additional support for decent quality child care comes free-of-charge. I believe the draft of the Administration's reform plan circulated earlier this year...and that has since been cut significantly...gave us a good idea about what some of these costs might be.

But I ask you to consider the alternative. What will happen to the next generation of welfare family children if we fail to make these investments, now?

Mr. Chairman, that question deserves a full and detailed discussion. Thank you for this opportunity.

FOR IMMEDIATE RELEASE
THURSDAY, JULY 21, 1994

PRESS RELEASE #19-REVISED
SUBCOMMITTEE ON HUMAN RESOURCES
COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
1102 LONGWORTH HOUSE OFFICE BLDG.
WASHINGTON, D.C. 20515
TELEPHONE: (202) 225-1721

THE HONORABLE HAROLD E. FORD (D., TENN.),
CHAIRMAN, SUBCOMMITTEE ON HUMAN RESOURCES,
COMMITTEE ON WAYS AND MEANS,
U.S. HOUSE OF REPRESENTATIVES,
ANNOUNCES A REVISED SCHEDULE FOR THE FOUR-DAY SERIES OF
HEARINGS ON WELFARE REFORM

The Honorable Harold E. Ford (D., Tenn.), Chairman, Subcommittee on Human Resources, Committee on Ways and Means, U.S. House of Representatives, today announced a revised schedule for the Subcommittee's four-day series of hearings on selected welfare reform topics. As previously announced, the series will begin on Tuesday, July 26, 1994, and will run through Friday, July 29, 1994. Each hearing will begin at 10:00 a.m. in room B-318 of the Rayburn House Office Building. The scope of each hearing, and other details, are described below.

The Subcommittee may not be able to accommodate all requests to be heard. As described below, in lieu of a personal appearance, written statements may be submitted for the printed record of the hearing. Additional hearings on welfare reform could be announced later.

SCOPE OF THE HEARINGS:

(1) Administration Walk-Through of H.R. 4605

On Tuesday, July 26th, Dr. Mary Jo Bane and Dr. David Ellwood, Co-chairs of the Administration's Welfare Reform Working Group, will present the details of President Clinton's welfare reform proposal, H.R. 4605, the Work and Responsibility Act of 1994. Drs. Bane and Ellwood will be the only witnesses to appear at this hearing.

(2) Testimony from Members of Congress

At the hearing on Wednesday, July 27th, the Subcommittee will receive testimony from sponsors of each of the following welfare reform bills: (a) H.R. 4767, the Family Self-Sufficiency Act of 1994, introduced by Congressman Matsui, et al; (b) H.R. 3500, the Responsibility and Empowerment Support Program Providing Employment, Child Care and Training Act, introduced by Congressman Michel, et al; and (c) H.R. 4414, the Independence for Families Act of 1994, introduced by Congressman McCurdy, et al.

As the schedule allows, the Subcommittee also will receive testimony from Members of Congress on H.R. 4605 or other welfare reform initiatives, including those relating to child support enforcement.

(3) Hearing on Parental Responsibility

On Thursday, July 28th, the Subcommittee will receive testimony on the provisions of H.R. 4605 relating to the establishment of paternity and child support enforcement. At this hearing, the Subcommittee will hear from a limited number of invited and public witnesses.

(MORE)

(4) Hearing on Early Childbearing

At the hearing on Friday, July 29th, witnesses will describe the causes and consequences of early childbearing, and will comment on the provisions of H.R. 4605 that are designed to prevent early childbearing. The Subcommittee will hear from a limited number of invited and public witnesses.

As previously announced, the final date for submitting requests to be heard at these hearings is the close of business Thursday, July 21, 1994. All other details for the hearings remain the same. (See Press Release #19, dated July 18, 1994.)

STATEMENT OF THE HONORABLE JAN MEYERS (KS - 3)

Before the Subcommittee on Human Resources
Committee on Ways and Means

Hearings on Welfare Reform

July 27, 1994

Mr. Chairman, thank you for allowing me to testify before the Ways and Means Human Resources Subcommittee today on welfare reform. It is a pleasure to be here, and I believe there is no more pressing issue before Congress than welfare reform.

If our current illegitimacy rates continue unabated, by the year 2000, 80% of minority children, and 40% of all children in this country will be born out of wedlock. This crisis has severe economic and societal costs associated with it, which will bankrupt our nation if not checked. In 1992, the federal government sent \$34 billion to never-married, teenage mothers through the Aid to Families with Dependent Children, Food Stamps, Medicaid, and housing--the major entitlement programs to help low-income children and their families. If the entire AFDC caseload were considered, the cost would be closer to \$70 billion.

In 1988, the last time Congress "reformed" welfare, supporters claimed that the real cost of reform would only be \$3 billion because so many would get off the welfare rolls. Instead, what was supposed to cost \$3 billion--actually cost \$13 billion--and less than 1% of the welfare population is working. Worse than the wasted money was the effect on lives. People flooded onto the rolls. In 1988, proponents said we would not have 5 million families on welfare until 1998. We reached that number in early 1993, and are closer to 6 million currently.

Indeed, since the War on Poverty began in 1965, America has spent \$4 trillion dollars only to see more and more children born into poverty. Yet we know that if a young adult finishes high school, gets married, and reaches age 20 before having a child--the chances of that family living in poverty is only 8%. If that same young person fails to do any or all of these things, chances that a child will be born into poverty is 79%.

My bill, H.R. 1293, The Welfare and Teenage Pregnancy Reduction Act, freezes only one of the major entitlements--AFDC. It would send this money to the state in block grants, giving them maximum flexibility to devise programs to help those on AFDC, or assist them in getting off the welfare rolls. The existing federal bureaucracy which hampers innovative state programs would be dismantled.

In my bill, there are only two federal mandates: 1) no AFDC monthly grant unless both parents are 18 years of age; and 2) no AFDC (at any age) unless the father is legally identified. Both mandates are prospective, and would begin within a year of enactment of the bill.

Under H.R. 1293, the federal government would save \$6-8 billion over 5 years. But just as important, the states collectively would save \$5 to \$6.5 billion since AFDC is 55% federally funded and 45% state funded. With this money freed up at the state level, the states could develop targeted work and training programs that would be more effective than a "one size fits all" training and daycare program run at the federal level. What works in New Jersey may not meet Kansas' needs.

We must change the direction of our welfare programs. If it costs more money, it's not welfare reform--it's welfare expansion. The time has come to reverse our course, and begin to spend less, but we must back off in a slow and compassionate manner. Welfare should be short-term help over a difficult time in life. Instead, it has become an incentive to join the welfare system, and a long-term way of life.

It is not enough to provide programs to get people off welfare. We must stop attracting them into the system. Once a teenager has one or two children, statistically she will remain on the roles for at least ten years or more. That means a life of guaranteed poverty.

As you consider changes to our current welfare system, I again want to point out, and hope you will all keep in mind: If welfare "reform" costs more money, it's not "reform," it's welfare expansion. We have kept the cruel trap of welfare dependency attracting our poor for too long.

I urge you to support meaningful welfare reform now, before we pull in any more young people and condemn them to a life of poverty.

TESTIMONY OF
U.S. REP. PETER W. BARCA (D-WI)
BEFORE THE
WAYS AND MEANS SUBCOMMITTEE ON HUMAN RESOURCES
JULY 27, 1994

Mr. Chairman and members of the subcommittee, I want to thank you for providing us with an opportunity to share our views on changes to welfare programs.

Reforming welfare should be one of our top priorities this year. The current system is clearly not accomplishing the goals of providing a temporary safety net to those who need it while ensuring that the ultimate goal of our welfare programs -- economic independence -- is met.

Welfare has changed from being a temporary safety net to becoming a way of life for too many in society. Studies show that 65 percent of AFDC recipients are on the program for more than eight years, although many of these recipients do leave AFDC within two years and later return to the program.

It is clear that welfare ought to involve responsibility on the recipient's part, through more work requirements for recipients and enforcement and collection of child support payments for absentee parents.

Over the last three years alone, the number of recipients on AFDC has increased 30 percent to 14 million people. Nearly \$23 billion was spent on welfare last year. While a weakened economy bears some of the blame for this swelling of the roles, a rise in out-of-wedlock births has also contributed.

The goal which we should attain is for recipients who are able-bodied to succeed in the work force. And they can, given the proper training, financial incentives and support services such as medical coverage for their family.

The only way I see to fix the present system is to dismantle it. We must build a safety net that encourages work, responsibility, opportunity and family.

First, single mothers need jobs that pay family-supporting wages, as they are the population most at risk to continue in a cycle of dependency. I have heard from many women on welfare who want to work but do not because our system makes them better off economically by staying on welfare -- they cannot afford to take a job with little or no health care coverage.

Second, there must be more focused job training and educational opportunities for welfare recipients. Helping AFDC recipients achieve skills that can put them back to work will save tax dollars only if they are trained for jobs that are available in the private sector and those that pay a family-supporting wage.

Third, child support must be enforced. Every year, more than \$24 billion in child support goes unpaid, costing taxpayers the difference. We need a national framework for the collection of child support because too often when people move from one state to another collections are impossible. This initiative would thin the ranks of single parents who go on welfare.

The fourth major reform we need to make to the welfare system is reducing teen pregnancy which causes welfare dependency in so many instances. I support the Clinton policy to have those teenagers who are pregnant and single to live at home with their parents in almost all instances. More than one million teenagers in America get pregnant every year, a number that is astounding. We need more of a national focus on teen pregnancy prevention.

Current law provides that teen mothers may collect welfare if they are living with their parents, but this arrangement is the exception rather than the rule because parents' income is considered when determining welfare eligibility of the pregnant teen, which has disqualified many at-home teen mothers from staying there. A teenager is likely to become eligible once she moves away from home.

This is obviously the wrong incentive to provide to young teenagers who in most cases are not prepared emotionally or financially to raise children. In many cases, these teens still need parenting.

We should quit discouraging young, unwed mothers from living at home, and at the same time we should work to reduce and prevent teen pregnancies. This would go along way in helping to break the cycle of dependency.

Mr. Chairman, there are other issues that are important to my home state of Wisconsin. I strongly believe that a uniform welfare benefit should be established at the national level. While I was in the state legislature and today, great strides have been made in seeking reforms in Wisconsin, attempting to reduce costs, change the system for the better, and make it a better deal for recipients and taxpayers. But these state reforms won't be cost effective if people move into Wisconsin to participate in this unique system because the same opportunity or level of benefit does not exist in their hometown. A greater burden will be placed on Wisconsin taxpayers.

People move across state borders for a wide array of reasons, including the prospect of receiving higher welfare benefit levels. This puts an undue burden on states such as Wisconsin that provide more generous benefits than neighboring states such as Illinois and virtually every southern state. A mother with two children can boost her monthly income about \$150 by moving from Illinois to Wisconsin, and southern families could boost their monthly income up to 300 percent.

That's why I introduced the Welfare Fairness Act, which is intended to address the problem of state-to-state migration, a situation many border cities and towns in the First Congressional District as well as other states are well aware of. The bill would establish a national uniform welfare benefit so that state-to-state migration can be mitigated.

A uniform rate would have a positive effect on many recipients by providing them with the chance to make decisions on where to live based on where their family lives, on job opportunities, and on other support factors without having it complicated by the size of welfare benefits.

Wisconsin had tried to address this problem at the state level based on one of my initiatives in the state legislature by creating a two-tiered welfare system, which would provide welfare recipients who move to Wisconsin with benefits for six months no higher than they left in their previous state. But a U.S. Supreme Court decision recently rejected a similar approach in Minnesota, so there is a question about whether this will be upheld.

We need some initiative to address welfare migration and I would hope the subcommittee would consider my bill amongst the various alternatives to address this issue.

Finally, one of the most important things we need to encourage in welfare reform is innovation, especially in encouraging work rather than dependency. For that reason, I am introducing legislation this week which would allow states to conduct innovative program to encourage work, and I hope the subcommittee would consider incorporating elements of my bill into its welfare reform effort.

As you know, many times it may be economically advantageous for welfare recipients not to enter the private sector workforce. Too many entry-level jobs do not pay a family-supporting wage or provide the level of child care, health care, or education benefits that a recipient may receive in certain welfare programs.

People should always be better off by working than not working, and one of our goals must be to turn benefits checks into pay checks.

States like Wisconsin want to receive federal waivers for "income disregard programs." These programs would not count a certain level of private-sector wages in calculations to determine eligibility for welfare programs. There would be a greater economic incentive to enter the workforce.

My bill would direct the Department of Health and Human Services to approve state applications for waivers for these "income disregard" programs as long as the application meets requirements such as adequate monitoring, prospects for results, and no net costs to the federal government over time.

Innovative programs like these have the potential to move scores of recipients into the workforce. This will have a positive impact on our economy and the federal budget.

Mr. Chairman, I know that you and members of the subcommittee have a difficult task ahead of you in crafting a welfare reform bill. It is my hope that we can work together in a bipartisan fashion to get this job done.

Certainly, we must be realistic about reform. No plan is going to solve all the problems overnight. The welfare system has deteriorated over the course of decades, and it will take time to repair or replace. But we can't delay. Too much productivity and too many tax dollars are being wasted.

Thank you for this opportunity, and I look forward to working with you to get this job done.

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CONGRESSWOMAN JILL LONG
TESTIMONY BEFORE THE
COMMITTEE ON WAYS AND MEANS
SUBCOMMITTEE ON HUMAN RESOURCES
WEDNESDAY, JULY 27

Mr. Chairman, I appreciate the opportunity to testify today on an issue that I believe is tremendously important, reform of our nation's welfare system. First allow me to express my appreciation to Mr. McCurdy for his leadership on this issue. I am thankful for the opportunity to have worked on what I believe is a thoughtful and sensible approach to welfare reform.

While Mr. McCurdy has outlined several of the significant portions of the Mainstream Forum bill, H.R. 4414, there are a few other areas of the bill that I believe are important and will take just a minute to highlight. These provisions emphasize one of the tenets of the Mainstream Forum bill -- personal responsibility.

It is clear that our welfare system today sends the wrong messages to recipients and to the public. Our bill seeks to change those messages. I do believe that welfare programs play an important and necessary role in our society. However, we must end reliance on welfare for long periods of time and restore the original intention of these programs -- transitional assistance to those in need. In order to make welfare benefits a temporary answer, we must provide welfare recipients with the assistance they need to become self sufficient. Mr. McCurdy has effectively outlined these provisions in his testimony.

I believe any welfare reform must support basic American values. We know that people respond to incentives, so we must include the incentives in our welfare system that reflect those values -- incentives to get off of welfare and become self sufficient, incentives to stay in school, incentives to be financially responsible for children and incentives to not have additional children while on welfare. Such a system also needs the flexibility to address those with different needs.

We have included several provisions in the Mainstream Forum bill that we believe achieve the goals of changing the incentives in the welfare system. These include strengthened child support enforcement, improved paternity establishment, an educational campaign to discourage teen pregnancy, a requirement that the income of parents of noncustodial parents be deemed available for child support payments, a requirement that minor mothers live with a responsible adult, a bonus payment for those under age 20 to complete their high school education, the option for states to eliminate deterrents to marriage and to not pay welfare recipients additional benefits for children born after they are on welfare.

One of the most important parts of the Mainstream Forum bill is its expansion of child support enforcement provisions. It is vital that parents are held primarily responsible for the financial and personal care of their children before the government is looked to for such assistance. We must establish a system that effectively makes both parents responsible for the needs of their child. Such efforts can be accomplished through the use of hospital based paternity, enhanced non-custodial location and identification, and increased punitive measures for non-compliant parents.

Of course, I realize that the limit on benefits to a family, the so called "family cap," is a controversial issue. Admittedly, the research is not conclusive on what impact the family cap may have. However, I believe it is important that our welfare system send a new message. Welfare should be comparable to the workplace in that mothers and fathers with jobs in the workplace do not receive automatic pay increases when they have additional children. I do not believe that welfare recipients have more children for an additional \$50 to \$60 a month. But, I do believe that if they know that they have to care for another child on the same amount of money they are currently receiving, there is a strong incentive to avoid becoming pregnant. In addition, we have given states an easy means to opt out of the family cap if they so choose.

One other section of the bill that I will highlight is program simplification. I took the initiative to have this section included in the bill because I believe it provides needed relief for those who administer welfare programs. The administrative burden of operating the Food Stamp and AFDC programs is compounded by the fact that many of the rules and regulations in the two programs are inconsistent and contradictory. The Mainstream Forum bill contains 20 specific recommendations to coordinate and unify the Food Stamp and AFDC programs that were recommended by the American Public Welfare Association. I believe such changes are essential to enabling caseworkers to focus on assisting clients instead of processing paperwork, and I strongly urge the committee to not overlook these provisions when welfare reform legislation is marked up.

It is my hope that the Congress will consider legislation this year to reform our nation's welfare system. I believe it is needed and wanted by the administrators of the programs, the beneficiaries of the programs and the American public. The Mainstream Forum bill provides a thoughtful and comprehensive approach to reform and I encourage the members of the committee to give it their full consideration.

STATEMENT of REP. BILL ORTON
The Committee on Ways and Means
Subcommittee on Human Resources
July 27, 1994

MR. CHAIRMAN, Mr. Santorum, thank you for allowing me to testify before the subcommittee today regarding H.R. 4793, the Self-Sufficiency Act.

There are very few things that more people agree upon than the idea that our welfare system is a failure. No one likes it. Taxpayers don't like it, politicians don't like it, and most of all -- welfare recipients don't like it.

Our welfare system often provides people who choose not to work with a better deal than those who choose to take a job. We need to create a system where work is not penalized, and where the logical choice for parents is to work to provide for their children.

We in Congress should also base our debate on approaches to reform that have already proven successful in meeting that goal. We should not rely on stereotypes and demagoguery to determine the course of reform.

The Self-Sufficiency Act is based on the success of the Single Parent Employment Demonstration Program in Utah. In just a year and a half, AFDC grants under this program have decreased by almost 25%. The best part is that the decrease in the number of participants is due to success in assisting people in finding jobs that exist in the labor market.

The Self-Sufficiency Act uses a common sense approach to welfare that provides assistance to participants who are working toward self-sufficiency, promotes work, and gradually phases out benefits to those who have chosen not to participate in a self-sufficiency plan. Moreover, it can be used in conjunction with most, if not all, of the other welfare reform proposals currently being considered.

The self-sufficiency approach requires every participant to negotiate a self-sufficiency plan with a caseworker. Each plan specifies an employment goal. Under this approach, participants will have 25% of benefits reduced for the first month and a gradual complete phase-out of benefits over the course of two years if they do not follow their self-sufficiency plan.

States that choose to use the self-sufficiency approach to welfare will automatically adopt a system that eliminates needless and burdensome regulations. These states will coordinate the education and job training efforts for participants in the self-sufficiency program with all of the similar programs that already exist in the state. Also, states adopting this approach will be reviewed under performance standards based, at least in part, on the number of participants who become ineligible for AFDC due to earnings.

Once a state receives approval to use the self-sufficiency approach, it must phase-in 25% of the state recipients at the end of three years, 50% at the end of five years, 75% at

the end of eight years and 100% at the end of ten years. This is an important provision since states choosing the self-sufficiency approach are making a commitment to changing their welfare system from a check writing system into a system that helps people become self-sufficient.

In addition, states adopting this approach will be free to choose from a selection of programmatic changes in the Aid to Families with Dependent Children (AFDC) program.

I would like to outline some of these options for you:

-- States that adopt the self-sufficiency approach may choose to increase the earned income disregard up to 50%. This provision goes a long way to "making work pay."

-- States may choose to provide assistance to two-parent families according to the same eligibility rules as applied to single parent families - as long as both parents develop and follow a self-sufficiency plan. I believe this is a crucial change in the system that ensures that a family will not have to break up in order to receive welfare.

-- States may choose to increase asset limitations up to from \$1000 to \$2000, and vehicle asset limitations up to \$8000. This allows people to have cars they can depend upon to get them to work.

-- They may provide one-time diversion payments, equivalent to three months of the AFDC benefit for which the family would have been eligible, to prevent families from coming onto the welfare rolls when facing a temporary crisis. This amount would be subtracted from the family's benefits should they later enter the welfare rolls.

-- States may choose to maintain a constant AFDC benefit level for families that have additional children while receiving AFDC. This is a controversial provision that is currently being tested in several states and is included as an option in the President's welfare reform plan.

These and other options provide states with tools they need to create a welfare system that is worker-friendly.

Many of the other reform plans that are on the table right now are based on controversial assumptions. For example, while a two-year time limit sounds like a good idea, there are serious concerns about where this approach will lead. Some worry that this could lead to the creation of a massive public works program. Others are concerned about creating a large population of innocent homeless children.

This bill provides an alternative for those states that have reservations about other welfare reform proposals, and it allows states to enjoy the flexibility they deserve in crafting a welfare reform plan that meets the needs of their population.

Amazingly, 44 federal government waivers had to be approved before the Single Parent Employment Demonstration program could begin using this approach to welfare. Other states seeking to improve upon the current system have encountered similar obstacles.

This plan allows states to forgo the red tape and get on with helping people enter the labor market. The Self-Sufficiency Act gives other states the option to follow the lead of

many innovative programs in implementing an effective welfare system.

I am very optimistic about introducing this approach to welfare to the national debate and I will gladly answer any questions you have regarding the Self-Sufficiency Act.

Testimony Before the Subcommittee on Human Resources
The Honorable James E. Clyburn
Wednesday, July 27, 1994

Mr. Chairman, I would like to thank you for the opportunity to address your Subcommittee today. You are to be commended for the attention you have given this important issue. When I was elected to Congress in 1992, health care and welfare reform were, and still are, at the top of my list of priorities, and I am pleased that both these inter-related issues are being seriously addressed by the 103rd Congress.

In these halls, in the media, and most importantly from AFDC recipients in our own districts, we hear that this nation's welfare system does not work. We've all heard the catchy phrases applied to welfare reform and in many instances have used them ourselves. All too often AFDC recipients are singled out and separated from the American public because they are poor. But I would like to see not only the rhetoric but the policy change as well.

Much has been said about the need to educate and train our nation's workforce to keep it competitive into the 21st Century. Much the same thing can be said about our nation's AFDC recipients. They must have education and training in order to move into and remain in the workforce.

What many seem to forget is that, in an effort to provide education and training, the welfare system was reformed by the Family Support Act of 1988. The hallmark of this plan, the JOBS program, has yet to be fully funded nor have the required participation rates been sufficient to make a difference. Congressman Matsui recognized this situation when he introduced H.R. 4767, the Family Self-Sufficiency Act of 1994, of which I am proud to be an original co-sponsor.

So much of the success of the JOBS program has been overshadowed by its partial implementation. Of the \$3 billion appropriated for the JOBS program since its inception in FY 1991, only \$1.9 billion has been matched by the states. My own state of South Carolina has had to forego the use over \$18 million, or over 50% of the funds appropriated for its use, since FY 1991 because of fiscal restraints. H.R. 4767 would not only raise the annual appropriation for the JOBS program to nearly \$4 billion by FY 1998 but would also raise the required participation rate from the current level of 15% in FY 1994 to 50% by FY 1999.

H.R. 4767 not only expands the JOBS program but also includes provisions to increase transitional benefits and to strengthen families. Rarely do entry-level jobs provide the wages and benefits necessary for self-sufficiency so many Americans take for granted, but the extension of transitional Medicaid coverage and child support will provide the new worker with enough support to remain at work. Also, for the first time aid to two-parent AFDC families would be determined by need and not employment status thereby ending one of the largest disincentives to marriage and family life.

Conspicuously absent from this bill is an arbitrary time limit popularized by the phrase "two years and out." Contrary to what many believe, the majority of AFDC recipients do enter the workforce within two years. It is the nature of these low-wage jobs which forces them back onto AFDC because of the lack of affordable child care and health care coverage. That is not to say the absence of a time limit discourages work. In fact, 50% of each state's JOBS program enrollment must be working, and expansion of the JOBS program and transitional benefits will enhance the ability of AFDC recipients to find jobs and keep them.

H.R. 4767 realizes that finding adequate private sector jobs will be difficult. In my District of South Carolina there are counties with double-digit unemployment, where it is extremely difficult to find private sector jobs. The absence of arbitrary time limits means that there is no need for a massive public works program which not only could be extremely costly but could also have the potential to displace other low-wage workers.

Once again, I would like to thank you, Mr. Chairman and members of this Subcommittee, for the time to address this issue, and I would also like to commend Mr. Matsui for introducing H.R. 4767.

STATEMENT OF CHAIRMAN BILL RICHARDSON
SUBCOMMITTEE ON NATIVE AMERICAN AFFAIRS
BEFORE THE SUBCOMMITTEE ON HUMAN RESOURCES
COMMITTEE ON WAYS AND MEANS

July 27, 1994

Regarding Welfare Reform

Mr. Chairman and Members of the Subcommittee, thank you for the opportunity to appear before you today regarding welfare reform legislation. As Chairman of the Native American Affairs Subcommittee, I will focus my remarks on matters specific to the needs of Indian and Alaska Native tribes. Because of the governmental status of Indian and Alaska Native tribes, most federal legislation -- including the welfare reform legislation now under consideration -- requires tribal-specific provisions.

In order for a person on welfare to become truly self-sufficient -- the primary goal of welfare reform -- a program of intense case management and support services is often required. These needed services go beyond job training and child care. In order to provide these types of services, state and tribal governments will need to have flexible funds that can be shifted to address pressing needs. Indian tribes have very little, if any, funding available for such services, and the federal government's primary federal social services program -- the \$2.8 billion Title XX Social Services Block Grant -- provides no direct funding to tribal governments.

In order to help fill the void of social services funding to tribal governments -- I recommend that the language of H.R. 4162 which was introduced by three members of your Subcommittee -- Representatives McDermott, Brewster, and Kopetski -- and myself be incorporated into the welfare reform legislation. Our bill, which has been referred to the Ways and Means Committee, is very simple. It would provide for a 3% allocation of Title XX Social Services Block Grant funds to be provided directly to tribal governments to administer. As you know, under current law, Title XX funds are provided to state and territorial governments, but not to tribal governments.

My proposal is consistent with:

- 1) the purposes of welfare reform, as it would provide tribes with crucial tools in implementation welfare reform;
- 2) the long-standing Federal policies of maintaining government-to-government relationships with Indian tribes and furthering Indian self-determination and self-government, principles endorsed by every Administration, Kennedy through Clinton;
- 3) many other federal statutes which provide direct funding to tribal governments to administer. A few examples of such statutes are:

- Child Care and Development Block Grant
- Job Training Partnership Act
- Family Preservation and Support Act
- Community Development Block Grant
- Older Americans Act
- Even Start Program
- Library Services and Construction Act
- HUD Programs
- Vocational Education
- Drug Free Schools Program
- Head Start
- a variety of environmental statutes

A soon-to-be released Office of Inspector General report shows that of the 24 states with the largest Indian populations, only 4 of those states (Arizona, New Mexico, Oregon, South Dakota) provide any Title XX funding to tribes. Only 3/10 of 1% of those 24 states' Title XX allocation is passed through to tribes and only 32 of the 537 tribes in those states are receiving any Title XX Funds.

H.R. 4162 is conceptually consistent with the Indian JOBS language in the Administration's welfare reform bill, H.R. 4605, which also takes the approach of providing an allocation off the top of the JOBS appropriation and providing money directly to tribal governments to administer. For this reason, we are hopeful that the Administration will support the addition the tribal Title XX language to welfare reform.

Provision of a stable source of social services funding would help enormously in the ability of tribal governments -- whose members are the most poverty stricken of all people in this nation -- to make a meaningful difference in the welfare reform effort. The 1990 Census shows that nationally 30.9% of Indian people are below the poverty level, the absolute highest of any group of people reported by the Census Bureau. But the national Indian poverty rate is but an average -- in New Mexico the Indian poverty rate is 46%, while in South Dakota it is 57%.

According to the 1990 Census, Indian children have a 38.8% chance of being in poverty. South Dakota has the highest state poverty rate of Indian children (63.3%). Other Indian children state poverty rates include North Dakota (58.3%), Nebraska (57%), Wyoming (49%), Utah (47.3%), Idaho (40.5%), Washington (37.7%), Oklahoma (34.9%), Oregon (32.3%). Many Indian families also experience serious challenges to becoming self-sufficient, with 27.3% of Indian families headed by women, with no husband present, and with 50% of those families living in poverty.

I appreciate the Administration's focus on helping young people get off - and hopefully, never get on -- public assistance, as the key to long-term welfare reform. In Indian country, there is an enormous need in this regard. A key feature of the Administration's pending welfare reform bill, H.R. 4605, is its focus on the prevention of teen pregnancy. This is but another area in which tribes -- who do not currently have funding for this purpose -- could use the flexible Title XX Social Services Block Grant funds.

While the focus of my statement is on the need to provide social services funding to tribal governments so that they may have a meaningful opportunity to truly affect welfare reform, I would also say that I have heard good comments about the tribal-specific JOBS portion of H.R. 4605. As I understand it, H.R. 4605 incorporates a number of recommendations of tribal leaders and tribal JOBS directors -- it would provide a tribal allocation of funds directly to tribal governments; it would allow for provision of service to all Indian people (not just tribal members) in a tribe's service area; it would expand the number of tribes eligible for the JOBS program; it would allow for use of unobligated JOBS money; and it would provide for direct child care funding.

In the area of child support enforcement, the Administration's welfare reform bill has no tribal provisions. Our understanding is that the Administration has given some study to this issue, but not resolved how to legislatively address the complex tribal jurisdictional issues involved. I would ask that our committees -- Human Resources and Native American Affairs -- work together on this and other welfare reform issues which directly affect Indian and Alaska Native people.

Thank you for your consideration of my request that the amendment to the Title XX Social Services Block Grant introduced as H.R. 4162 by Representatives McDermott, Brewster, Kopetski, and myself be enacted into law as part of welfare reform legislation.

OPENING STATEMENT
REP. RON WYDEN

BEFORE THE WAYS AND MEANS SUBCOMMITTEE ON
HUMAN RESOURCES

1994 WELFARE REFORM PROPOSALS

July 27, 1994

Mr. Chairman, I wish to add my voice to those of my friends Bob Matsui, George Miller, James Clyburn, and others in support of decent quality child care for the working poor.

Without significant improvement in current child care services in this country, we are left with the unwholesome spectre of millions of women moving on and off welfare in interminable fashion as their inadequate child support systems fail. Frankly, I am concerned that the absence of dependable child care services could become the Achilles heel of our reform effort.

The Small Business Subcommittee that I chair recently held hearings on problems both employees and employers face in identifying or establishing child care services. In many communities, there simply is no identifiable support system to nurture child care services and to direct working poor families to them. Workers and their companies pay for that vacuum in the form of lost hours, lost productivity and, in some cases, lost jobs.

To allow poor families to break out of the cycle of poverty, welfare reform must include additional resources for child care:

It must increase financial assistance to the working poor.

It must make improvements to transitional child care.

It must require family counseling and additional consumer information about the availability of child care.

It must enhance our ability to have a "seamless" child care system that focuses on quality as well as availability and cost.

These improvements become even more important as we consider the kinds of increased strains welfare reform will place on an already over-burdened, under-funded and quality-questionable system.

Here's how I see the breakdown of needs:

- † The emergence of many more single-parent households, and households in which both parents hold full-time jobs, has placed a terrific strain on an already over-burdened child care system.

The Census Bureau found that 36 percent of dual-employed, married couples had both parents working full-time day shifts. There were about 500,000 such couples in which both parents work full-time, in non-day-shift jobs. Their options for work can include evening or weekend hours, the times most difficult to secure child care.

Parents struggling to get off the welfare rolls sometimes have limited child care choices. Increasingly, parents are forced to accept less-than-ideal, unlicensed child care services, or place their children in licensed care facilities that are unsafe, unsanitary and chronically under-monitored by state agencies charged with protecting children's health and welfare. Parents lose their jobs when children get sick, and parents are forced to stay home to care for them.

- † A place must be found for kids who are part of the approximately 4.5 million American households on Aid to Families with Dependent Children. These families may represent an additional 9 million children who will require full-time or part-time care when welfare reform is enacted.

The transitional care benefit under the Family Support Act of 1988 provides one year of child care reimbursement for people who recently left the AFDC program for a job or for training likely to result in a job. A limited number of states provide the transition care benefit to 20 percent or more of eligible families. But the level of support barely scratches the surface of need.

- † Transitional care helps welfare parents receive training and begin their jobs. However, although approximately 5 million families receive AFDC benefits, only about 230,000 receive AFDC child care in any given month.

Many states are not publicizing the program because they cannot afford the cost of full participation. Some critics charge that states are responding to their budget problems by limiting access to AFDC child care and renegeing on the guarantee of child care in the 1988 Act. Families struggling toward self-sufficiency are finding that the door to important information is being slammed shut. We need to ensure that families on AFDC receive appropriate counseling and information about the availability of child care options so that parents' work or training do not occur at the child's expense.

Finally, Mr. Chairman, our goal should be a seamless system that includes financial support and quality control to protect our kids.

At our hearing, the Inspector General of the Department of Health and Human Services reported that many child care centers have serious health and safety problems such as inoperable toilets, blocked fire exits, and access to toxic chemicals.

The General Accounting Office reported that states are cutting the budgets of agencies charged with the licensing and inspection of day care centers. According to testimony before our subcommittee, this has quite literally become a life-or-death matter.

None of us is under the illusion that additional support for decent quality child care comes free-of-charge. I believe the draft of the Administration's reform plan circulated earlier this year...and that has since been cut significantly...gave us a good idea about what some of these costs might be.

But I ask you to consider the alternative. What will happen to the next generation of welfare family children if we fail to make these investments, now?

Mr. Chairman, that question deserves a full and detailed discussion. Thank you for this opportunity.

TESTIMONY OF THE HONORABLE GEORGE MILLER BEFORE THE
SUBCOMMITTEE ON HUMAN RESOURCES OF THE
HOUSE COMMITTEE ON WAYS AND MEANS
ON WELFARE REFORM

JULY 27, 1994

Mr. Chairman, members of the Subcommittee, I am pleased you have given me the opportunity to present my views on welfare reform. As most of you know, I served as chairman of the House Select Committee on Children, Youth, and Families for nearly a decade and retain from that experience a deep interest in issues relating to children. It is they, after all, that are the reason we have a welfare policy in this nation-- they should be our primary concern when changing it.

It is a hoax for us to go through yet another effort at welfare reform without the financial commitment to back up its promise. In 1988, this Subcommittee considered welfare reform and, with bipartisan support, came up with a very good piece of legislation, the Family Support Act. This law recognized the importance of work, and the education and training that is necessary to equip welfare clients with the means to earn a decent wage. A number of important initiatives have been undertaken under this law, but the full promise of the legislation has not been realized, in part because of insufficient funding by the Federal Government and States.

The Clinton Administration's theme of instilling a sense of responsibility in the welfare client through requiring work is entirely appropriate. But it is equally appropriate-- in fact, critical-- for the Government to meet its obligation to provide low income families with the means to become self-sufficient. I simply do not believe that the \$9 billion or so in additional funds will support the WORK program subsidized employment, child care, and other major elements of the bill that are needed to make it the success we all want.

There are some other specific concerns I have with the Administration's proposal. One is the inflexible 2-year time limit on AFDC benefits. This, the ultimate "get tough" provision, is a sop to conservatives that raises more questions than it resolves. Subsidized jobs would be the immediate alternative to cash assistance under this approach, but what guarantees are provided for a self-sustaining job in the long run? The big problem with long-term welfare dependency is not getting a job, it's job retention.

The welfare clientele have a myriad of problems that affect their employability. For example, a recent study found that 27% of mothers receiving welfare have drug and alcohol problems, and that welfare recipients are three times more likely to be addicts than the non-welfare population. Many also incur erratic child care situations or have other family problems that interfere with

job stability. We cannot fit individuals with such tough life problems into the 2-years-and-you're-out mold and expect a good result. I can only conclude that the time limit would either be meaningless because so many clients would be designated "exempt" or there would be a huge increase in the homeless population. Neither is good welfare policy.

Another misguided provision of the President's bill relates to its authority for States to impose a "family cap." Welfare policy should not be expected to keep young women from having babies. The combined benefits welfare recipients receive for one child barely bring them to half of the level of basic need under poverty guidelines. An additional \$140 per month in AFDC and food stamp benefits is hardly an incentive to have another child to feed and clothe--it's a net loss! The decision to become pregnant results from a complex set of ingredients, but the extra welfare money is not one of them: this has been confirmed in studies by the President's own welfare advisors. Research suggests that policies that do work against illegitimate births are education on pregnancy prevention and ready access to family planning services. This is where our focus should be, but we constantly have opposition from the very members of this body that decry illegitimacy.

I believe that you have before you a well-constructed alternative to the Administration's welfare proposal in Bob Matsui's bill, H.R. 4767. It builds on the Family Support Act, and adjusts it for issues that have arisen from the experience of the last six years. While many of these same concerns are also addressed in the President's bill, the Matsui bill presents more reasoned and realistic alternatives without simplistic draconian measures that are more fitting to a bumper sticker than national policy.

The Matsui bill, for example, emphasizes work by increasing work requirements in the JOBS program rather than by cash assistance cutoffs. It enables States to be fuller participants in the JOBS and child care programs by increasing the Federal match rates. It significantly expands Federal funding for child care by \$5 billion over 5 years rather than the \$1.5 billion provided in the Administration proposal. Other initiatives, also in the Administration's bill, would enhance child support enforcement and reform of the welfare bureaucracy that will be so essential to changing the approach of welfare offices to client service rather than "box checking."

We must separate fact from fiction as we chart the future course of legislation affecting low income families. Policies should not punish welfare clients and their children out of our frustration with the inability of the American economy to provide full employment and the inability of the Congress to underwrite solid statutes.

STATEMENT OF CHAIRMAN BILL RICHARDSON
SUBCOMMITTEE ON NATIVE AMERICAN AFFAIRS
BEFORE THE SUBCOMMITTEE ON HUMAN RESOURCES
COMMITTEE ON WAYS AND MEANS
July 27, 1994

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In order to help fill the void of social services funding to tribal governments -- I recommend that the language of H.R. 4162 which was introduced by three members of your Subcommittee -- Representatives McDermott, Brewster, and Kopetski -- and myself be incorporated into the welfare reform legislation. Our bill, which has been referred to the Ways and Means Committee, is very simple. It would provide for a 3% allocation of Title XX Social Services Block Grant funds to be provided directly to tribal governments to administer. As you know, under current law, Title XX funds are provided to state and territorial governments, but not to tribal governments.

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I appreciate the Administration's focus on helping young people get off - and hopefully, never get on -- public assistance, as the key to long-term welfare reform. In Indian country, there is an enormous need in this regard. A key feature of the Administration's pending welfare reform bill, H.R. 4605, is its focus on the prevention of teen pregnancy. This is but another area in which tribes -- who do not currently have funding for this purpose -- could use the flexible Title XX Social Services Block Grant funds.

While the focus of my statement is on the need to provide social services funding to tribal governments so that they may have a meaningful opportunity to truly affect welfare reform, I would also say that I have heard good comments about the tribal-specific JOBS portion of H.R. 4605. As I understand it, H.R. 4605 incorporates a number of recommendations of tribal leaders and tribal JOBS directors -- it would provide a tribal allocation of funds directly to tribal governments; it would allow for provision of service to all Indian people (not just tribal members) in a tribe's service area; it would expand the number of tribes eligible for the JOBS program; it would allow for use of unobligated JOBS money; and it would provide for direct child care funding.

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Thank you for your consideration of my request that the amendment to the Title XX Social Services Block Grant introduced as H.R. 4162 by Representatives McDermott, Brewster, Kopetski, and myself be enacted into law as part of welfare reform legislation.

STATEMENT
OF
CONGRESSWOMAN EVA M. CLAYTON
JULY 27, 1994

Mr. Chairman, first I would like to thank you on behalf of the freshman class for this opportunity to discuss Welfare Reform based on our Freshman Class Principles. (A copy is attached to statement)

Today, Representative Rush and I stand together as a united front to show our support for welfare reform on behalf of the Welfare Reform Task Force.

One of the most important aspects of welfare reform that cannot be overlooked is human dignity for individuals and families. Equally important is the responsibility of individuals and society to ensure that the opportunity for self-sufficiency is available. It is my belief that welfare reform must encourage and support self-sufficiency, strong families and

human dignity to be effective. If we are to truly develop effective welfare reform or, "to end welfare as we know it," as the president has said; then the family cannot be a footnote that's added at the end of this reform, but should be an integral part of this legislation in its infancy.

Welfare reform is of great importance to more than 14 million Americans and 5.2 million families, particularly women and children. More than 9 million women and children, collectively across this nation are depending on an effective change to the current welfare system. The reform of our current system is critical to fulfill a promise to our future generations.

The current welfare system has not allowed its recipients to maintain their dignity and self-respect nor does it encourage them to become more responsible and self-sufficient. Current laws and regulations discourage family units.

We applaud President Clinton for presenting his Welfare Reform legislation and feel there are several provisions within this bill that will assist families and individuals to move away from the "Welfare System as we know it."

However, there are concerns and questions that need to be expressed about the "two years and you're out" provision and the proposed method of financing for this reform.

Welfare reform should be used to instruct parents and require mothers and fathers to be responsible parents. It cannot be used to punish mothers and children. Reform should ensure that the programs and services allow both parents to be involved and be good parents, active in their children lives and responsible for their well-being. Special efforts must be enacted to ensure that deadbeat dads are required to support their children.

Providing child support and child care is essential to allow mothers to train and work.

True welfare reform should address Jobs, Families and Support Services:

1. JOBS - True Welfare Reform provides solid education and job training followed by real job opportunities that provide working mothers an improved way of life. We should guarantee that welfare recipients can earn greater than the minimum wage for a full day's work.

2. FAMILIES - We must ensure that families receive adequate support to allow them to remain a family. We should develop strong, national child support enforcement that will increase a family's standard of living and will prevent some families from having to go on welfare.

3. SUPPORT SERVICES - Services provided to welfare recipients should be sensitive to barriers that might preclude their participation, such as adequate child care, bilingual proficiency, and transportation.

Job Training is key to empowering welfare recipients to make a permanent transition to employment. The reform of current job training programs available should afford flexibility in hours of instruction and vocational fields. Consideration should be given to make the training accessible and available in other languages.

The new system must allow enough flexibility for mothers to work part-time or full-time at other than minimum wage employment.

True welfare reform will require investments in education and worker training which will allow parents to become more self-sufficient. Job

development, placement, and job retention activities, including case management services for recipients reentering the workplace is desperately needed.

I look forward to the discussions that will follow from other members of Congress in the coming months.

I can speak for all the members of the task force when I say that we will review carefully all legislation introduced and work diligently to ensure that Welfare Reform is done right. For the sake of families and children, WE must get this right.

DEMOCRATIC FRESHMAN CLASS PRINCIPLES FOR WELFARE REFORM

Co-Chairpersons of Welfare Reform Task Force: Rep. Eva Clayton, Rep. Bobby Rush

OVERARCHING THEMES:

1. FRAMEWORK: Human dignity, responsibility, and respect are the cornerstones of the American tradition. The congressional welfare reform debate must recognize that all people have basic human and civil rights.

2. PURPOSE IS SELF-SUFFICIENCY, AND FINANCING SHOULD NOT BE REGRESSIVE: True welfare reform will require investments in education, worker training, and child care programs in order to allow parents to become more self-sufficient. Therefore, adequate financing should be considered, but at the very least the programs' financing should not be regressive.

3. COMPREHENSIVE WELFARE STRATEGY: Welfare reform should include simultaneous consideration of a broader anti-poverty strategy to ensure that a permanent underclass of poverty is not created. Welfare reform must include, among other things, provisions for universal health care coverage, increased child care programs, job training and job creation programs, an expanded Earned Income Tax Credit, and other anti-poverty programs.

JOBS:

1. TRAINING: Job training is critical to enabling welfare recipients make the transition to permanent employment. Job training programs should afford flexibility in hours of instruction and vocational fields. There are currently over 120 federal job training programs. Consideration should be given to consolidating these programs and providing effective outreach strategies for recipients. Job training information should be accessible and available in other languages.

2. PLACEMENT: There must be an effort to ensure that people are not just trained in basic interviewing skills and placed in "make work" public sector jobs. Welfare reform must involve placing welfare recipients in jobs that pay a living wage.

3. IMPOSITION OF INFLEXIBLE TIME LIMITS: A fixed, arbitrary time limit will not work. Congress must carefully define the parameters of such a time limit, and provide flexibility to account for situations in which job training and placements may not work for certain individuals. We must recognize that our nation will never reach full employment -- there will always be a certain percentage of the population that cannot be placed.

FAMILY:

1. ENCOURAGING STRONG FAMILIES: The disincentives for mothers to work part time and care for their children must be removed, as well as disincentives for couples to marry that are inherent in the present system. The new system must be flexible enough to allow for the reestablishment of stronger family units without a blanket requirement that all mothers must work full time at minimum wage jobs: the respect for the balance between work and family that the rest of society enjoys should be extended to those within the lower-income echelons of society. The system should seek to keep families together by eliminating penalties for two-parent households and by allowing them to accumulate the resources necessary to maintain stability before they leave AFDC.

2. TEEN PREGNANCY:

A. PREVENTION PROGRAM AND SUPPORT SERVICES: There must be a comprehensive, national teen pregnancy prevention program, including school-based services such as self-esteem and family planning counseling. For teens who do become pregnant, every reasonable effort must be made to help both parents finish high school, including linkages with support services such as child care, parenting classes, nutrition programs, and school-to-work transition programs.

B. TEEN MOTHERS REQUIRED TO LIVE WITH A RESPONSIBLE ADULT: Teen mothers, and, if needed, their families, should be given special case management services. Rules regarding parents and grandparents as guardians must be reviewed and reformed to make it possible, where appropriate, for teen mothers to remain in their homes and receive AFDC and support services. To address the problem of teens getting pregnant to be independent, teen mothers should be required to be living in the home of a responsible adult (parent, teacher, counselor, relative, etc.) who, if not a parent, shall act *in loco parentis*, as determined appropriate by the mother and her case manager.

C. ABSTINENCE AND FAMILY PLANNING: Both teenage males and females should be instructed on the merits of sexual abstinence and should be availed with family planning services in order to instill in them a sense of responsibility about parenthood and an understanding of alternatives to pregnancy.

3. CHILD SUPPORT: We must develop a strong, national child support enforcement system which will have the effect of preventing many mothers from having to go on welfare because they cannot collect the child support to which their children are entitled. Any welfare reform proposal should include federalized child support collection of support which has been court-ordered, easier paternity establishment methods, and a minimum assured benefit level.

SUPPORT SYSTEMS:

1. STREAMLINING BUREAUCRACY, INCLUDING ONE-STOP SHOPPING AND EXAMINING THE POTENTIAL FOR RECREATING THE PRESENT DELIVERY SYSTEM: Reforms should replace the current eligibility-checker system, a system based on issuing checks, with a case management system, a system based on giving recipients the tools to become permanently self-sufficient. The bureaucracy of the welfare system must be simplified and streamlined by adding "one-stop shopping" sites where recipients receive information on and apply for all necessary services, including child care, transportation, counseling, housing, child support, education and training opportunities, and current job market openings. There should also be an emphasis on creating an entirely new delivery system focused on giving localities enough flexibility to deliver services so as to remove barriers to employment.

2. AUGMENTATION OF INFORMATION ON UNDERSERVED POPULATIONS: Both at the national and state level, availability of data on underserved populations and welfare are very limited; it is therefore difficult to explore issues such as intergenerational dependency and child care concerns as they relate to women from these populations and their families. Greatly improved data collection will be necessary to gain an accurate picture of these underserved populations and their use of welfare, their attitudes about welfare, and the dynamics of poverty among single-mother families in these populations.

3. FRAUD: Some jurisdictions have implemented programs to reduce the incidence of welfare fraud. A comprehensive review of these programs should be undertaken so as to ascertain and utilize their most

effective aspects on a nationwide basis, including examination of the technology to electronically transfer benefits.

4. CASE MANAGER: As a client moves through different phases of the reform program, they may become discouraged and exit the program because of particular circumstances (examples: intimidation, poor self image, etc.). In addition, friends and family are not supportive when the client begins to change her life style. Therefore, a case manager should serve as a support system throughout a client's participation in the welfare reform program.

5. TRANSPORTATION: In both rural and urban areas, transportation is a necessary component to allow individuals to have access to educational and training programs, job interviews, and child care services. Moreover, because rural counties have low population density, systems will also have to be created to address this unmet need.

6. BILINGUAL SERVICES: Welfare reform in many urban areas will involve diverse populations. Often people who would be eligible for a certain program or service miss the opportunity to participate because of a language deficiency. We must provide bilingual, culturally-sensitive services in any welfare reform effort.

7. JOB-RELATED EXPENSES: In order to pay fees and other expenses related to self sufficiency, individuals must have funds to assist with meals outside of the home, uniforms or supplies that are essential to education or job training, expenses that must be paid in order to meet program expectations, and personal items that allow individuals to interact with others without the stigma of being viewed as a welfare recipient.

7. CHILD CARE SERVICES: Parents are unable to enter programs or work if there is a lack of child care services. The availability and access to services, as well as such issues as flexibility of hours, and the quality of child care services are important considerations. Child and dependent care that is affordable and of high quality must be available not only to participants in education and job training activities, but also to those entering the paid labor force for enough time to enable them to become self-sufficient.

GEOGRAPHIC DISCRIMINATION:

1. TERRITORIES: the unique situation of the Territories and the Commonwealth of Puerto Rico pertaining to federal programs of social assistance must be re-examined with the purpose of having these insular areas fully participate in the programs and principles which will result from welfare reform. The needs and contributions of the over four million American citizens living in the Territories should not be overlooked; thus, the federal government must take assertive steps to implement measures which may be necessary in order to include these citizens within the goals of welfare reform.

FINANCING:

1. POTENTIAL TAX INCREASE: The proposal should not be financed on the backs of poor Americans by cutting AFDC and other aspects of our social safety net in order to pay for the reforms. There must be an adequate investment made, not just lip service. The budget rules are tough, but this effort cannot have the net result of making the poorest members of society worse off than they were. The potential for a tax increase to pay for the new system must be considered.

2. OTHER POSSIBLE FUNDING SOURCES:

A. PROGRESSIVE PREMIUM SCHEME FOR MEDICARE PART B: Under Medicare, Part B is optional and partially paid for by premiums (25%), with the rest (75%) being subsidized by the general treasury: even millionaires on Medicare Part B get a 75% subsidy from the government. The CBO has estimated that \$18.5 billion could be saved over five years by phasing in a higher premium starting with individuals who make over \$50,000 and couples making over \$65,000. The phase-in would end at 50% (so the beneficiary is paying half rather than one-quarter of the cost of the program), which would apply to individuals over \$60,000 in annual income over \$80,000. Obviously, there are other options using this idea that can raise more revenue.

B. TAX ON FOREIGN INVESTMENT: This option comes from the Citizens for Tax Justice: a 5% tax on interest earned by foreigners lending in the United States (on loans to American companies and the U.S. Government.) This was exempted from taxation in 1984. Typically, this interest income is not reported to foreigners' home governments. As a result, the U.S. has become a major international tax haven. The tax could be waived if a foreign lender supplies the information necessary to report the interest to the foreign home government. The five year gain is estimated to be at least \$15 billion, possibly more.

3. LEGAL IMMIGRANTS SHOULD NOT BE TARGETED: Legal immigrants pay taxes into our system. When there are hard times, they face the same challenges citizens face. Legal immigrants should not be targeted as the only poor people who will be made to pay for these reforms. Any redesign of the public benefits system must ensure that legal immigrants are able to fully participate.



Congress of the United States
House of Representatives
Washington, DC 20515

Statement of Richard E. Neal
Before Subcommittee on Human Resources
Committee on Ways and Means
Welfare Reform
July 27, 1994

Mr. Chairman, first of all I would like to commend you and the Subcommittee on Human Resources for holding hearings this week on welfare reform. These hearings are an integral part of the process to accomplish President Clinton's plan "to end welfare as we know it."

As former Mayor of the City of Springfield, I have first hand experienced the problems of American cities. During the 1992 Presidential elections, President Clinton brought the issue of welfare reform to the forefront. This campaign pledge has led us to serious and open discussion on welfare reform. The discussion has led to the drafting of several proposals on welfare reform including the Administration's proposal, the "Work and Responsibility Act of 1994."

Now is the time to address the problems of our inner cities. We cannot allow the physical and social deterioration to continue. One of the keys to restoration is reforming our welfare system. The current system has broken down. We need to motivate individuals and encourage them to participate in the work force.

I agree with President Clinton that we have to focus on individual responsibility. We have to start with our young and make responsibility a way of life. The underlying philosophy of welfare reform is the same, but the focus of welfare reform has shifted from older welfare recipients to younger welfare recipients and future recipients. We have to become a society that takes care of our children. Children that are brought into this world should be provided with basic care. They should not have to worry about their next meal or a place to sleep at night. Child support is a major aspect of welfare reform.

Two weeks ago, Secretary Shalala and I had a dialogue about Murphy Brown. I asked Secretary Shalala if Murphy Brown was right or wrong. The response was, "I don't think anyone in public life today, anyone that considers themselves a leader ought to condone children born out of wedlock..." We need to send the message to our teenagers that children should be born to parents who have the capability to care for their children. Having a child takes more than being able to finance their upbringing. If you ask most children, they want to know their father. I think most of us agree that the increasing birthrates for unwed women are having a major impact on our society. Last week, the Census Bureau reported that children born out of wedlock increased 70% since 1983. In 1993, 27 percent of all children under the age of 18 lived with a single parent who had never married. These statistics have a direct impact on the welfare system.

In the Commonwealth of Massachusetts, approximately 23,000 children were born out of wedlock in 1992 and 15,000 of these children receive AFDC benefits. Of the total AFDC budget, the dollar cost to taxpayers for children born out of wedlock is estimated to be approximately \$700 million per year. On the federal level the cost is as high as \$34 billion. This trend needs to be reversed.

I will now address three areas in which I believe change is necessary in order to repair the welfare system. These areas are: parental responsibility; child support; and JOBS and time limits.

Parental Responsibility

Teen mothers make up less than 10 percent of the nation's welfare caseload. However, this group stays on welfare the longest. Families that are begun by teenagers account for more than half of the welfare budget. These children do not have much of a future. Close to 80 percent of these children live in poverty. Dropouts, drugs and crime are prevalent among this group.

To mend the welfare system we have to start with the young. The current cycle of dependency needs to be broken. Just think, 50 percent of the current welfare budget is spent on families started by teens. What will happen when these children start having children? Parental responsibility has to be taught. Our young people have to be aware of the commitment in raising children. Teenagers need to become self-sufficient before they start families.

The "Work and Responsibility Act of 1994" takes steps to address parental responsibility. Current law provides states with the option of having minor parents reside in their parent's household or another supportive living arrangement. Only three states and two territories use this option. The proposal would make this a requirement for all states. When determining a benefit, the income of the parent of the minor parent would be taken into account. This is current practice. The combination of taking into account the parent's income and requiring the teen parent to stay at home might discourage teens from having children.

Currently, families on welfare who have children receive additional support for each additional child. The proposal would allow states the option of limiting the increase, in full or part, for an additional child that is conceived while the parent is on welfare. Working men and women do not receive additional income for additional children.

These two proposals take reasonable steps to bring attention to the issue of parental responsibility. Allowing states to limit payments to children born to a parent on welfare brings to attention the fact that raising a child is a responsibility that is handled better when one is self-sufficient. I believe these proposals do not discourage child raising, but encourage children to be raised in an environment that would provide them with more opportunities. The birth of a child should not be used as a way to gain welfare benefits.

I do not know if these two proposals will break the cycle by stopping teenagers from having children, but I firmly believe it is worth a shot. We need to encourage our teenagers to become self-sufficient adults before they start having children. We want our teenagers to have time to grow and develop without being burdened with unreasonable responsibilities. Teenagers need to ask themselves several questions; Am I ready to have a child? What type of parent would I be? How would I support a baby and myself? Are there things I want to accomplish before I become a parent?

A few months back, we were all amazed and disturbed by the young children here in the District of Columbia who were planning their own funerals. So many children do not believe they have a future in our society. We need to provide a nurturing environment for a children in order to enable them to feel secure about the future.

Another important aspect of welfare reform which was included in the Work and Responsibility Act is \$300 million in funding over five years for locally designed pregnancy prevention programs. Counseling is needed to address the problem of illegitimacy. We have to do more than threaten benefits for the birth of additional children.

Child Support

Child support is an important element of welfare reform. Our children should not have so many of the worries they now have. Improving child support can reduce the number of children that are not provided for in an adequate manner.

My own state of Massachusetts is a national leader in child support enforcement. Massachusetts has increased their compliance rate from 37 percent to 60 percent and 10,000 more families now receive support regularly. The Massachusetts's program went beyond correcting the child support process. They tried to change society's opinion of child support. Massachusetts based their program on the philosophy of Margaret Mead which is: "Never doubt that a small group of thoughtful, committed citizens can change the world; indeed, it is the only thing that ever has."

Child support should be the first debt paid. The evasion of child support is an economic form of child abuse. Not paying child support should be seen as an unacceptable act.

We can learn from the experience of Massachusetts. For successful child support reform, ten changes need to be made by Congress. These are commonly referred to as the "ten most wanted" child support reforms.

1) Require voluntary acknowledgement of paternity outside the judicial process, in uncontested cases, and create sanctions and incentives for both parents that result in paternity establishment for all children.

2) Implement child support guidelines based on a simple formula where the necessary information can be obtained by the child support agency through electronic means and computers can update awards.

3) Provide IRS tax information to child support enforcement agencies for use in locating obligers, and in setting, updating and modifying child support awards.

4) Require all employers to report new hires within 10 days to a registry of new hires and require all cases to have wage withholding transferable, from one employer to another and from one state's child support agency to another's through computer matches of child support orders against new hire and quarterly wage reporting information.

5) Require states to have laws and procedures permitting the administrative issuance and enforcement of liens against the real and personal property of delinquent child support obligers across state lines.

6) Require banks and financial institutions to report quarterly to state child support agencies the names and Social Security numbers of their customers and account holders.

7) Require states to deny or revoke professional, trade and driver's licenses of obligers having child support liens, and to expedite identification through data matches by collecting the Social Security numbers as part the licensing process.

8) Require states to pass similar specific laws, including verbatim adoption of the Uniform Family Interstate Support Act (UIFSA), and to use the Social Security number as the unique identifier on all data needed by child support agencies.

9) Require states to use uniform due process procedures and forms for issuing wage withholding order and child support liens, and to recognize electronic transmissions among states that certify that due process requirements have been met and that essential data elements are accurate, so that interstate data matches and enforcement can take place in a paperless, automated process.

10) Require states to re-engineer the collection process from a highly individualized, manual case-by-case process into a standardized, computerized, high-volume system that uses the latest in payment processing technology, and that regularly searches all available databases for obligors' income and assets and automatically initiates enforcement action by sending out wage assignments, liens, and levies.

Several of these changes are incorporated into the child support enforcement provisions of the "Work and Responsibility Act." This "ten most wanted" list should be part of welfare reform. Tomorrow, Robert Melia, First Deputy Commissioner Massachusetts Department of Revenue will testify and go into more detail on the success Massachusetts has had using these ten changes. Massachusetts can be used as an example in this area. I look forward to working on child support. This one area in which we can achieve concrete results. However, we have to remember more needs to be done than improving the process of child support enforcement. Our attitude towards child support needs to be adjusted. Child support needs to be recognized as an essential obligation.

Several changes should be made to the child support portion of the "Work and Responsibility Act" to make these proposals stronger. The proposal needs to go further than the creation of a national guidelines committee. Cases need to be regularly updated through an automated process where the number of children and an analysis of parents' tax and employment data can easily be reviewed. The orders needs to keep pace with inflation and changes in income by explicitly stating the national guidelines are suitable for high volume, computer driven, administrative updating.

The "Work and Responsibility Act" addresses the establishment of paternity. The proposal contains several provisions aimed at significantly increasing cooperation among AFDC mothers. The new standards will apply to all applicants for AFDC or appropriate Medicaid cases for women with children born on or 10 months following the date of enactment. This proposal is in the right direction, but it should apply to all mothers currently in the system. Approximately 35-40 percent of all welfare recipients do not want paternity established. This has to be changed. Tough sanctions for noncompliance with establishment of paternity are necessary.

Massachusetts has become the first state with a comprehensive new hire program that requires all employers to report new hires within 14 days to the Department of Revenue. The program has been very successful and been accepted by businesses. It has not been perceived as an additional burden. The reporting requirement makes it easier to track obligors. Most often, obligors change from job to job and this requirement helps with their location. The system makes it easier to collect child support. Through the use of computers, matching Social Security numbers can be located and the computer will automatically send the employer a notice to withhold child support from the obligor's wages. This program has shown real results.

JOBS and Time Limits

The welfare debate of 1986 produced the Family Support Act of 1988. The Family Support Act requires States, to the extent resources permit, to require participation in education, work, and training programs by all welfare mothers with no child under 3, part-time for those with a preschooler. Welfare reform should build from the successes of the Family Support Act. The JOBS program needs to be expanded.

This type of program is essential to accomplish welfare reform. The JOBS program is a necessary element to achieve self-sufficiency through the education training, and employment, services. The Federal government needs to provide adequate resources to the states so JOBS can be fully funded. More recipients need to participate in the program.

Since the Clinton campaign proposal to end welfare, Congress has expressed a wide range of opinions on welfare reforms. One of the areas of controversy is time-limited welfare proposals. Many participants stay on welfare for a short time, but too many stay on the system for successive generations. A time limit of two years collecting AFDC benefits for those recipient capable of work is a reasonable approach when it is combined with the WORK program.

Changing the attitude of participants is important. Establishing sanctions such as ending benefits for six months for those who refuse a job offer without good reason is an appropriate proposal. Benefits have to be linked to training programs.

Conclusion

As we listen to the testimony today, we will realize there are several ways to rebuild our welfare system. I think we can all agree that the current system needs change. We can build from this consensus. The current system does not serve the recipient or the taxpayer.

As I sit here before you, I do not have all the answers or the perfect solution to welfare reform. However, I believe the time is now to change the system. Recently, Jodie Allen, a columnist in the Washington Post wrote an article expressing concerns that the welfare debate will not "end welfare as we know it" or "end welfare as we have come to know it." There is a fear that the current debate on welfare will not end in results. Welfare reform is a difficult task, but we should not stray from accomplishing this task.

We should not be afraid of tackling the problem and consider making changes to the system. One such change could be move welfare from the Department of Health and Human Services to the Department of Labor. Welfare could be better integrated with the unemployment compensation program. Currently, the Department of Labor is working on changing the unemployment system by combining different unemployment programs and the welfare worker retraining program could be implemented into these reforms. This switch would place an emphasis on job retraining. Benefits would be handled in a similar manner to unemployment compensation.

State flexibility should be allowed for most aspects of welfare reform. States should be encouraged to use their creativity. One possible option for states could be the privatization of administering welfare. The goal of such an option would be putting recipients back in the work force as soon as possible. States would be able to benefit from the knowledge of the private sector.

I just want to end with a few thoughts on illegitimacy. Twenty-five years ago Senator Moynihan made the suggestion that we needed to address pregnancy out of wedlock. The suggestion was we were going to end up with a generation of young people who, as James Wilson tells us overwhelmingly commit crime. President Clinton fairly describes the issue when he said, by the turn of the century, one out of two children in America will be born out of wedlock if we do not address the issue today. These hearings are part of the process of addressing the issue. I look forward to working towards a solution.

**Testimony of Congressman Jim Talent
Presented to the Subcommittee on Human Resources
July 27, 1994**

Introduction

Mr. Chairman, I appreciate the opportunity to join you today to discuss the consequences of our current welfare system and to discuss what I think we need to do to truly end welfare as we know it.

The reason I am here and the reason you are holding hearings is that there is almost no one in this country who would defend the welfare status quo. I would equate the discussion we are engaged in today with the process by which a physician treats a cancer patient: before a treatment can be prescribed, the physician must first diagnose the illness; only then can a treatment be prescribed.

Over the past twenty-five years the effects of the welfare system in America have been diagnosed by social scientists of all political persuasions. That diagnosis has revealed a host of social pathologies which are destroying thousands of families and are threatening the lives of millions of innocent children. The most serious of these pathologies, Mr. Chairman, is the explosion in the number of out of wedlock births. History, common sense and scientific evidence all indict the welfare system as an accomplice in this societal affliction.

Nearly 30 years ago, at the outset of the War on Poverty, the out of wedlock birthrate in the United States was roughly 7%. Since that time, we have spent nearly \$5 trillion on programs designed to end poverty, while the number of babies born into fatherless homes has skyrocketed. Roughly 32% of all the babies born in the United States are born out of wedlock; in many low-income urban communities the illegitimacy rate is almost 80%. This means that there are many communities in our country where 8 out of 10 children are born into a family, and in fact a culture, where fatherhood as most Americans understand the term does not exist. Children in these circumstances have bleak prospects for succeeding in mainstream society; they are three times as likely to fail in school, twice as likely to commit crimes and end up in jail, and, if young girls, are 164% more likely to bear children out of wedlock themselves.¹

The current welfare system is a major culprit in this tragedy. By subsidizing out of wedlock births, the system rewards young men for being irresponsible and lures young women into a course of action that is destructive for them, their children, and society. History has proven that the two most effective anti-poverty programs are work and marriage. Yet, the welfare system offers even teenagers up to \$15,000 per year, depending on the State, on the condition that they do not work and do not marry an employed male. These incentives have made marriage financially irrational and converted the low-income working husband from a necessary breadwinner into a net financial handicap.

A number of scientific studies confirm the link between welfare and illegitimacy. Research by Dr. C.R. Winegarden of the University of Toledo found that half of the increases in illegitimacy among African-Americans in recent decades could be attributed to the effects of welfare. Research by Shelley Lundberg and Robert D. Plotnick of the University of Washington shows that an increase of roughly \$200 per month in welfare benefits per family causes the teenage illegitimate birth rate in a State to increase by 150%. Other studies have shown that, holding constant a number of other variables such as income, parental education, and urban and neighborhood setting, a 50% increase in the monthly value of AFDC and Food Stamp benefits leads to a 43% increase in the number of out of wedlock births.²

It is important to emphasize what I am not saying: I am not saying that poor women are having children to get welfare. People don't have children for money, but how they expect to support their children does either reinforce or undermine social norms about when they have children, and whether they get married before having them. In my parents' generation, people understood the practical reality that they simply could not afford children until they had a work skill, and had married someone who was committed to help raise a family. This was a powerful deterrent to teenage pregnancy. Great Society programs changed this reality by making it financially possible even for teenagers to have children and

¹Rector, Robert. "Combating Family Disintegration, Crime and Dependence: Welfare Reform and Beyond." Background. Washington: The Heritage Foundation, 8 April 1994.

²Rector, 10-11.

set up independent households; in fact, from a purely monetary point of view, a young poor woman is in the short term better off going on welfare than taking a low-paying, entry-level job. Only in the larger term, when it is too late, does she realize that welfare has trapped her and her children. The brutal fact is that for thirty years, our welfare system has artificially undermined the natural and healthy economic incentives which favor those who rely on work and marriage to raise families.

Nevertheless, some social scientists still deny the link between welfare incentives and the out of wedlock birthrate. Their major arguments are worth examining in some detail.

1) Some critics of reform rely on the fact that fertility rates do not differ between welfare and non-welfare mothers; in other words, women on welfare do not have more children than other women. This is true but irrelevant, because it deals only with women who are already on welfare. Again, neither I nor other advocates of real reform are arguing that large numbers of welfare mothers have additional children to get more benefits. What we are arguing is that welfare artificially alters the family structure in which the first child is born. We are relying on what seems obvious to us: that welfare benefits worth \$8,500 to \$15,000 per year must and does influence young women in deciding whether to delay having children until they are married and able to support themselves.

2) Many reform critics claim that States with the highest illegitimacy rates tend to provide the lowest levels of welfare benefits. But comparing welfare benefits across States is misleading for two reasons. First, such comparisons often look only at cash welfare. Many in-kind welfare benefits are set at the federal level and either do not vary in different States or are actually more generous in low AFDC States. Second, the opportunity costs of welfare have to be considered in determining its true value. In many States with relatively low welfare, the alternative to welfare is a job paying wages which are also low compared to other States. When these kinds of variables are controlled, the difference among various States becomes insignificant. For example, in the late 1970s, State-by-State AFDC differences were at their highest. California offered a much more lucrative AFDC benefit than Louisiana. However, controlling for the above variables, the package offered in San Francisco turned out to be 66% of median income and the package in New Orleans was 65% of median income.³

Most importantly, comparisons across State lines ignore the historical reality that welfare increased tremendously across the United States in the late 1960s, producing an overall national change that dwarfs the importance of State-by-State differences.

3) Proponents of the existing system also argue that over the past 20 years, the real value of welfare cash payments has declined sharply. Again, this distorts the truth by focusing on a decrease in one of 78 welfare programs (AFDC), and suggesting that total welfare spending per individual has decreased over the past two decades. But no responsible scientist denies that the whole package of benefits, cash and in-kind, has to be considered in determining the impact of welfare. And the value of the whole welfare package has increased tremendously since the mid-sixties. In constant dollars, per capita cash, food and housing aid is now 26% higher than in 1980 and 4 times higher than in 1965.⁴

4) Finally, critics argue that the lack of good jobs, rather than the welfare state, is the primary culprit in the breakup of the low-income family. But most people, including the poor, have always had to begin their working lives at lower paying jobs; and before the advent of the welfare state, they chose to do this rather than have children out of wedlock. For example, during the height of the Great Depression, the unemployment rate was 24.9% (today it is 6.5%) yet the illegitimate birth rate was under 3% (today it is 32%).

In addition, studies have shown that it is not poverty but welfare which traps people into cycles of dependency. Consider these facts:

- o The high school drop out rate for young African-American males from welfare families is 43% (compared to 20% from non-welfare families of the same income) and the proportion that went to jail is 20% (compared to 8% in non-welfare families of the same income). Among young white men, 33% from welfare homes are high school dropouts (compared to 11% from non-welfare families of the same income) and 8% have spent time in jail (compared to 2% otherwise). To repeat, these

³Murray, Charles. "Does Welfare Bring More babies?" Public Interest. 115 (Spring 1994): 17-30.

⁴Rector, 6.

statistics are controlled for income. People from low-income homes are not statistically more likely to drop out of high school or go to jail than people from other income levels--unless their families were on welfare.⁵

- o A recent study funded by the U.S. Department of Health and Human Services (HHS) indicated that a 50% increase in the monthly dollar value of combined Food Stamp and AFDC benefits (the primary federal welfare programs) led to a 117% increase in the crime rate among young black men.⁶
- o Another study showed that the greater the percentage of single parent families with children in a neighborhood, the higher the rates of violent crime and burglary. Again, the percentage of low-income families in a neighborhood was not a factor.⁷

In sum, it is not poverty that is causing illegitimacy; it is illegitimacy that is causing poverty and the other pathologies afflicting our cities. And welfare is causing illegitimacy. Of course we should seek to create more good jobs for everyone; that is why I so strongly favor pro-growth fiscal policies. But, the lack of good jobs is not the cause of the breakdown of the family structure among the poor.

In other words, history, common sense, and science all confirm the obvious: you get what you pay for. The Great Society's commitment to the poor was a major step forward in policy. But the execution of that policy was flawed. We should have seen that providing a large subsidy to young parents on the condition that they neither work nor marry was certain to increase the number of children born out of wedlock. The very large increase in benefits in the 1960s was a major culprit in jacking up the illegitimacy rate; once out of wedlock births became more common, many of the social restraints on illegitimacy began to erode and the trend toward out of wedlock births took on a life of its own.

In essence, we now have an entire generation of children raised in a situation where there is not, and never has been, a father present in the home. This unprecedented restructuring of American society is at the heart of our problems with drug use, gangs, drop-outs, and the like. The traditional family has always been the primary institution in America which transmits the values necessary for people to live together, and it has now for the most part disappeared in our low-income communities. The disincentives to marriage and work in our welfare system have played a major role in this, and any serious welfare reform proposal must address this issue.

Proposals for Reform

I have introduced legislation which is a full-scale overhaul of the current welfare system. President Clinton promised to "end welfare as we know it." The best way to do that is to end welfare as we know it. My bill would continue AFDC for single parents who already have children, or who give birth within one year of the effective date of the law, subject to certain work requirements. But it would discontinue welfare benefits for unmarried mothers under 21 years of age with children born thereafter. The savings from this provision would be given to the States as block grants to establish alternative programs which care for the children but do not encourage illegitimacy and dependency.

I want to make it clear: this plan will not abandon the children caught up in the system; it will take care of them and their mothers. What it will not do is continue to subsidize a dependency situation in which the federal government indefinitely assumes the role of breadwinner. The government would continue to subsidize any other option the mother chose: getting married and at least trying to set up a home with some chance of being self-sufficient, moving into a transitional setting where the mother can learn how to care for herself and her child, or even placing the child for adoption.

Again, this requirement is prospective only. This plan will not affect people who have had children under the current welfare system, though they may be subject to work requirements. But, for the sake of the recipients, the children, and the country, we must end AFDC as we know it from here on out.

⁵M. Anne Hill and June O'Neill, "Underclass Behaviors in the United States: Measurements and Analysis of Determinants," Baruch College/The City University of New York, August 1993, iv.

⁶Hill and O'Neill, iv.

⁷Douglas Smith and G. Roger Jarjoura, "Social Structure and Criminal Victimization," Journal of Research in Crime and Delinquency. February 1988, 27-52.

The second part of real welfare reform should include sensible and serious work requirements. We have learned from past efforts that the federal government does not know how to design work programs to suit the vast array of communities across the country. Four years after the "landmark" 1988 welfare reform bill, only 1% of AFDC recipients worked in exchange for their benefits. Real welfare reform would require at least 50% of the AFDC caseload to work in exchange for benefits by 1996. States should have complete flexibility to design programs best suited to their needs, as long as they have half of the caseload working by 1996.

Sensible work requirements should be carefully targeted to affect those most able to work, focusing first on those able-bodied males in the AFDC-UP program (the two-parent welfare program), then on mothers with older children (about half of the single parent caseload does not have a child under age five). Only after these requirements are met should single mothers with young children be required to work. In other words, the States could meet a 50% requirement largely without requiring single mothers with small children to work. This would substantially reduce the burden on those least able to bear it and, because fewer support services would be required, reduce the cost of the work requirement. In addition, there are approximately 2.5 million able-bodied food stamp recipients who do not have any dependents. These individuals should be required to perform a minimal amount of community service.

Finally, it is essential that we get control of runaway welfare spending. It makes absolutely no sense to talk of "ending welfare as we know it" and then turn around and spend more money on, and put more people into, this failed social experiment. From its inception in 1965 to the present, welfare spending has cost the taxpayers \$4.9 trillion in constant 1992 dollars. This is greater than the entire national debt. Total welfare spending now absorbs 5% of GNP, compared to 1.5% in 1965. Despite this massive infusion of cash into low-income communities, the poverty rate has remained virtually unchanged, from 14.7% in 1965 to 14.2% in 1992. Even worse, this explosion in welfare spending is expected to continue; in 1992, total government welfare spending was \$305 billion, and this is projected to rise to \$510 billion by 1998. To put it another way, in 1998 we will be spending \$2 on welfare for every \$1 spent on national defense.

The long history of well-intentioned welfare reform measures leads to one conclusion: the only way to limit the growth of welfare spending is to do just that--limit the growth of welfare spending. We should pass legislation which will place a cap of 3.5% on most welfare programs. This confines the growth in spending to roughly the level of inflation and prevents welfare caseloads from realizing the enormous growth they have under previous "reform" measures. Individual programs would be permitted to grow greater or less than 3.5% as long as the aggregate spending falls within a 3.5% cap. This would be an incentive for States to save money and will help ensure that caseloads really do drop. The Congressional Budget Office has estimated that this provision would save the taxpayers \$70 billion over the next five years.

Conclusion

Mr. Chairman, the debate over welfare has sharpened the issue before this committee and the Congress. We have seriously considered, and we must now either accept or reject, a causal link between the welfare system and the out of wedlock birth rate. I question whether any legislation which rejects that link can have any credibility in the country. But the good news is that we can move away from the mistakes of the past without abandoning the generous impulses that led to the War on Poverty. There is no necessary conflict between public welfare and the private institutions of society: This Congress does not have to choose between abandoning the poor and destroying their families. The common ground on which honest liberals and conservatives can meet is fundamental reform that maintains a commitment to the poor but alters the incentives that lead to dependency. This is the vision which animates my legislation and which I respectfully suggest as the basis for the Committee's efforts.

The Honorable Barbara B. Kennelly
Testimony before the Ways and Means
Subcommittee on Human Resources

July 27, 1994

Thank you, Mr. Chairman and subcommittee members, for the opportunity to testify this morning on a issue that I have worked on for a long time and that I believe is an important part of welfare reform -- strengthening our child support system.

Let me begin by pointing out that just as it takes two people to have a child, it takes two people to raise a child. Children need and deserve the emotional and financial support of both their parents.

Let me also note that many children who do not live with both parents do receive this support. For all the sloganeering about "deadbeat dads," half of all fathers with child support orders do pay their required child support in full. These fathers do not live with their children, but they do show their love by providing for them. I fully understand the concerns of some that non-custodial fathers are being made scapegoats in the debate over child support.

Nonetheless, the fact remains: a child is, first and foremost, the responsibility of his or her parents. We must do more to ensure that parents live up to this responsibility.

So, with my colleagues from the Caucus on Women's Issues, I am urging the use of new enforcement techniques that have proven effective at the state level. These new measures are strict and swift. They range from blocking renewal of drivers and business licenses to charging interest to greatly improving interstate cooperation in collecting support.

Such efforts, however, will help solve only half the problem, for only about half the single parents in America have child support orders. Put another way, out of every 10 single mothers, there are 4 with no child support order at all. We do not have accurate data on the percentage of custodial fathers who have support awards. That means millions of parents have no legal claim for support upon the non-custodial parent. This may or may not be the result of virtual abandonment of the child by one parent, but it happens when there is failure to establish paternity, or to locate one parent, or to get a court order of support. This is an absolutely essential area to be addressed if we are going to improve the economic well-being of single parent families, and prevent many of them from going on welfare.

My legislation and that proposed by the Caucus on Women's Issues would both make real strides in this effort. Greatly improved paternity establishment is an absolute must. Placing Social Security numbers of parents on birth certificates and divorce decrees will ensure that this critical piece of information is available when needed. An enhanced federal parent locator and W-4 reporting will make it easier to stay informed about the whereabouts of parents and about their earnings.

Members of the Subcommittee, as you take on the controversial and contentious issue of welfare reform, remember that in the area of child support, there is overall consensus. Yes, there are some differences in the various bills before you. Nonetheless, I am confident that you can craft a child support section that we will all be able to stand behind. I am ready and willing to assist you in any way I can. My thanks again to the Chairman and members of the subcommittee for the opportunity to appear before you.

Congress of the United States
House of Representatives
Washington, DC 20515-0506

TESTIMONY OF REP. LYNN WOOLSEY
WAYS AND MEANS SUBCOMMITTEE
WELFARE REFORM
JULY 27, 1994

THANK YOU, MR. CHAIRMAN. I AM PLEASED TO BE JOINED BY MY DISTINGUISHED SENIOR COLLEAGUE TODAY, REPRESENTATIVE REGULA, THE CO-AUTHOR OF OUR LEGISLATION, "THE WORKING OFF WELFARE ACT," OR "WOW."

TOGETHER, WE HAVE CRAFTED A TOUGH, BUT FAIR PLAN THAT IS BASED ON EXPERIENCE. MY EXPERIENCE AS A FORMER WELFARE MOTHER TWENTY FIVE YEARS AGO, AND HIS AS AN EXPERIENCED LEGISLATOR, WHO HAS SEEN NUMEROUS ATTEMPTS AT FIXING THE WELFARE SYSTEM DURING HIS 23 YEARS IN CONGRESS. IN FACT, MR. REGULA WAS STARTING HIS CAREER IN CONGRESS AT THE SAME TIME I WAS PERSONALLY EXPERIENCING WELFARE.

WE CAME TOGETHER BECAUSE, FROM OUR DIFFERENT BACKGROUNDS, BECAUSE WE KNOW THAT THE WELFARE SYSTEM IS BROKEN. IT DOESN'T WORK FOR THE RECIPIENT. IT DOESN'T WORK FOR THE TAXPAYER, AND IT NEEDS FUNDAMENTAL CHANGE.

I KNOW FIRSHTHAND THE MERITS AND FAULTS OF OUR WELFARE SYSTEM BECAUSE IN 1968, I WAS A DIVORCED, WORKING MOTHER STRUGGLING TO RAISE MY THREE SMALL CHILDREN IN MARIN COUNTY, CALIFORNIA. THE BREAKUP OF MY MARRIAGE HAD LEFT ME WITHOUT CHILD SUPPORT AND HEALTH CARE FOR MY CHILDREN. IN ORDER TO SURVIVE, I TURNED TO WELFARE TO SUPPLEMENT MY EARNINGS.

MY EXPERIENCE ON WELFARE, AND THE KNOWLEDGE THAT OTHER FAMILIES OFTEN NEED MORE HELP THAN I DID TO GET BACK ON THEIR FEET, NEVER LEAVES ME. IT SERVES AS THE FOUNDATION FOR THIS LEGISLATION.

UNLIKE OTHER PROPOSALS, THE WORKING OFF WELFARE ACT RECOGNIZES THAT THE KEY TO WELFARE REFORM IS NOT TO REDUCE THE AVAILABILITY OF ASSISTANCE, IT IS TO REDUCE THE NEED FOR ASSISTANCE.

TOO OFTEN, INDIVIDUALS ARE FORCED TO GO ON WELFARE BECAUSE OTHER SYSTEMS HAVE FAILED THEM. WHEN WE HAVE STRONG CHILD SUPPORT COLLECTION LAWS; HEALTH CARE FOR ALL AMERICANS; AFFORDABLE CHILD

CARE FOR WORKING FAMILIES; AND JOBS THAT PAY A FAMILY WAGE; FIXING THE WELFARE SYSTEM WILL BE A LOT EASIER BECAUSE MANY FAMILIES WILL NOT NEED TO TURN TO WELFARE IN THE FIRST PLACE.

THE LARGER QUESTION IS: HOW DO WE MAKE WELFARE WORK FOR FAMILIES ALREADY TRAPPED IN THE SYSTEM? THE ANSWER IS: WE MUST CHANGE THE PURPOSE OF THE WELFARE OFFICE FROM ISSUING WELFARE CHECKS TO ASSISTING RECIPIENTS THROUGH EDUCATION AND TRAINING PROGRAMS AND INTO JOBS THEY CAN AFFORD TO LIVE ON.

THE WORKING OFF WELFARE ACT DOES THIS BY SUPPORTING FAMILIES THROUGH THE PROCESS UNTIL THEY ARE OFF WELFARE FOR GOOD. OUR BILL REQUIRES STATES TO ESTABLISH A SINGLE, CONVENIENT LOCATION IN THE COMMUNITY THAT PROVIDES FAMILIES WITH ACCESS TO THE INFORMATION AND ASSISTANCE THEY NEED. AND, IT MAKES INDIVIDUAL CASE MANAGERS AVAILABLE TO GUIDE RECIPIENTS THROUGH THE SYSTEM AS SWIFTLY AS POSSIBLE.

"WOW" KEEPS FAMILIES TOGETHER BY ABOLISHING RULES WHICH PREVENT TWO-PARENT FAMILIES FROM RECEIVING BENEFITS.

"WOW" ENCOURAGES WORK BY ALLOWING WELFARE RECIPIENTS TO KEEP MORE OF THEIR EARNINGS AND BENEFITS (SUCH AS CHILD CARE, HEALTH CARE, AND CHILD SUPPORT) AS THEY ENTER THE WORKFORCE.

MORE IMPORTANTLY, "WOW" CALLS FOR FUNDAMENTAL CHANGE IN THE WAY WE SPEND OUR TAX DOLLARS ON TWO KEY ELEMENTS OF WELFARE REFORM: JOB TRAINING AND CHILD SUPPORT COLLECTION.

IT IS A WASTE OF TAXPAYER'S MONEY TO TRAIN PEOPLE FOR DEAD END, LOW WAGE JOBS THEY CANNOT SUPPORT THEIR FAMILIES ON. THE "WORKING OFF WELFARE" ACT IDENTIFIES JOBS IN THE COMMUNITY THAT PAY A FAMILY WAGE, AND INSISTS THAT OUR FEDERAL PROGRAMS TRAIN WELFARE RECIPIENTS FOR THEM.

FURTHER, WE CAN NO LONGER AFFORD TO INVEST IN A STATE-BY-STATE CHILD SUPPORT SYSTEM THAT COLLECTS ONLY \$1 FOR EVERY \$10 DOLLARS OWED BY ABSENT PARENTS WHO CROSS STATE LINES.

IN ORDER TO DELIVER THE \$34 BILLION IN COURT-ORDERED CHILD SUPPORT THAT GOES UNCOLLECTED EACH YEAR, THE "WORKING OFF WELFARE" ACT WOULD FEDERALIZE THE CHILD SUPPORT COLLECTION SYSTEM -- PUTTING THE FEDERAL GOVERNMENT IN CHARGE OF COLLECTING CHILD SUPPORT DIRECTLY FROM THE ABSENT PARENT'S PAYCHECK, NO MATTER WHERE THEY ARE IN THE COUNTRY.

I SUPPORT THE CONGRESSIONAL CAUCUS FOR WOMEN'S ISSUES CHILD SUPPORT LEGISLATION, AND I APPLAUD MY WOMEN COLLEAGUES ON BOTH SIDES OF THE AISLE FOR PUTTING FORWARD SOME COMMON SENSE SOLUTIONS FOR COLLECTING CHILD SUPPORT. BUT I THINK THAT THE CASE FOR FEDERALIZATION IS CLEARCUT, AND SO DO MEMBERS FROM ALL

SIDES OF THE POLITICAL SPECTRUM, FROM REPRESENTATIVE RON DELLUMS TO REPRESENTATIVE HENRY HYDE, WHO RECOGNIZE THAT STICKING WITH THE STATES WILL ONLY FURTHER PUNISH OUR CHILDREN AND BANKRUPT OUR WELFARE SYSTEM.

AS A RECENT USA TODAY EDITORIAL SAID: "THE STATES HAVE HAD TWENTY YEARS TO MAKE THEIR CHILD SUPPORT LAWS WORK. THEY HAVE LARGELY FAILED. IT'S TIME FOR FEDERAL INTERVENTION."

WHILE IT MAY BE TOUGH TO PASS COMPREHENSIVE WELFARE REFORM THIS SESSION, I BELIEVE THERE IS BIPARTISAN CONSENSUS IN CONGRESS THAT WE CAN MOVE FORWARD ON CHILD SUPPORT REFORM THIS YEAR. IT MAKES SENSE THAT WE FIX THE CHILD SUPPORT SYSTEM FIRST. AFTER ALL, IF I HAD RECEIVED THE CHILD SUPPORT THAT WAS OWED TO MY FAMILY, I WOULD NEVER HAVE NEEDED TO GO ON WELFARE IN THE FIRST PLACE. TOO MANY AMERICAN FAMILIES ARE FACING THE SAME SITUATION TODAY.

I ENCOURAGE THE SUBCOMMITTEE TO PASS CHILD SUPPORT REFORM THIS YEAR, AND TO CONTINUE ITS WORK ON CRAFTING COMPREHENSIVE WELFARE REFORM LEGISLATION. I LOOK FORWARD TO WORKING WITH YOU TO INCORPORATE THE PROPOSALS IN THE WORKING OFF WELFARE ACT INTO THAT REFORM.

MAKE NO MISTAKE, WELFARE REFORM WILL REQUIRE AN UPFRONT INVESTMENT, BUT IT WILL REAP LONG-TERM RESULTS. THE CHOICE COMES DOWN TO THIS, MR. CHAIRMAN: EITHER WE PUNISH INNOCENT CHILDREN BECAUSE THEY ARE POOR, OR, AS WAS THE CASE WITH MY FAMILY, WE INVEST IN HELPING FAMILIES GET OFF WELFARE FOREVER.

THANK YOU.

STATEMENT OF
THE HONORABLE ROBERT T. MATSUI
BEFORE THE SUBCOMMITTEE ON HUMAN RESOURCES
JULY 27, 1994

I want to thank you, Mr. Chairman, for the opportunity today to discuss H.R. 4767, the Family Self Sufficiency Act.

In considering welfare reform I think we must keep several important principles in mind to guide the process. The most important of which is that we must never forget that the intent of AFDC is to keep children out of poverty. It seems that many of the proposals that have been put forth have forgotten this goal and I think we fail our most needy and vulnerable if we don't reconsider the original goal of the AFDC program when we discuss welfare reform.

The second principle is that, as legislators, we must be realistic about what we can expect to be achieved through welfare reform. We must be very honest with ourselves and with the American people about the costs of those achievements.

The Family Support Act was passed in 1988 with a promise of improved education and training for women on AFDC and a promise of moving people off welfare. In enacting the Family Support Act we expanded requirements for states and raised public expectations, but provided inadequate financing to reach the stated goals of the law. If we are going to make a grand promise to the states and to families on AFDC, Congress had better be willing to vote for the financing necessary to fulfill that promise. This financing should not disadvantage those who we are purporting to help. It is my hope that we have learned from the mistakes made when passing the Family Support Act. Congress can not promise families on AFDC the world; rather we must be realistic and promise a new opportunity with the support necessary to take advantage of this chance.

I introduced H.R. 4767 because I think it is the best blueprint for meeting these challenges. We should allow states the flexibility to provide education or training programs that fit the needs of individual recipients. We should allow individuals the opportunity to complete an education or training program and move into a job on an individualized basis, rather than based on an arbitrary time limit. Just as all of us are not alike and do not move forward at the same speed, neither are mothers on AFDC alike.

I truly do not believe that the majority of poor families choose to live on AFDC because they would rather take government assistance than help themselves. What I do believe is that they face often unbeatable odds against success. Child care programs are underfunded and often unavailable. Health benefits and transportation assistance that make it possible to work are lost shortly after a family leaves the program.

Much of what President Clinton has proposed is a step in the right direction, and for that reason H.R. 4767 mirrors much of the President's plan. There is much to be said for building upon the JOBS program, increasing funds for child care, and emphasizing improved child support enforcement. Unfortunately, I also disagree with some of the major tenets of what is put forth in the President's plan, such as the time limits and the family cap.

I introduced H.R. 4767 to expand, and hopefully enhance, the welfare reform debate. I do not believe that the voices of those affected most by the pending legislation -- children and their families -- are being heard. Welfare reform impacts too many people's lives in a very immediate and significant way for us not to have an honest, thorough, and thoughtful discussion of how best to improve the opportunities for those on AFDC.

H.R. 4767 would not limit the amount of time that states may have recipients enrolled in the JOBS program, but rather would provide states the flexibility to determine what is best for the individual families it serves. H.R. 4767 builds upon the promise of the Family Support Act, which is education and training for AFDC recipients so they can obtain a job that will support their family. There have been important lessons learned through the current JOBS program. In those areas where an investment was made to help AFDC families, there has been success.

In Riverside County, California, where they have placed a strong emphasis on training and job placement, they have been successful in improving both the employment and earnings potential of AFDC recipients. I think this and other successful programs around the country should serve as a model of what can be achieved if the JOBS program is funded and implemented as it was meant to be. I also want to point out that even in Riverside County, which is one of the most successful JOBS programs in operation, one half of the recipients were still receiving full or partial AFDC benefits after having been enrolled in the program for two years.

H.R. 4767 strengthens requirements that those AFDC recipients who are able to join the work force do so. The difference between this work requirement and what the President proposes is that states would be able to decide when a parent is ready to work -- whether it is in six months or 36 months -- rather than employment being prescribed by a rigid timetable.

The Family Self Sufficiency Act would increase JOBS funding to a level of \$3.7 billion by FY 1999. In return for increased funds and a larger share of federal dollars, states would be required to increase dramatically their participation rates. Currently states must have 15 percent of their non-exempt AFDC caseload enrolled in JOBS. H.R. 4767 would bring this number up to 50 percent by 1999 and would, for the first time, require states to have at least half of these participants engaged in work. This significant increase in participation and work mandates will go a long way toward changing welfare into a more work-focused system.

The work requirement could take the form of private sector employment, on-the-job-training, subsidized employment, self-employment or, if necessary, a publicly-created job. The Family Self Sufficiency Act also would put an emphasis on job placement, development, and retention by requiring states to invest a minimum of 10 percent of their JOBS funds in these activities. This investment is critical if we are to help the families who move off AFDC stay off the program and in the work force.

H.R. 4767 also would remove many of the current disincentives to work, to marry, and to save. For example, the earnings disregards would be changed to allow families on AFDC to keep more of what they earn; financial penalties against parents marrying would be removed; and limits on the amount of assets a family may accumulate to save for a home or an education would be increased.

Child care is a key component of this debate, both with regard to the financing and the quality of care. If we are to make real the promise of independence, we must ensure that there is a safe place for children to go while their parents are at work. H.R. 4767 would not only increase funds available to states for the AFDC and Transitional Child Care programs, but would invest an additional \$5 billion over the next five in the At-Risk Child Care program, which is designed to help low-income families stay in the work force and off AFDC.

The bill would make investments to improve the quality and infrastructure of child care services to ensure that the services available to low-income families are safe and accessible. States

also would be required to ensure that the provision of child care services, as a family moves from JOBS to employment and off AFDC, is continuous so as to avoid any disruption to the parents or their children.

With regard to child support enforcement, H.R. 4767 incorporated many of the same improvements as are in the President's proposal. I believe he sets the right tone in placing an emphasis on parental responsibility in this area.

Finally, I want to spend a moment on the issue of teen parents. While teen parents make up a small part of the nation's AFDC caseload, they tend to remain dependent on AFDC much longer than do parents who become eligible when they are older. I think the Administration is entirely correct in focusing on the needs of young parents in their bill. While H.R. 4767 provides states greater flexibility to target JOBS program services, it does put into place a requirement that states serve all teen parents in a targeted and comprehensive way.

H.R. 4767 would invest significant resources in programs designed to target teen parents and provide intensive case management services, child care, and other supportive services. Teens would be required to live with their families, except under certain circumstances. States would have to put into place programs designed to keep pregnant and parenting teens in school, employing a system of bonuses to reward teens who stay in school and sanctions for those who fail to attend. In an effort to keep low-income teens who are not on AFDC in school, states would have the option to provide both child care and case management to these youths to prevent their moving onto AFDC.

Mr. Chairman, I look forward to working with you and the rest of the Subcommittee members on this very important issue. I think the upcoming hearing process will provide us with an opportunity to have a good discussion of how best to change the nation's welfare programs to help, rather than to hinder, the efforts of families to move from welfare to work.

STATEMENT BY
REPRESENTATIVE TONY P. HALL
BEFORE THE
SUBCOMMITTEE ON HUMAN RESOURCES,
HOUSE WAYS AND MEANS COMMITTEE
JULY 27, 1994
ON WELFARE REFORM

Thank you Mr. Chairman for this opportunity to testify before your committee on the President's welfare reform legislation and how it relates to microenterprises and Individual Development Accounts.

I commend the President and the co-chair's of his Welfare Reform Working Group for their work and leadership in putting together H.R. 4605 - Work and Responsibility Act of 1994. I believe it is a good starting point. While I was pleased that the President's bill included the establishment of IDAs, I am very concerned about how the provisions in this bill relate to microenterprises.

Federal anti-poverty policy should support asset-building activities, not penalize them. Because of the \$1,000 asset limit in AFDC, we are telling the poor that they cannot save for their children's education, that they cannot start their own business, or that they should sell everything they have just to get some temporary assistance. This traps people on welfare -- which is both morally wrong and economically foolish.

The Congressional Hunger Caucus, of which I am Chairman, has endorsed two legislative initiatives which assist people by providing sensible self-help programs with the objective of permanent self-sufficiency. The Microenterprise and Asset Development Act allows recipients to set aside up to \$10,000 in restricted asset accounts for education, job training, home-purchase and provides for the special treatment of income from a microenterprise. The Individual Development Account Demonstration Act proposes a five-year demonstration project that would encourage and reward poor people for savings towards homes, education, and microenterprises through Individual Development Accounts (IDAs). An IDA would be an earnings-bearing, tax-benefitted account whose deposits could be matched by the Federal, State or local governments.

In March of this year, Representative Bill Emerson, Representative Cardiss Collins, Representative Fred Grandy, and I sent a letter to President Clinton, signed by 68 members of the House of Representatives, to include these asset-based anti-poverty strategies into comprehensive welfare reform. The letter was bi-partisan and demonstrated the broad-based support for these ideas across the political spectrum.

The President's proposal includes a self-employment/microenterprise demonstration program and gives the authority to the Departments to develop joint regulations to exclude resources necessary for self-employment for these demonstration programs. This provision does not go far enough and in reality is very limiting.

The whole push behind welfare reform is to better enable people to become self-sufficient. H.R. 455, the Microenterprise and Asset Development Act would disregard income and assets related to self-employment/microenterprises up to \$10,000 per year for no longer than two-years and was endorsed by President Clinton in his campaign. This language was also previously passed by both the House and the Senate in the Revenue Act of 1992 (H.R. 11) and includes broad bi-partisan support. However, it was not included in the President's welfare reform initiative.

The language in the Work and Responsibility Act of 1994 needs to be changed from just giving the Departments authority to develop regulations that exclude resources necessary for self-employment to a change in the statutory law making the income disregards permanent for microenterprises. An example of the need for this change is in my district - CityWide Corporation received a 3-year grant for a demonstration project for microenterprises and it took the Department of Health and Human Services over 2 years to grant the needed waivers. This permanent change in law would be an effective way to remove one of the federal barriers which discourages AFDC recipients from starting their own business and becoming self-sufficient.

I would strongly urge the committee to change current law and amend the Work and Responsibility Act of 1994 to allow assets and income earned from microenterprises to be disregarded for calculations for AFDC benefits.

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Written Testimony of Congresswoman Louise M. Slaughter
Submitted to the Committee on Ways and Means
Subcommittee on Human Resources

July 27, 1994

Thank you, Mr. Chairman, for giving the members of the Congressional Caucus on Women's Issues the opportunity to testify on a vital element of our welfare reform efforts, namely child support enforcement.

As you well know, Mr. Chairman, Congress and President Clinton have agreed that breaking the welfare cycle for families and individuals is a priority. For far too many Americans, the welfare "safety net" has become a permanent way of life instead of a last resort. While we certainly must help adults move from dependence on the federal government to lives of self-sufficiency, we cannot forget the children who are innocently trapped in the welfare cycle. Any serious effort at welfare reform which we undertake simply must correct the flaws in our nation's child support system.

Each year, upwards of \$34 billion in child support goes unpaid. This is not solely due to teenage fathers being unable to pay support -- studies have shown that the majority of men involved with teenage pregnancy are actually over the age of 20. Being older, they are more likely to have steady incomes, enough to provide at least some measure of child support. The reason billions of dollars go unpaid is that we currently lack a nation-wide system to crack down on delinquent parents who refuse to pay. Clearly, our eventual framework for welfare reform must include tough measures to ensure the payment of child support.

I am proud to testify today with my fellow members of the Caucus for Women's Issues as an original cosponsor of H.R. 4570, the Child Support Responsibility Act. This vital, comprehensive legislation combines child support initiatives that many of our colleagues have previously introduced, along with recommendations of the U.S. Commission on Interstate Child Support. The Child Support Responsibility Act features several innovative approaches to force deadbeat parents to pay the support they owe. Some examples include a nation-wide Parent Locator computer network capable of tracing support obligations across state lines; expanded Credit Bureau reporting of delinquent support payments; and restrictions on professional, occupational and driver's licenses for parents who fail to pay support or appear in child support proceedings.

In addition, the Child Support Responsibility Act includes the text of my own bill, H.R. 4711, the Spousal Equity in Bankruptcy Amendments, which draws an important correlation between child support, bankruptcy and welfare reform.

One problem in the current Bankruptcy Code concerns child

support payments, which are given no priority when a debtor's assets are distributed. It is incomprehensible that under current bankruptcy law, creditors and lawyers can collect their fees while dependent spouses and children have to wait, and may not ever be included. The Child Support Responsibility Act would elevate child support from its current status as a general, unsecured debt to a formally prioritized debt. This important change will help ensure that a custodial parent will not have to wait years to receive payment due.

The legislation would also close a loophole in divorce and bankruptcy proceedings which can be devastating for single-parent families. During a divorce agreement, it is not uncommon for the custodial parent to accept a lower level of child support in exchange for the other parent assuming the couple's marital debts. If the non-custodial parent declares bankruptcy, however, the marital debts then fall to the single parent. Think of what the custodial parent then faces: little or no child support payments, the heavy responsibilities of all the marital debts, and the expenses that come with rearing children alone.

My provision of the Child Support Responsibility Act would obligate the non-custodial spouse, who agreed to pay the couple's marital debts, to continue responsibility for these debts. I think it is outrageous that wives and dependent children would be forced to answer to creditors for debts the husband agreed to pay in return for lower child support payments. This relatively small -- but vital -- change in the Bankruptcy Code would prevent this situation, and ensure a more equitable treatment of all parties in the event of bankruptcy.

I have heard heartbreaking stories from single parents who want nothing but the best for their children but find themselves overwhelmed with marital debts and forced to fight for their rightful level of child support. With no other recourse, these families have no choice but to turn to welfare to provide the child support the absent parent ought to be providing.

Mr. Chairman, we know that 92% of those families who receive Aid for Families with Dependent Children benefits have no father living in the home, and that billions of dollars in child support goes unpaid annually. The correlation is clear. By strengthening current bankruptcy law, enforcing tougher measures for child support collection, and adopting the Child Support Responsibility Act, we can take a first step together in reforming our nation's welfare system.

I thank you for the opportunity to testify here today, and I know we all look forward to working with you in the weeks to come.

Testimony by the Honorable Jolene Unsoeld
before the Subcommittee on Human Resources
Committee on Ways and Means
July 27, 1994

Thank you, Mr. Chairman. I'm pleased to be invited to testify today on the general topic of welfare reform and more specifically, in support of Mrs. Mink's Job Start for America Act. I'd also like to note that I was one of the first supporters of Mrs. Woolsey's welfare reform bill, and I'm pleased to see that Mr. Matsui has incorporated so many of her ideas in his welfare reform legislation. I will focus my comments today on the role of teen pregnancy prevention in welfare reform.

Many of the welfare reform proposals we've heard about in Congress, including the administration's proposal, contain a major focus on curbing teenage pregnancy. Although it is true that becoming a mother at a young age is clearly a major risk factor for poverty -- and therefore eligibility for AFDC benefits -- we must also recognize that the vast majority of women who are currently receiving AFDC benefits are not teen mothers. In other words, this is not the root of the welfare reform problem. It's just not as simple as it looks.

This does not mean, however, that we should not be discouraging teen pregnancies. In my home state of Washington, pregnancy becomes a fact of life for 1 out of every 13 teenagers each year. When these young women get pregnant, they all too often end up dropping out of school. In fact, nationwide nearly half of all female high school dropouts are pregnant teens or teen mothers.

The research evidence shows that the economic consequences of becoming a teen mother -- and dropping out of school -- are devastating not only for the mothers themselves, but for society as a whole. We know that over half of the women who are currently receiving welfare benefits first became mothers as teenagers. Just as important, however, are the studies that show that teen mothers who complete high school are less likely to rely on welfare to support their families.

Clearly, then, the problem of teen pregnancy is one with many roots and multiple consequences. To attempt to address this problem in a simplistic, punitive way -- as I believe many of the current legislative proposals do -- within the context of welfare reform ignores these complex roots and consequences.

To be honest, I'm not sure how we best deal with this problem. There are many, many alternatives that I believe we should consider beyond just limiting welfare to two years. For example, we might consider cash payments to teen mothers who refrain from having additional children. We must also consider allowing abortion counseling to take place for pregnant adolescents. We should certainly expand our support for programs designed to keep pregnant and parenting teens from dropping out of school, for this will save us money in the long run.

What I do know is that we need to carefully consider this problem and avoid the temptation to rely on simplistic solutions. We need to prevent teen pregnancies from happening in the first place. But for those teenagers who do become parents, we need to do everything we can to support them and their young children. That's why I am cosponsoring Mrs. Mink's bill. After so many welfare reform proposals that seem designed to punish low-income families, we finally have one that is designed to support self-sufficiency for these families.

In conclusion, we know all too well that teen pregnancy is a complex problem with many, many facets. We need to consider pregnancy prevention, dropout prevention, the provision of adequate child care, and support for those teens who do become parents. If we don't, we will as a society pay dearly in the long run.

Thank you for the opportunity to testify today.

**Testimony of
Congresswoman Patricia Schroeder
before the
House Ways and Means Committee
Subcommittee on Human Resources
July 27, 1994**

Chairman Ford and Members of the Subcommittee, it is a pleasure to testify before you about an issue the Congressional Caucus for Women's Issues is deeply committed to. On behalf of the Caucus I would like to thank you for convening this hearing and giving us the opportunity to discuss the Child Support Responsibility Act of 1994 (H.R. 4570).

As you may know, several members of the Caucus have introduced welfare reform measures, however, the Caucus has not taken a position on any of the welfare reform bills currently pending before Congress. We have recently introduced a comprehensive child support enforcement bill -- a bill we believe will serve as a welfare prevention measure. Child support enforcement is an issue that all Members readily agree is in need of immediate attention. Where there are a myriad of approaches to reforming the nation's welfare system, there seems to be like-minded thinking on a number of steps that can be taken immediately to improve the nation's child support system.

In spite of a decade of Congressional efforts to improve the collection of child support, deadbeat parents still fail to pay \$34 billion annually. Our child support system is quickly becoming a national disgrace. Each of us has heard from constituents who face dire consequences when a child support payment does not come. The primary victims of this system are the millions of children facing lives of poverty. Further complicating the present collection system is the rising number of parents who relocate to another state after their separation or divorce. Currently, almost one-third of child support cases involve parents who have moved to another state. The bottom line is that American children are being shortchanged by parents who fail to pay the support their children need. Our bill is a comprehensive measure which sends a clear message to deadbeat parents -- wherever you are, you will no longer be able to renege on the financial responsibilities owed to your child.

As you may know, Caucus members Barbara Kennelly and Marge Roukema were on the U.S. Commission on Interstate Child Support. Our bill builds on their recommendations to Congress in several ways. Most importantly, H.R. 4570 would create a federal registry for reporting of child support orders. The current patchwork, state-by-state approach allows noncustodial parents to pay an economic game of hide-and-seek. Our bill would also streamline the collection process, enhance paternity establishment procedures, and mandate that states impose criminal penalties on deadbeat parents. H.R. 4570 would restrict occupational, professional, and business licenses for nonpayment of child support.

Correcting our child support system must include improvements in the federal and state child support partnership. Our bill requires the federal government to examine staffing

requirements for child support agencies. The Children's Defense Fund recently reported that some child support administrators report caseloads in excess of a thousand cases per worker. Our bill would also have the federal government provide training assistance to the state child support agencies.

We have had an overwhelming response to our bill. As I mentioned, this is an issue that all Members of Congress understand and they want the system improved immediately. I would like to note that yesterday Congresswoman Eleanor Holmes Norton, Chair of the House Post Office Subcommittee on Compensation and Employee Benefits, completed a markup of the provisions of H.R. 4570 under the subcommittee's jurisdiction. Under our proposal, noncustodial parents who are in child support arrears will be denied federal benefits and federal employment if they fail to establish a plan to repay their children the support they are owed.

As the nation's largest employer, the federal government should set an example for the private sector in this area. However, in 1989, over 60,000 government employees were delinquent in their child support payments. H.R. 4570 would also require potential federal employees and those seeking federal benefits to first meet their financial responsibilities to their children.

In closing, the Caucus believes that child support legislation is an important component of welfare reform and, in fact, we believe it is essentially a welfare prevention measure. We are pleased that your subcommittee is acting expeditiously on welfare reform and child support legislation. We look forward to working with you and members of the subcommittee to make certain that in the event welfare reform becomes stalled during the short time remaining in the 103rd Congress, child support legislation will have the opportunity to move forward. This issue is too important to too many children to wait another year. Once again, thank you for giving me the opportunity to discuss the Caucus' child support bill.

STATEMENT FOR CONGRESSMAN FLOYD H. FLAKE
BEFORE THE COMMITTEE ON WAYS & MEANS
JULY 27, 1994

GOOD MORNING MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE.

MR. CHAIRMAN, AS WE MOVE FORWARD IN THE WELFARE REFORM DEBATE WHICH HAS GENERATED MISTRUST AND UNREALIZED EXPECTATIONS AMONG MILLIONS OF AMERICANS, WE MUST CONFRONT THE MANY ISSUES THAT UNDERLIE THIS DEBATE WITH COMPASSION AND HUMILITY. WE MUST FOCUS OUR LIMITED RESOURCES ON POLICIES WITH THE GREATEST POTENTIAL OF TRANSFERRING WELFARE FROM A CONSTANT CONDITION TO A BRIDGE OF SELF-SUFFICIENCY. THEREFORE, ON JUNE 8, 1994, I INTRODUCED, H.R. 4546, THE FAMILY INVESTMENT AND SELF SUFFICIENCY ACT OF 1994 (FISSA). THIS LEGISLATION RECONCILES THE REALITIES OF WELFARE WITH THE DIFFICULT FACTS OF MAINSTREAM ECONOMICS AND THE WORKPLACE.

MY PROPOSAL ATTEMPTS TO REMOVE THE BARRIERS THAT PUT OUR CURRENT WELFARE SYSTEM AT ODDS WITH CORE AMERICAN VALUES SUCH AS RESPONSIBILITY AND PERSONAL INVESTMENT. I BELIEVE THAT WE SHOULD PROMOTE REAL OPPORTUNITY FOR WELFARE RECIPIENTS WHILE AT THE SAME TIME RECOGNIZE THE GOVERNMENT'S ROLE IN ASSISTING THOSE AMERICANS WHO ARE WILLING TO HELP THEMSELVES. MY LEGISLATION INCLUDES PROVISIONS FOCUSED ON ESTABLISHING A NEW PARTNERSHIP OF MUTUAL RESPONSIBILITY. HISTORICALLY, WELFARE HAS DISCOURAGED SAVINGS AND ENTERPRISE. IN TURN, THESE RULES HAVE PREVENTED GENERATIONS OF WELFARE RECIPIENTS FROM BREAKING THE CYCLE OF POVERTY. UNDER FISSA, RECIPIENTS WILL BE ABLE TO INVEST IN QUALIFIED ASSET ACCOUNTS AND MICRO-ENTERPRISE ACCOUNTS SO THAT THEY CAN DEVELOP THE FINANCIAL BASE FOR ECONOMIC VIABILITY.

I.

THIS BILL REMOVES THE RESTRICTIONS ON ASSET ACCUMULATION BY WELFARE RECIPIENTS BY RAISING THE AFDC SAVINGS LIMIT ABOVE THE CURRENT \$1,000 CEILING FOR INDIVIDUALS SAVING FOR EDUCATION, EMPLOYMENT TRAINING, IMPROVING JOB SKILLS, STARTING A NEW BUSINESS, PURCHASING A NEW HOME OR MOVING EXPENSES FOR A NEW HOME. THE NEW LIMIT WOULD BE \$10,000. A QUALIFIED ASSET ACCOUNT WOULD BE AN INTEREST BEARING, TAX-BENEFITED ACCOUNT WHOSE DEPOSITS WOULD BE MATCHED ON A SLIDING SCALE BY THE FEDERAL GOVERNMENT. FUNDS FROM THESE ACCOUNTS COULD BE WITHDRAWN WITHOUT PENALTY ONLY FOR THE STATED PURPOSES.

I CONTEND THAT ASSET BUILDING REPRESENTS A PROPER SHIFT IN OUR WELFARE POLICY FROM SPENDING AND CONSUMPTION, TO A POLICY BASED ON SAVINGS AND INVESTMENT. MORE IMPORTANTLY, THIS LEGISLATION ALLOWS THE GOVERNMENT TO BECOME A PARTNER RATHER THAN AN OBSTACLE TO HELPING WELFARE RECIPIENTS PARTICIPATE IN THE AMERICAN DREAM. THE OVERLOOKED ELEMENT IN THE WELFARE REFORM DEBATE IS THE PEOPLE WHO STILL BELIEVE IN THE AMERICAN DREAM, THOSE WHO ARE READY TO SAVE AND INVEST THEIR OWN TIME AND EFFORT AND RESOURCES TO PURSUE EDUCATION, TO WORK, AND EVEN SOMETIMES TO CREATE THEIR OWN JOBS. HISTORICALLY, THE UNITED STATES ANTI POVERTY EFFORTS HAVE FOCUSED ON INCOME DEPENDENCE AND SOCIAL SERVICE PROVISIONS.

HOWEVER, MY PROPOSED ASSET-BASED WELFARE REFORM PROVISION OFFERS THE POSSIBILITY, FOR THE FIRST TIME IN A CENTURY, TO ADD A SUBSTANTIAL DEVELOPMENT COMPONENT. THE ASSET ACCOUNT IS DESIGNED TO ENCOURAGE, ENABLE, AND FACILITATE LOW-INCOME PEOPLE MOVING INTO THE MAINSTREAM ECONOMY AS MARKETABLE EMPLOYEES AND ENTREPRENEURS. I BELIEVE THAT ASSET-BASED REFORMS ARE AN INVESTMENT LIKELY TO PRODUCE RETURNS TO WELFARE RECIPIENTS, OUR GOVERNMENT, AND THE GENERAL PUBLIC WELL IN EXCESS OF THEIR COST.

II.

TO FURTHER UNDERScore THE THEME OF REAL OPPORTUNITY, MY PROPOSAL WOULD EXTEND COVERAGE TO ALL NEEDY TWO-PARENT FAMILIES. THIS PROVISION ELIMINATES THE CURRENT MARRIAGE PENALTY.

PRESENTLY, AFDC ONLY COVERS FAMILIES WHERE BOTH PARENTS ARE IN THE HOME IF: ONE PARENT IS INCAPACITATED, THE PARENT WHO IS THE PRINCIPLE EARNER WORKS LESS THAN 100 HOURS A MONTH AND HAS A PRIOR WORK EXPERIENCE. THIS ANTI-FAMILY RULE PENALIZING A FAMILY FOR HAVING TWO PARENTS IN THE HOME AND IS CONTRADICTORY TO SELF-SUFFICIENCY AND RESPONSIBILITY. THE SYSTEM SHOULD PROVIDE COVERAGE FOR FAMILIES WITH CHILDREN BASED ON NEED WITHOUT REGARD TO WHETHER BOTH PARENTS ARE IN THE HOME.

ALSO, MY PROPOSAL EXTENDS THE CURRENT \$30 AND 1/3 INCOME DISREGARD TO STEPPARENTS WHO MARRY WELFARE RECIPIENTS PRESENTLY ONLY AVAILABLE TO BIOLOGICAL PARENTS. CURRENT AFDC RULES HAVE NO PROVISION FOR DEDUCTIONS OF AMOUNTS SPENT ON CHILD CARE OR FOR A GENERAL INCOME DISREGARD IN CONSIDERING THE EARNED INCOME OF A STEPPARENT FROM WHOM INCOME IS CALCULATED WHEN DETERMINING AFDC BENEFITS. WHEN CALCULATING AFDC ELIGIBILITY, THE STATE ALLOWS THE STEPPARENT A DEDUCTION EQUAL TO THE AMOUNT OF THE STATE STANDARD OF NEED FOR THAT INDIVIDUAL AND HIS OR HER DEPENDENTS WHO ARE NOT RECEIVING ASSISTANCE. THIS POLICY HAS THE EFFECT OF FORCING A STEPPARENT TO CHOOSE BETWEEN LEAVING THE HOUSEHOLD OR BEING PLUNGED INTO POVERTY WHEN CHOOSING TO CARE FOR CHILDREN FOR WHOM THEY ARE NOT LEGALLY RESPONSIBLE.

III.

ADDITIONALLY, FISSA PERMITS STATES WHO DESIRE TO CREATE AN ADEQUATE SUPPORT MECHANISM FOR FAMILIES ATTEMPTING TO WORK THEIR WAY OFF WELFARE. TRANSITIONAL CHILD CARE BENEFITS WOULD BE EXTENDED FOR EMPLOYED FORMER WELFARE RECIPIENTS FROM 12 MONTHS TO 24 MONTHS AFTER THEIR CASH ASSISTANCE ENDS. MANY PEOPLE DON'T REALIZE THAT MOST STUDIES CONCLUDE THAT ONLY 1/2 OF RECIPIENTS EXIT WELFARE WITHIN 12 MONTHS COMPARED TO MORE THAN 2/3 WITHIN 24 MONTHS.

THIS ADDITIONAL ASSISTANCE IS AN EXAMPLE OF HOW TO MAKE WELFARE A TRANSITIONAL BRIDGE RATHER THAN A PERMANENT CONDITION. IF OUR GOAL IS TRULY TO ASSIST WELFARE RECIPIENTS ENTER THE WORKFORCE, THEN WE MUST CONSIDER CHILD CARE AS AN IMPORTANT TOOL FOR ACCOMPLISHING THIS OBJECTIVE.

IN ADDITION, MY LEGISLATION ADDRESSES THE ISSUE THAT CHILDREN BORN INTO POVERTY ARE MORE LIKELY TO HAVE HEALTH PROBLEMS WHEN THEY ARE YOUNG. THEREFORE, I HAVE INCLUDED A CHILD IMMUNIZATION PROVISION WHICH ALLOWS A STATE AN OPTION TO DENY THE FAMILY PORTION OF AFDC BENEFITS TO ANY FAMILY WHICH DOES NOT BRING ITS CHILD INTO COMPLIANCE WITH HHS IMMUNIZATION REQUIREMENTS. HOWEVER, I INCLUDED A SAFEGUARD PROVISION FOR FAMILIES WHO FAIL TO COMPLY DUE TO LACK OF ACCESS TO AVAILABLE HEALTH CARE PROVIDERS.

OUR GOAL IS TO SAVE MONEY THROUGH PREVENTION ON THE FRONT END BY AVOIDING SERIOUS AND COSTLY MEDICAL PROBLEMS IN THE FUTURE. WE ARE ENSURING THE SAFETY AND WELL BEING OF CHILDREN EVEN IN THE EVENT OF NON-COMPLIANCE BY THEIR PARENTS.

CONCLUSION:

WELFARE AS WE KNOW IT HAS FAILED. "INSTEAD OF BEING A WAY STATION FOR MANY PEOPLE, IT HAS BECOME A STIFLING WAY OF LIFE." THEREFORE, OUR EFFORTS SHOULD BE FOCUSED ON CHANGING THE LIFESTYLES AND ECONOMIC WELL-BEING OF WELFARE RECIPIENTS. IN MY CONGRESSIONAL DISTRICT AND ACROSS THE NATION, WELFARE REFORM HAS BEEN A MAJOR ISSUE. WE MUST SEIZE THIS OPPORTUNITY AND OUTPOURING OF PUBLIC WILL TO TAKE BOLD AND AGGRESSIVE ACTIONS IN ADDRESSING THE WELFARE ISSUE.

M E M O R A N D U M

TO: FLOYD H. FLAKE

FROM: IRVING DANIELS

RE: ADDENDUM TO TESTIMONY FOR WELFARE HEARING
(FAMILY CAPS)

DATE: JULY 27, 1994

H.R. 4546, THE FAMILY INVESTMENT AND SELF-SUFFICIENCY ACT OF 1994 (FISSA) WILL INCLUDE A FAMILY CAP PROVISION. STATES WILL HAVE THE OPTION TO DENY ADDITIONAL CASH BENEFITS TO MOTHERS WHO GIVE BIRTH TO CHILDREN WITHIN A 10 MONTH PERIOD OF RECEIVING ASSISTANCE. THIS APPROACH IS CONSISTENT WITH THE RULES OF THE WORKPLACE; WORKING FAMILIES DO NOT RECEIVE RAISES AT WORK WHEN THEY HAVE ADDITIONAL CHILDREN. IMPOSING "FAMILY CAPS" DEMANDS A LEVEL OF RESPONSIBILITY OF THE RECIPIENT. WE ARE ASKING NO MORE OF RECIPIENTS THAN WE ASK OF WORKING CITIZENS.

THE INTENT OF THIS PROVISION IS NOT TO PUNISH FAMILIES. WE WANT RECIPIENTS TO UPHOLD THEIR END OF THE CONTRACTUAL AGREEMENT WHILE RECEIVING WELFARE BY NOT INCREASING THEIR FINANCIAL BURDENS. FISSA WILL CONTINUE TO PROVIDE CHILDREN WITH HEALTH CARE AND FOOD STAMPS, BUT WILL DENY THE PARENT THE INCREMENTAL CASH ASSISTANCE FOR HAVING ADDITIONAL CHILDREN.

CARDISS COLLINS

7TH DISTRICT, ILLINOIS

STATEMENT BY CONGRESSWOMAN CARDISS COLLINS
BEFORE THE WAYS AND MEANS HUMAN RESOURCES SUBCOMMITTEE
ON WELFARE REFORM
MAY 27, 1994

Good afternoon. Chairman Ford, I would like to begin by commending you for holding these hearings. I also want to thank you for providing me with the opportunity to testify before your Subcommittee.

Clearly, welfare reform is a hot topic around the Capitol and throughout the nation these days. Unfortunately, a lot of what I hear, i.e. "2 years and out" reminds me of the "3 strikes and you're in" concept in the crime bill, that this body will soon be considering again. It sounds more like a discussion about criminals than about Americans who happen to be poor and unemployed. Surely we don't need to limit our discussions to outrageous new types of punishments for the poverty-stricken who suffer every day because there are positive and effective strategies available to help low-income Americans pull themselves out of the state of destitution.

Any change in the welfare system should begin with a complete reversal in our approach towards low-income Americans. Currently, we encourage middle and upper-income Americans to accumulate savings and assets, through home mortgage deductions, retirement pension accounts, bank loans and so on. Welfare recipients aren't given any incentives to better their quality of life. As a result, we effectively ensure that the poor will remain in poverty.

Also missing in the discussion of welfare is recognition of the fact that there are practically no jobs for the un- or undereducated. Most of the former unskilled and semi-skilled jobs have moved to other countries, such as Mexico, and/or have been replaced by robotics. This hits minorities especially hard. Although you wouldn't know it from listening to much of the welfare debate, being on welfare is not simply a matter of choosing between a livable wage-paying job and turning down a job offer and sitting home. Most folks want to work. They want to be financially independent.

One successful job and/or self-employment option that

deserves our support is microenterprises. I have had a great interest in this issue since I first introduced H.R. 2308, my Microenterprise Opportunity Expansion Act, years ago and I am pleased that President Clinton has recognized the value of microenterprises in H.R. 4605. As most of you probably know, microenterprises are tiny businesses run by the owner/employee along with maybe 2 or 3 other employees. A small loan is often what is most needed to get these businesses started.

Despite all of the inaccurate and negative images of welfare recipients that are used in the welfare debate, the fact is that there are many people receiving public assistance who have the skills, ideas and desire needed to make a living on their own. In some cases, microenterprises are the perfect vehicle for their ambition. Microenterprise programs and microloans help ensure that these potential business owners have the support and technical assistance that they need to succeed.

For example, you may have heard of Ms. Marie Hughes who testified before the Hunger Caucus earlier this year. Ms. Hughes had been on public assistance for 10 years before she came to the Women's Self-Employment Project in Chicago and with their guidance, she is now the proud owner of Marie's Spotless Maid Service and no longer receives public assistance.

I have here a letter from a Councilwoman in California. Let me read it to you.

There are many other examples of people using microenterprises as avenues out of welfare; becoming self-sufficient, full of self-respect and developing their neighborhood in the process. It is interesting and important to note that many of the women and minorities participating in microloan programs would normally be unable to receive such loans from banks. Yet, despite the fact that most banks consider them unsuitable for lending, the repayment rate for microloan programs in the U.S. is over 95 percent!

Considering the success of microenterprises, particularly among minority women, it seems to me that any welfare reform package that Congress considers should promote microenterprises.

President Clinton's Work and Responsibility Act takes an

important step by recognizing the value of microenterprises. However, we need to ensure that all roadblocks are removed to provide maximum opportunities for microenterprise expansion. For example, the state of Illinois has been a leader in allowing aid recipients to accumulate up to \$5000 in business assets, and still retain their benefits, as they start their own business. Ms. Hughes credits this waiver with allowing her to become self-sufficient.

We need to consider a provision of my legislation, H.R. 2308, that would enable individuals eligible for unemployment compensation to continue to receive payments during a benefit year while they are starting up a microenterprise. We also need to ensure that all educational and training programs provide a self-employment option.

I would also urge that we not only permit the development of microenterprises but that we also promote them. We can do this by providing access to increased child care and health care benefits and ongoing technical assistance as well as opportunities for asset accumulation for microenterprise owners.

Finally, it is important to note that the path to self-sufficiency can take more than two years. Strict, randomly determined time limits could end up cutting short someone's efforts to become self-sufficient and drive them straight back onto the welfare rolls which none of us, including the recipients, want. Other punitive, politically-based provisions, such as the child exclusion cap, also fail to get at the problem of poverty and would have no positive impact at all in the effort to create jobs and lift people out of poverty.

Thank you for this opportunity to discuss my concerns, Mr. Chairman. I look forward to working with you on meaningful welfare reform during the months ahead.

Testimony of Congresswoman Maxine Waters

Ways and Means Committee, Subcommittee on Human Resources

July 27, 1994

Views on Welfare Reform

Mr. Chairman, I thank you for the opportunity to present my thoughts on welfare reform.

Welfare reform provides an excellent vehicle to provide major opportunities for poor children ranging from expanded investments in child care, education, training, and job creation to stronger child support enforcement and new child support assurance initiatives. At the same time, no single issue is more ripe for exploitation than the current debate on welfare reform.

I commend President Clinton for attempting to tackle this complex economic, political and social problem. His proposal makes significant strides toward helping welfare recipients work. Most especially, his plan would give health care and child care to those who wish to work, removing a primary work disincentive for many poor people. I also commend the work of many of my Congressional colleagues, including Reps. Mink, Woolsey, and Matsui, who have offered serious programs to deal with the problems faced by those receiving public assistance.

I am proposing my own alternative which builds on the good ideas of the Clinton plan -- including child care and job training programs -- and the Matsui plan -- expanded job opportunities and a less punitive approach to the problem. My proposal goes beyond these bills in ways I believe are vital to a genuine welfare reform program.

When we talk about welfare reform, we have to begin with the truth. We have to talk about the fact that more than two-thirds of all recipients on AFDC are children and that the adults caring for those children are doing so as single parents. The majority of adults receiving AFDC face obstacles to employment for a number of reasons -- limited education and job skills, alcohol and substance abuse, crime and violence, inadequate housing, and so forth.

Mr. Chairman, my welfare reform proposal is in the final drafting stage and I hope to introduce it shortly. I want to talk briefly about a few specifics of my proposal which take the discussion of welfare reform in a new and creative direction.

First, encouraging work should be done in a positive way. My proposal will establish a series of meaningful incentives that make it worth people's while to choose work over welfare. For example, my bill contains a tax exemption for the first two years of any business/micro-enterprise established by AFDC recipients -- an enterprise zone, you might say.

Current rent policies in public housing tie rent directly to income. This is a powerful disincentive for low-income persons to seek employment. Under my proposal, these types of policies would be replaced with incentives that encourage low-income persons to seek employment and retain a larger portion of their take home pay.

Secondly, my proposal takes a less punitive approach to non-custodial low-income parents. Many low-income fathers are simply unable to meet their responsibilities to their children. They may be disabled, in jail, unemployed, underemployed or working low-wage jobs.

The reality is that many of these fathers cannot contribute enough to keep their children from poverty. Pursuing child support from these fathers only pushes them deeper into

poverty and further alienates them from their children. My proposal provides options to encourage low-income fathers to support their children.

For example, teen fathers can pay their child support by attending parenting classes, providing babysitting services for their children and by earning their high school diploma. In some cases, victim-less felony records of these fathers could be sealed so that they have a better chance of finding employment. Job readiness and placement programs should focus on job readiness skills and create partnerships with employers willing to hire from this target population. Low-income fathers should be able to avail themselves to the same case management services as those offered to mothers.

My bill would assist grandparents who assume the responsibility for caring for unsupervised children. These features make my legislation truly pro-family, and pro-marriage, in the sense that the bill will materially encourage marriage and assist responsible grandparents.

In addition, my proposal anticipates economic needs for newly employed AFDC recipients that other plans do not. For example, in addition to rent reform, my bill would establish transportation allowances and insurance subsidies. There are many costs which people will need assistance to meet if we are serious about bringing new workers into the mainstream of economic society.

And finally, my proposal takes a different approach to the issue of non-compliance. Where most plans would drop the recipient from AFDC rolls -- or reduce their payment -- for non-compliance, my proposal would appoint a representative payee to manage the cash benefits for the family.

This concept has been used by Social Security Administration for some time for beneficiaries who are unable to manage their own affairs. Under my proposal, when a person makes application for AFDC, they will agree to a prescribed set of

terms that they must abide by in order to receive an AFDC check. Non-compliance of those terms would result in the appointment of a representative payee. In this way, the recipient would lose the control of the actual cash assistance awarded but the family -- and most importantly, the children, would not have to suffer a loss.

Mr. Chairman, again let me thank you for allowing me this opportunity to share my views. I look forward to working with you and this committee as you develop a welfare reform program. I am available to answer any questions you might have. Thank you.

WATERS WELFARE REFORM PROPOSAL

HELPS AFDC RECIPIENTS FIND WORK - Contains job training and education programs for AFDC recipients.

ASSISTS AFDC RECIPIENTS WITH LIFE SKILLS MANAGEMENT - Each program participant would enroll in a life skills management program to learn basic life skills and prepare recipient for work. Included in the life skills program would be remedial education, description of the AFDC system, and the development of plans to move off AFDC in the reasonable future.

TARGETS YOUNG AFDC RECIPIENTS - Like the Clinton proposal, this legislation applies to AFDC recipients born after 1973. This targeted approach would maximize the use of precious resources by reducing the long-term caseload of AFDC.

DRAMATICALLY ENHANCES THE INCENTIVES FOR WORK - This proposal builds on the Clinton program to attach health care and child care benefits for people who leave AFDC for work by assisting with other life expenses such as an expanded Earned Income Tax Credit (EITC), transportation subsidies, insurance subsidies, an increased automobile allowance, tax credits for school completion and other tax advantages.

CHANGES THE CULTURE OF WELFARE - By engaging AFDC recipients in an honest discussion of their life situation and by providing positive alternatives, the legislation would no longer treat those on AFDC as people to be punished. By offering educational, vocational and professional opportunities, those on AFDC will be given a genuine chance to improve their chance for work.

ENCOURAGES MARRIAGE AND FAMILY SUPPORT - This legislation gives those who marry AFDC recipients material benefits. While many talk about "family values", this legislation would build in real advantages to those, primarily men, who marry a welfare recipient. Among those are certain criminal records being waived, student loan debt forgiveness in some circumstances, and tax advantages for marriage. The bill also makes changes designed to assist grandparents who care for poor children.

DOES NOT PUNISH CHILDREN OF AFDC FAMILIES - Unlike any other primary welfare reform proposal, this legislation would under no circumstance materially reduce a recipients AFDC payment. Instead, this plan would assign a representative payee to the delinquent AFDC recipient, i.e. one which has not fulfilled their life skills management plan. The representative payee concept is borrowed from its successful application in the Social Security program.

ADDS IMPORTANT DRUG TREATMENT PROVISIONS - In accordance with recently collected and publicized data, this legislation expands drug treatment, when appropriate, for those who enroll in the program.

The Matsui Welfare Reform Bill: Status Quo Plus

by Lyn A. Hogan

When President Clinton unveiled his welfare reform plan June 14, conservatives complained that it fell short of his own goal of "ending welfare as we know it." Now House liberals, led by Representative Robert Matsui (D-CA), argue that the President has gone too far. Unfortunately, the Matsui approach misses the central point of reform: the urgent need to replace welfare with a work-based social policy. Instead, it throws more money at the status quo.

Rep. Matsui and 20 Democratic co-sponsors—including Representatives Charles Rangel of New York and Norman Mineta of California, Mike Kopetski of Oregon, and D.C. Delegate Eleanor Holmes Norton—take aim at the linchpin of Clinton's plan: a two-year time limit on welfare benefits, after which recipients would have to take a job in either the private or public sector. Calling the proposed limit "good rhetoric, but not reality" when announcing his legislation, Rep. Matsui added, "We cannot institute arbitrary deadlines by which people must be self-sufficient. The emphasis should be on work, not time limits."

If only it were that simple. In fact, from Richard Nixon's Family Assistance Plan to Ronald Reagan's workfare experiments of the early 1980s, successive stabs at welfare reform have tried and failed to enforce genuine work requirements. The last major overhaul attempt, the Family Support Act (FSA) of 1988, didn't do the job either. Since its passage, the welfare rolls have grown 25 percent, from 10.9 million in 1988 to 13.6 million in 1992—evidence that the FSA is not working. Far from being a safety net, welfare has become a trap, a system that penalizes work, marriage, and individual initiative and that both stigmatizes and isolates poor families from the larger society. The system is profoundly destructive: Any "reform" that perpetuates it will condemn another generation of poor children, many born to unmarried teen-age mothers, to poverty and dependence.

Some liberals, ignoring these systemic defects, contend that the real problem with welfare is that it is underfunded. The Matsui bill envisions a nearly \$3 billion expansion of Job Opportunities and Basic Skills (JOBS), the federal education and job-training program created by the FSA, bringing total Federal funding to \$4 billion by 1999. To help welfare recipients find jobs, the act requires states to provide education, training, job-search assistance, work experience, transportation, and child care. JOBS currently covers about 15 percent of welfare

recipients: The Matsui bill would mandate that 50 percent be enrolled in JOBS by 1999. It would toughen work demands, requiring half of those enrolled in JOBS to work at least part-time, and would earmark some of the additional spending to job creation and placement and other supports.

Education and Training vs. Work

Rep. Matsui claimed when he introduced his bill that "even the most inspired recipient may require more than two years to get the education and training needed to move from assistance to independence." But his premise is wrong: Very few welfare recipients get jobs because they have completed government education and training programs. More than formal training, welfare recipients need connections to the real world of work and the personal habits—punctuality, dependability, commitment—that make for reliable employees. The evidence shows that education and training programs lift few recipients out of poverty. Real work experience, on the other hand, connects recipients to the labor market and gives them the experience to move on to a better job.

According to Judith M. Gueron, president of Manpower Demonstration Research Corporation, ". . . JOBS has not fundamentally changed the message and character of AFDC. . . . The system has not enforced a participation mandate focused on work." Evaluations of programs that offer welfare recipients education and training show that neither earnings nor employment increase significantly. Research by analyst Paul Osterman documents that government-sponsored programs such as The Comprehensive Employment and Training Act, the Job Training Partnership Act, and proprietary and vocational schools have failed to prepare people for the labor market. University of Chicago Professor Dr. James Heckman, who has written extensively on this issue, similarly determines that "as a general rule, conventional employment and training programs . . . do not produce dramatic changes in participant earnings."

The evidence strongly suggests that a work-based approach focused on private-sector employment produces better results. Examples include America Works, a for-profit business that has placed more than 5,000 welfare recipients into full-time jobs with decent pay and health benefits; Cleveland Works, a non-profit placement and support agency that has enabled 7,000 men, women and children to leave welfare; and Project Match, a small non-profit program in Chicago's Cabrini-Green housing project that likewise believes there is no reason to wait two years to move people into jobs. Moreover, as Dr. Heckman concludes: "To the extent that effective training can be produced on the job, it is produced in the private sector and not in the public sector." Additional evidence from a Rockefeller Foundation demonstration program and a Manpower Demonstration Research Corporation study of California's Greater Avenues for Independence

(GAIN) program in Riverside County found that a jobs-first strategy⁶ focused on the private sector worked best when compared with traditional education and training approaches.

The problem with the Matsui approach is very simple: It will move few welfare recipients to self-sufficiency. The vast majority—close to 75 percent—of JOBS participants are currently enrolled in education and training classes rather than in work programs. Even with the increased emphasis on work in the JOBS program, the Matsui bill reforms fall short: The work requirement covers only half of those in JOBS—a quarter of all welfare recipients—and requires only 15 hours a week of work.

Replacing Welfare with Work

President Clinton has it right: Welfare can't be reformed; it must be replaced with a work-based social policy. A time limit on welfare benefits is the lever for fundamental change that converts welfare from an income-maintenance system to an employment system that puts people to work. If time limits are essential to changing the expectations of welfare recipients, they are also the spur that welfare caseworkers need to move people off the rolls and into jobs.

To spurn a time limit on welfare benefits, as the Matsui bill does, is to accept the welfare status quo with all its amply documented perversities and defects. Rep. Matsui believes that children will end up as victims of the time limit and fears that removing the safety net will result in the homelessness it is designed to prevent. What he ignores is that the current system perpetuates the cycle of poverty and offers parents little incentive to move off of welfare into work.

President Clinton's proposal not only encourages work by making work pay more than welfare, but offers fallback community service jobs for those who do not find unsubsidized employment in two years. Only by refusing to work could someone make themselves vulnerable to homelessness. If liberals believe that society owes indefinite financial support to those who flatly refuse to work, they should say so.

While failing to cross the threshold of fundamental reform, the Matsui bill does offer some constructive provisions: It raises the amount of money a recipient can keep for unsubsidized part-time work; expands child care for the poor and working poor; raises the federal share of the JOBS matching rate; increases state flexibility in designing and implementing welfare programs; improves child support enforcement; and establishes residency requirements and mandatory school attendance for teen parents receiving AFDC (Aid to Families with Dependent Children).

Nonetheless, the Matsui bill essentially takes a "status quo plus" approach that seeks to preserve rather than transform the system. It dramatically expands welfare spending without demanding fundamental changes in a deeply flawed system. And it places inordinate faith in the potential of JOBS, a program whose emphasis on education and training has manifestly failed to move many welfare recipients to self-sufficiency. The conservatives' predictable jibe at the Clinton plan—that it would "save welfare as we know it"—is unfortunately true of the Matsui approach.

Liberal Democrats must be willing to transcend the historical partisan division on this issue and fall in line with the President, as many Republicans have already done. Time-limited assistance, an emphasis on employment during the transition period, and a work requirement for those who do not find unsubsidized employment are the driving principles behind the President's plan and represent the middle ground of the debate. President Clinton has created a rare opportunity to forge a bipartisan agreement on welfare reform. Two bills already embrace the President's approach: the Mainstream Forum welfare reform bill led by Democratic Representative Dave McCurdy of Oklahoma and the Republican Leadership bill sponsored by Representative Rick Santorum of Pennsylvania. Rep. Matsui threatens to derail such a bipartisan agreement on reform.

The true danger of the Matsui bill is that welfare reform will once again fall victim to a liberal-conservative standoff in which liberals refuse to accept real work requirements and conservatives refuse to expand supports for poor people struggling to work. President Clinton has offered the right bargain: more money, but only for real change that transforms welfare from a system that writes checks to one that puts people to work.

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STATEMENT OF
THE HONORABLE MARGE ROUKEMA
THE CHILD SUPPORT RESPONSIBILITY ACT
TESTIMONY BEFORE THE
WAYS AND MEANS SUBCOMMITTEE ON HUMAN RESOURCES
JULY 27, 1994

Thank you, Mr. Chairman, for this opportunity to speak about one of the most critical issues of welfare reform, that is, child support enforcement. I am pleased that your Subcommittee has begun expeditious hearings on proposals to reform our welfare and child support systems.

Make no mistake about it: effective child support enforcement is welfare prevention. And a tough, comprehensive child support enforcement title is a central and critical element to any effective welfare reform proposal. Non-support of children by their parents is one of the primary reasons families end up on the welfare rolls in the first place.

Children who are deprived of the support to which they are entitled face a lifetime of economic, social and emotional deprivation. It is a national disgrace that our child support enforcement system continues to allow so many parents who can afford to pay for their children's support to shirk these obligations.

Finally, we must be clear. Failure to pay court-ordered child support not a "victimless crime". The children going without these payments are the first victims. But ultimately, the American taxpayers are the victim, when they pick up the welfare tab for the deadbeat dads and deadbeat moms who do not meet their financial obligations.

Indeed, the Caucus on Womens Issues has recognized this consensus, and this broad, bipartisan support: We have asked that child support reform be moved NOW, this session. We needn't wait for the complicated and fractious debate over welfare reform. We can address the glaring holes in our child support system today. Child support reform should not be "held hostage" to the larger welfare reform debate.

Moreover, both Republican and Democratic leaderships have given their support to our effort to bring a child support bill before the House this year. I am convinced that with some hard work, we can pass a comprehensive child support reform bill in this session. We can go home to our constituents and report to the voters that gridlock has been broken with passage of a comprehensive child support reform bill.

As the Subcommittee may be aware, H.R. 4570, the Child Support Responsibility Act of 1994 represents a comprehensive reform of our child support enforcement system. It is based largely on legislation I have previously introduced, H.R. 1600, which in turn was drawn from the recommendations of the U.S. Commission on Interstate Child Support Enforcement. I served as a Member of this Commission, as did the gentlelady from Connecticut, Mrs. Kennelly, and Senator Bill Bradley of New Jersey.

The report of the Commission made clear that we must ensure that all states come up to the "HIGHEST" common denominator. In that light, our legislation is a comprehensive set of reforms to our state-based child support system. Among the most important and effective "get tough" reforms contained within H.R. 4570:

* We require new initiatives to mandate comprehensive hospital-based paternity establishment programs. The alarming rise in single-parent families should give every one of us reason to act now. The most recent studies demonstrate the shocking rise in out-of-wedlock births, most prevalent in low-income populations, and across all ethnic groups. Without fail, every report we have seen on this subject documents the social and economic consequences to children raised without the support of both parents. It is well-documented and well-known.

This fact alone makes clear that the most crucial element for the establishment and collection of court-ordered child support must be paternity establishment.

The U.S. Commission in its report indicated that the one time when we are most able to obtain fathers' acknowledgment of paternity is at birth, in the hospital. The Commission estimated that more than 80% of non-married parents are in contact with one another at the time of the child's birth. States that have emphasized outreach at hospitals and birthing centers have been particularly successful in increasing parentage determinations.

The comprehensive hospital-based paternity establishment programs in our bill build on that premise, and require all hospitals to have clear, simple and uniform procedures for parents to acknowledge paternity at birth. Moreover, we shift the burden of proof so that parents who have acknowledged paternity at birth cannot turn around when a support order comes and say "prove it".

* Another key provision of our bill requires all States to make it a crime to willfully fail to pay child support, and provide criminal penalties for the 'deadbeats'. The federal government has wisely adopted federal criminal penalties for those who cross interstate lines to avoid child support. States should be held to the same standard, and use criminal penalties for those who choose not to pay.

* Our bill addresses some of the important "gaps" in our present system: we require States to withhold drivers' and occupational licenses from "deadbeat parents". This has already shown very promising results in those states which have adopted it. For example, the State of Maine reports that in the first year of its program, more than \$11 million in back child support has been collected under these sanctions. Again, by applying such proven methods on a federal level, we ensure that all States rise to the level of the best, rather than sink to the worst.

* Our bill increases increase the use of credit reporting and garnishment; and requires uniform, national subpoenas to simplify burdensome paperwork requirements. We improve and expand the national reporting of all support orders, and the computer data base of outstanding child support obligations.

The importance of this federal locator network cannot be understated. In fact, my own State of New Jersey, is using its computerized database of automobile registration to take aggressive action against auto scofflaws, intercepting tax refunds and garnishing paychecks.

Frankly, if we can find the resources and find a way to crack down on automobile fines, I would hope we would find the same resources to help parents get their court-ordered child support! In the past we have been told that problems in child support collection are a function of overwhelming caseloads and limited resources. Well, if we can find a way to put a lien on someone's house for a parking ticket, we ought to be able to use the same sanctions when they fail to pay child support.

Improving the federal data network on child support arrearages gives us the tool to put these tax intercepts, rebate refunds, and property liens to their fullest use!

* In addition, H.R. 4570 changes the law to definitively allow States to serve child support orders on out-of-state employers. This was clearly the intent of Congress when we adopted mandatory wage withholding for new child support orders. Unfortunately, the various levels of state bureaucracy still make wage withholding unnecessarily complex and cumbersome. Our bill streamlines this process, and removes levels of bureaucracy from the child support collection process. We allow wage withholding to work simply and effectively.

As the U.S. Commission noted, this "direct service" is one of the most successful methods of child support enforcement available, with success rates of 80% and more when used.

* Our bill increases increase the use of credit reporting and garnishment; and requires uniform, national subpoenas to simplify burdensome paperwork requirements. We improve and expand the national reporting of all support orders, and the computer data base of outstanding child support obligations.

* Finally, our bill adopts a pioneering reform that addresses the role of the federal government as an employer. Our bill will prohibit the federal government from employing, paying benefits, or making loans to "deadbeat" parents!

Under our bill, we will positively prohibit the federal government from "aiding and abetting" deadbeat parents who have failed to make court-ordered payments. We require the federal government to refrain from providing assistance to a "deadbeat dad or mom" who owes more than \$1,000 in back child support, and is making no court-arranged effort to repay the arrearage.

That we would refuse to subsidize the behavior of deadbeats would seem simple logic. Unfortunately, under current law, no such arrangement exists. Without such a safeguard, the government can and will continue to provide financial assistance and loans to a parent, without corresponding responsibility for court-ordered payment. So "the left hand" of government can be paying taxpayer dollars in welfare to a single parent trying to raise children without court-ordered child support, while the "right hand" is providing deadbeats with a college loan or a government-backed mortgage! This may be the most classic example of "waste, fraud, and abuse" we find in the welfare debate, and we must end it here and now.

In fact, these provisions were the subject of a hearing earlier this month in the Post Office and Civil Service Subcommittee on Compensation and Benefits, and I am pleased to report that both the Chairwoman, Delegate Norton, and Ranking Minority Member Morella were favorably disposed toward them.

* One final point: as of January 1, 1994, all new child support orders are being delivered through employer-based wage withholding. Our legislation calls for creation of a national child support "withholding form" for new hires, and improves the computerized federal database for tracking child support orders. In short, our system makes employers a pivotal part of the child support collection process -- it is only right that the federal government, in its role as employer to millions, meet its responsibilities in this important area.

I thank the Subcommittee for providing this opportunity to discuss the nature of our child support problem, and the solutions contained in our bill. I would urge the Subcommittee to act favorably on this legislation, and allow us to bring a much-needed reform bill before the 103rd Congress.

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Testimony of Congressman Robert C. Scott
Ways and Means -- Subcommittee on Human Resources
Hearing on the President's Welfare Reform Bill
July 27, 1994

Thank you, Mr. Chairman, for convening these hearings to assess the President's Welfare Reform proposal.

The President has proposed an overhaul of the welfare system to encourage family responsibility, full employment, and opportunity. These goals are laudable. As we have heard today, however, the debate over whether to use the "whip" or the "stick" to reduce welfare dependency leads us nowhere. We simply cannot reduce welfare dependency without removing the barriers to meaningful opportunities for those that seek them. No amount of threats or incentives will ease the burden on welfare dependents unless we provide the kinds of comprehensive services that will open avenues to independence.

Mr. Chairman, we cannot achieve true welfare reform in a vacuum. Our communities need quality child care for those mothers who have the desire to work, but simply cannot afford the high cost of care or don't have access to it. Our communities need quality job training and education, to help people to find good paying, rewarding jobs, rather than low-wage, dead-end and unskilled jobs. Finally, our communities need quality health care for all, because as we've seen, many dependent mothers have no choice but to remain on public assistance, rather than take a low-wage job and lose their health care benefits.

I am particularly concerned that the President's proposal lacks provisions that will help to remove some of these barriers, particularly for those on public assistance who seek opportunities in higher education. An investment in a college degree for a single parent on public assistance will not only save a great deal in later welfare payments, but will also generate revenue from the income that a college-educated worker can earn in a high-tech, high-wage job.

Saint Paul's College in Lawrenceville, Virginia offers a program that helps to address some of the needs of single parents who hope to earn a college degree. The area around Lawrenceville is primarily rural and poor, with approximately 25% of the residents earning incomes below the poverty line. Many of the area's high school graduates are not only too poor to afford the cost of higher education, but many, especially single mothers with young children, do not have access to child care or other programs to free them to attend class. In 1987, Saint Paul's College began an innovative program to provide a support system for single parents living with their dependent children who wish to attend college. By providing campus-based child care services, housing appropriate for mothers and their families, and an academic program that allows parents to complete their BA degree within

three years, this program encourages strong, intact families, parental responsibility, scholarship, and independence. The result of this program is a college graduate, with the skills necessary to get a good, stable job. This can be done at the same cost or less than maintaining a welfare recipient on ADFC, food stamps, medicaid, and low-income housing, but with nothing to show for it.

Programs such as the Saint Paul's model, however, need assistance. Funds are needed for expansion of this program to serve the many promising young students and parents who have expressed an interest in this program, but have been turned down because of a lack of space. Mr. Chairman, I plan to offer amendments to the welfare reform proposals that we will consider to provide demonstration grant funds for innovative programs such as the Single Parent Support System at Saint Paul's College. I believe that such funds would be a worthwhile investment in ending the cycle of dependency that has been fostered by public assistance. If we truly seek to end welfare as we know it, Mr. Chairman, we will worry less about punishing those who have not found a job within two years, and worry more about providing the kinds of comprehensive services that are necessary to help people off public assistance once and for all.

Thank you, Mr. Chairman.

THE WORKING OFF WELFARE ACT

H.R. 4318

Introduced by
Representative Lynn Woolsey and Representative Ralph Regula

STRENGTHENS SUPPORT SERVICES AND CASE MANAGEMENT

- **Requires states to coordinate services and assistance:** Requires states wherever possible to establish a single location in the community where recipients can apply for the services and benefits they need. It also makes case managers available to guide each recipient through the system and into the workforce.
- **Requires long-term tracking of results:** Requires states to develop systems to measure the long-term progress of the families receiving services, so that states can learn whether their services are doing any good.

IMPROVES JOB TRAINING AND EDUCATION PROGRAMS

- **Expands and revamps the JOBS program:** Triples funding for the JOBS program which provides education and training assistance for AFDC families. The bill improves the federal match rate to make it possible for states to take advantage of these new funds. At the same time, it requires states to expand their focus to jobs of the future, and non-traditional occupations for women, and seeks to hold states accountable through performance standards which measure whether a state program succeeds in getting its participants out of poverty.
- **Requires use of self-sufficiency standard for federal job training efforts:** Requires federal agencies responsible for job training to identify the income level needed to truly reach self-sufficiency, and to ensure that federal job training efforts are directed toward helping families reach self-sufficiency.
- **Ends restrictions on education:** Eliminates the current JOBS program rules which make it more difficult to assign a participant to education when it is needed.

ABOLISHES FINANCIAL PENALTIES AGAINST TWO-PARENT FAMILIES

- **Eliminates current rules which punish two parent families by making it impossible for them to receive assistance.**

ENCOURAGES WORK

- **Ends penalties on work:** Requires states to end the practice of cutting aid on a dollar-for-dollar basis when a parent gets a job. Makes it possible for a poor family to receive child care and health care needed for work without entering the welfare system.
- **Expands child care assistance needed for work:** Eliminates rules which have made it more difficult for families to receive child care assistance when they leave welfare, and requires states to provide direct assistance to families where a parent is working but is so poor that she still qualifies for AFDC.
- **Prohibits further reductions of AFDC assistance:** Prohibits states from cutting their benefits further and encourages them to use "fill the gap" budgeting to create a work and welfare package that will help families get off welfare permanently. Though AFDC benefits are below poverty in every state, some states have cut their benefits further in recent years.
- **Improves operation of the Earned Income Tax Credit:** Requires the Treasury Department to develop a system to ensure that the Earned Income Tax Credit can be available to families who need it when they need it.

INCREASES CHILD SUPPORT COLLECTION

- **Stiffens child support enforcement and enhances paternity establishment:** Takes child support enforcement responsibilities out of the hands of the states and puts it at the Internal Revenue Service. The bill also dramatically increases paternity establishment.
- **Ensures that families benefit from child support:** Eliminates rules which prevent a family from benefitting when an absent parent increases his support payment.

TESTIMONY OF REPRESENTATIVE XAVIER BECERRA
BEFORE THE WAYS AND MEANS SUBCOMMITTEE ON HUMAN RESOURCES
July 27, 1994

Good afternoon. I would first like to thank Chairman Ford and the Members of the Subcommittee for convening these important hearings on the issue of welfare reform. I want to commend your efforts and those of the Clinton Administration in addressing the many flaws of the current welfare system.

As the Administration has noted in its bill, 3 out of every 4 welfare recipients who leave welfare, eventually return at some point in the future. For the sake of the millions of poor families and in particular their children, we need to fundamentally change welfare so that it can provide them a permanent way out of poverty. But in achieving real reform we must also bear something else in mind: welfare reform must not help some people at the expense of others.

It is therefore with great distress that I must voice my strong opposition to the financing provisions of several of the major reform bills which propose to pay for reform by cutting or severely restricting SSI benefits received by legal immigrants. As we craft a reform package I hope that we will consider three points:

First, it is a matter of equity. Legal immigrants have every responsibility U.S. citizens have, including paying taxes and serving in the military. By some estimates, legal immigrants pay in excess of \$25 billion more in taxes to all levels of government than they take out in public services. Legal immigrants serve in the military, risking their lives to protect and promote the United States of America.

It seems to me uncharitable and insensitive to deny or severely restrict assistance to legal immigrants who are aged, blind or disabled, and yet continue to expect their families to continue contributing their tax dollars to help others in their time of need.

Secondly, denying legal immigrants federal assistance or making it more difficult to access will inevitably shift the costs to local and state governments.

In a May 6 letter to President Clinton, the National Conference of State Legislatures (NCSL) noted that many states with large immigrant populations such as New York, Illinois and California are "now serving increased caseloads of legal immigrants who would have been eligible for SSI" as a result of Congress' decision last Fall to pay for extension of Unemployment Insurance benefits by lengthening the deeming period for legal immigrants from 3 to 5 years.

And third, as NCSL pointed out, as a result of the 1971 Supreme Court decision Graham v. Richardson, states and localities may not exclude persons from participating in their welfare programs on the basis of their legal immigration status.

Furthermore, the Mainstream Forum and the Administration's proposal to permit states to deny benefits to legal immigrants may be in direct conflict with the fact that lawfully residing immigrants are part of a protected class and such classifications are subject to a higher standard of legal review against discrimination. Thus, despite the legislative intent in some of these welfare proposals, the U.S. Constitution and Supreme Court precedent may make a burdensome cost-shift from federal to state and local government treasuries a virtual inevitability.

Mr. Chairman, my objections to the financing proposals are rooted not solely in the points I have just detailed, though I would hope that they might suffice. Mr. Chairman, I also take issue with the rationale for singling out immigrants, put forth by members of the Administration and some of my colleagues in the Congress: statements which have the allure of fact and truth, but are in fact either untrue or unproven.

For example, the Administration has been quoted in news accounts defending its financing proposal by alleging that legal immigrants and their sponsors are abusing the welfare system. Yet OMB has stated in writing, and I quote "With regards to information on sponsor abuse or abandonment of aliens we have no information that such a problem exists." And the Social Security Administration has stated, also in writing "[O]nly a very small subset of non-citizens who apply for SSI disability may be involved in fraudulent activities" and SSA "does not characterize it as a widespread problem."

Sponsors of the Mainstream Forum welfare reform proposal have claimed that their plan would "merely call upon sponsors to take their responsibility seriously." However, OMB and SSA have confirmed that the vast majority of sponsors are in fact faithful to their charge and that allegations to the contrary are exaggerated.

Mr. Chairman, not only is the SSI abuse not widespread but, to the degree to which it might exist, it is also not confined to the immigrant population, according to the Social Security Administration. Yet, legal immigrants who play by the rules, who contribute to the wealth and prosperity of our country, are being unfairly expected to shoulder a disproportionate part of welfare reform.

Mr. Chairman, if this comes to pass, we have to ask ourselves what have we really gained by attempting to give dignity to one group of people by taking it from another? Promoting such uncharitable policies, in the midst of the current nativist resurgence, not only lacks the moral excellence for which welfare reform should strive, but in my judgement it is also reckless. Mr. Chairman, I believe that in a country as industrious and generous as ours, we can and must do better.

TESTIMONY ON WELFARE
CONGRESSMAN TOM DeLAY
July 27, 1994

Mr. Chairman, I thank you for holding these important hearings on welfare this week. As my friend and colleague Rick Santorum has just pointed out, Republicans have been working on our welfare bill for nearly a year now. And one of the major concerns to us as we have studied the nature of the failing welfare system is the problem of illegitimacy.

Mr. Chairman, since the 1960's we have seen an explosion of out of wedlock births. Several studies suggest that there may be incentives in our welfare system for young girls to have babies. Rather than discouraging illegitimacy, our welfare system offers young girls the proposition of their lifetime. It says if you don't get married and have a child we will give you housing, health care, food stamps, and AFDC payments.

Of 12 studies conducted in the past decade that looked into the relationship between welfare and rapidly rising illegitimacy rates, 9 studies concluded that the availability of welfare increased the likelihood of a woman having a child out-of-wedlock.

In addition, we know that children who grow up in two parent families fare better than those in single parent families. In fact, I have with me today new numbers by the U.S. Bureau of the Census that demonstrate this fact. These numbers are unbelievable!

In every category, the percentage of those on poverty to the percentage on AFDC increase for children in divorced families or single-parent families. For example, the percentage of children under age 6 who are on AFDC ranges from 6.1 percent in a two-parent family, to 35 percent in a divorced family, to 61 percent in a never-married family. In light of these statistics, we should be doing everything possible to discourage out-of-wedlock births.

Unfortunately, the Clinton plan does nothing to curb the rise of illegitimacy. The Clinton plan has a \$400 million grant provision and a demonstration provision that will pay for parenting, birth control, teen education and training, summer jobs, mentoring and a host of other activities that have shown no success. While the Clinton plan includes an optional family cap, this measure does nothing to stop young mothers from entering the welfare rolls. It also strikes me that in my reading of the Clinton plan, the word abstinence does not even appear one time.

H.R. 3500, however, has real provisions to discourage illegitimacy and is "state-friendly." The Republican welfare bill:

- requires mothers to establish paternity before receiving AFDC benefits
- denies AFDC benefits to parents under age 18
- denies AFDC benefits for additional children while on welfare

Saying that the government will not provide incentives for young girls to have children that will likely grow up in single parent families, in poverty, and dependent on the government is the right message to send our young people.

Let me read you a portion of a letter I received recently from a single former welfare mother. She writes:

"Everyone in my low-income housing project [is] getting over on the welfare system. Please, I could write a book about how many ways they get over. It makes me sick because the moms in my development are able to work, but why should they if the government will let them sit around and do nothing. I take [the] moms shopping, they buy things with food stamps for their parties, for their friends. They sell food stamps, using the money for drugs, clothes and drinking in bars."

In talking further with this woman, what really hit me was that she said she overhears young girls saying that if they can just have a child, they can receive government payments. The welfare system has clearly failed the original vision that fueled its beginnings.

As my friend and colleague Newt Gingrich is known to say, "we have 12 year olds having babies, 15 years olds shooting each other, 17 year olds dying of AIDS and 18 year old graduates who cannot read their own diplomas." It is time to say "farewell" to welfare as we know it.

While there has been some disagreement among Republicans about how to go about removing the AFDC incentive, I do not believe that more than a handful of Republicans would sign onto a welfare bill unless the AFDC payments were eliminated for minors and single moms.

I thank you for the opportunity to testify on this important issue.

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COMMITTEE ON NATURAL RESOURCES

COMMITTEE ON GOVERNMENT OPERATIONS
(on leave)

STATEMENT BY U.S. REPRESENTATIVE PATSY T. MINK (2ND-HI)
SUBCOMMITTEE ON HUMAN RESOURCES
COMMITTEE ON WAYS AND MEANS
H.R. 4498, THE JOB START FOR AMERICA ACT
JULY 27, 1994

Chair Ford and Members of the Subcommittee: I would like to thank you for this opportunity to testify on my bill H.R. 4498, the Job Start for America Act of 1994.

The current effort to reform welfare begins by assuming that work for wages is the end goal of reform.

I disagree strongly. There is value to society in a mother's care for her small children. Being on welfare does not negate that value.

Having said that, I agree that we need to find the means to help families move off of welfare by providing the jobs that can sustain them.

The Administration's bill targets the families headed by persons 25 years and younger, roughly a third of the numbers on welfare.

My bill, Job Start, targets families with older children who are already enrolled in Head Start or are attending school, and those who have had work experience, and who have completed high school or the equivalent.

THE FACTS are that 43% of all persons on welfare have work experience.

By addressing this group you reduce the cost of job-training, and counseling.

THE FACTS are that 53% of those on welfare have a high school diploma, GED or better.

By targeting this group you negate the long-term costs of basic education to obtain a high school diploma.

By targeting those in these groups with older children already in school, enrolled in Head Start, or eligible for Head Start, you dramatically reduce the need for child care, except for after school care.

A key to providing adequate child care services is building upon existing program. 52% of all children currently served by Head Start are from families receiving AFDC. My bill will strengthen the link between Head Start and welfare by providing funds for more full-day, full-year Head Start programs. With access to full-day, full-year Head Start more welfare mothers can better pursue job-training, education, or employment opportunities.

Without child care, of course, there is no possibility of work for parents with infants and small children. Further, if all we can provide is custodial care, foster care, or an orphanage as some have suggested, it would be better to keep the mother or father at home caring for their own children.

If the object of reform is to cut the costs -- currently at \$17 billion in AFDC dollars -- by requiring work of all parents on AFDC under the age of 25, a much better target -- one which will cost less to achieve, because the costs of education, training, counseling, job-search, and child care are less -- is found in my bill, Job Start America.

The one-third that will be targeted will be those with the greatest potential for success.

My bill does not depend on creating public service jobs at minimum wage. It does not spend tax dollars to subsidize a "wages for work" policy to reduce dependency on welfare. Publicly financed wages for work is nothing more than continued dependency; most of this subsidized "work" will be at minimum wage which is totally inadequate to support a family's needs.

What we must find are real jobs that pay enough by itself, without subsidies from the taxpayer.

Of course, that is not easy to do. It is easier to find taxpayer-supported jobs for those on welfare. It is easier to create a public service jobs program and declare the person "employed" no matter that the wages are at minimum wage and a year's work pays only \$8000.00.

My bill, Job Start America, is based on finding real jobs that can sustain the family and eventually lift them out of poverty, not just off the welfare rolls.

THE FACTS are that persons on welfare want to work. But they want jobs that will enable them to support their families, provide food with the help of food stamps, and pay the rent. 63% of AFDC families live in private rental housing, with no government housing allowance.

THE FACTS are 42.5% of all new AFDC families leave welfare in 11 months. They do find jobs. The sad part is that 40% of those who leave for work return within a year because the wages are inadequate, or child care is not available, or ill health forced them to quit.

There is a better way to help this 40% that already have the desire to work, want to work and have tried to make a go of it, but because their initiative is not supported at all find that they can't make it alone.

Job Start for America helps these families keep working and offers them the transitional help to make it on their own.

This 40% is my target for success. They need help. This committee can provide it.

We don't need to be arbitrary and target only those under 25 years of age when we have over 40% of new families coming in eager to work and who will find work on their own -- but tragically, many will fall back within two years. Why not help these families succeed? Their initiative cries out for help. This is where our first efforts at reform must be concentrated.

Targeting the youngest group of welfare recipients also perpetuates the myth that the major cause of welfare dependency in our nation are teenage pregnancies, and the notion that somehow young girls in our nation are getting pregnant just to get a welfare check.

This is simply not true. THE FACTS are that of all females on welfare in fiscal year 1992 a mere 1.2% were 17 or younger.

Imposing punitive measures such as family caps allowed under the Administration's bill is not the answer. THE FACTS are the average welfare family has only two children, which is less than the national average. An Urban Institute study of 1991 AFDC mothers showed that only 18 percent of all mothers on AFDC conceived a child after enrolling in the program.

Families on welfare do not need punitive measures and be forced into government subsidized jobs that will not provide adequate income to sustain a family. They need quality job training, child care, job search assistance, and short-term cash assistance that can help them survive.

As we discuss welfare reform we must not ever forget that two-thirds of those benefitting from AFDC are children -- 9.6 million children. Helping children by helping their parents is the key to sound welfare policy. H.R. 4498, the Job Start for America Act of 1994, is sound welfare policy. The tools for self-sufficiency exist in our current system -- why not provide the necessary help to ensure that they can find real jobs with real wages for a real Job Start in America.

STATEMENT OF
THE HONORABLE MARGE ROUKEMA
THE CHILD SUPPORT RESPONSIBILITY ACT
TESTIMONY BEFORE THE
WAYS AND MEANS SUBCOMMITTEE ON HUMAN RESOURCES
JULY 27, 1994

Thank you, Mr. Chairman, for this opportunity to speak about one of the most critical issues of welfare reform, that is, child support enforcement. I am pleased that your Subcommittee has begun expeditious hearings on proposals to reform our welfare and child support systems.

Make no mistake about it: effective child support enforcement is welfare prevention. And a tough, comprehensive child support enforcement title is a central and critical element to any effective welfare reform proposal. Non-support of children by their parents is one of the primary reasons families end up on the welfare rolls in the first place.

Children who are deprived of the support to which they are entitled face a lifetime of economic, social and emotional deprivation. It is a national disgrace that our child support enforcement system continues to allow so many parents who can afford to pay for their children's support to shirk these obligations.

Finally, we must be clear. Failure to pay court-ordered child support not a "victimless crime". The children going without these payments are the first victims. But ultimately, the American taxpayers are the victim, when they pick up the welfare tab for the deadbeat dads and deadbeat moms who do not meet their financial obligations.

Indeed, the Caucus on Womens Issues has recognized this consensus, and this broad, bipartisan support: We have asked that child support reform be moved NOW, this session. We needn't wait for the complicated and fractious debate over welfare reform. We can address the glaring holes in our child support system today. Child support reform should not be "held hostage" to the larger welfare reform debate.

Moreover, both Republican and Democratic leaderships have given their support to our effort to bring a child support bill before the House this year. I am convinced that with some hard work, we can pass a comprehensive child support reform bill in this session. We can go home to our constituents and report to the voters that gridlock has been broken with passage of a comprehensive child support reform bill.

As the Subcommittee may be aware, H.R. 4570, the Child Support Responsibility Act of 1994 represents a comprehensive reform of our child support enforcement system. It is based largely on legislation I have previously introduced, H.R. 1600, which in turn was drawn from the recommendations of the U.S. Commission on Interstate Child Support Enforcement. I served as a Member of this Commission, as did the gentlelady from Connecticut, Mrs. Kennelly, and Senator Bill Bradley of New Jersey.

The report of the Commission made clear that we must ensure that all states come up to the "HIGHEST" common denominator. In that light, our legislation is a comprehensive set of reforms to our state-based child support system. Among the most important and effective "get tough" reforms contained within H.R. 4570:

* We require new initiatives to mandate comprehensive hospital-based paternity establishment programs. The alarming rise in single-parent families should give every one of us reason to act now. The most recent studies demonstrate the shocking rise in out-of-wedlock births, most prevalent in low-income populations, and across all ethnic groups. Without fail, every report we have seen on this subject documents the social and economic consequences to children raised without the support of both parents. It is well-documented and well-known.

This fact alone makes clear that the most crucial element for the establishment and collection of court-ordered child support must be paternity establishment.

The U.S. Commission in its report indicated that the one time when we are most able to obtain fathers' acknowledgment of paternity is at birth, in the hospital. The Commission estimated that more than 80% of non-married parents are in contact with one another at the time of the child's birth. States that have emphasized outreach at hospitals and birthing centers have been particularly successful in increasing parentage determinations.

The comprehensive hospital-based paternity establishment programs in our bill build on that premise, and require all hospitals to have clear, simple and uniform procedures for parents to acknowledge paternity at birth. Moreover, we shift the burden of proof so that parents who have acknowledged paternity at birth cannot turn around when a support order comes and say "prove it".

* Another key provision of our bill requires all States to make it a crime to willfully fail to pay child support, and provide criminal penalties for the 'deadbeats'. The federal government has wisely adopted federal criminal penalties for those who cross interstate lines to avoid child support. States should be held to the same standard, and use criminal penalties for those who choose not to pay.

* Our bill addresses some of the important "gaps" in our present system: we require States to withhold drivers' and occupational licenses from "deadbeat parents". This has already shown very promising results in those states which have adopted it. For example, the State of Maine reports that in the first year of its program, more than \$11 million in back child support has been collected under these sanctions. Again, by applying such proven methods on a federal level, we ensure that all States rise to the level of the best, rather than sink to the worst.

* Our bill increases the use of credit reporting and garnishment; and requires uniform, national subpoenas to simplify burdensome paperwork requirements. We improve and expand the national reporting of all support orders, and the computer data base of outstanding child support obligations.

The importance of this federal locator network cannot be understated. In fact, my own State of New Jersey, is using its computerized database of automobile registration to take aggressive action against auto scofflaws, intercepting tax refunds and garnishing paychecks.

Frankly, if we can find the resources and find a way to crack down on automobile fines, I would hope we would find the same resources to help parents get their court-ordered child support! In the past we have been told that problems in child support collection are a function of overwhelming caseloads and limited resources. Well, if we can find a way to put a lien on someone's house for a parking ticket, we ought to be able to use the same sanctions when they fail to pay child support.

Improving the federal data network on child support arrearages gives us the tool to put these tax intercepts, rebate refunds, and property liens to their fullest use!

* In addition, H.R. 4570 changes the law to definitively allow States to serve child support orders on out-of-state employers. This was clearly the intent of Congress when we adopted mandatory wage withholding for new child support orders. Unfortunately, the various levels of state bureaucracy still make wage withholding unnecessarily complex and cumbersome. Our bill streamlines this process, and removes levels of bureaucracy from the child support collection process. We allow wage withholding to work simply and effectively.

As the U.S. Commission noted, this "direct service" is one of the most successful methods of child support enforcement available, with success rates of 80% and more when used.

* Our bill increases the use of credit reporting and garnishment; and requires uniform, national subpoenas to simplify burdensome paperwork requirements. We improve and expand the national reporting of all support orders, and the computer data base of outstanding child support obligations.

* Finally, our bill adopts a pioneering reform that addresses the role of the federal government as an employer. Our bill will prohibit the federal government from employing, paying benefits, or making loans to "deadbeat" parents!

Under our bill, we will positively prohibit the federal government from "aiding and abetting" deadbeat parents who have failed to make court-ordered payments. We require the federal government to refrain from providing assistance to a "deadbeat dad or mom" who owes more than \$1,000 in back child support, and is making no court-arranged effort to repay the arrearage.

That we would refuse to subsidize the behavior of deadbeats would seem simple logic. Unfortunately, under current law, no such arrangement exists. Without such a safeguard, the government can and will continue to provide financial assistance and loans to a parent, without corresponding responsibility for court-ordered payment. So "the left hand" of government can be paying taxpayer dollars in welfare to a single parent trying to raise children without court-ordered child support, while the "right hand" is providing deadbeats with a college loan or a government-backed mortgage! This may be the most classic example of "waste, fraud, and abuse" we find in the welfare debate, and we must end it here and now.

In fact, these provisions were the subject of a hearing earlier this month in the Post Office and Civil Service Subcommittee on Compensation and Benefits, and I am pleased to report that both the Chairwoman, Delegate Norton, and Ranking Minority Member Morella were favorably disposed toward them.

* One final point: as of January 1, 1994, all new child support orders are being delivered through employer-based wage withholding. Our legislation calls for creation of a national child support "withholding form" for new hires, and improves the computerized federal database for tracking child support orders. In short, our system makes employers a pivotal part of the child support collection process -- it is only right that the federal government, in its role as employer to millions, meet its responsibilities in this important area.

I thank the Subcommittee for providing this opportunity to discuss the nature of our child support problem, and the solutions contained in our bill. I would urge the Subcommittee to act favorably on this legislation, and allow us to bring a much-needed reform bill before the 103rd Congress.



BOBBY L. RUSH
1ST DISTRICT
ILLINOIS

CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

COMMITTEES:
BANKING, FINANCE AND URBAN AFFAIRS
GOVERNMENT OPERATIONS

**STATEMENT FOR CONGRESSMAN BOBBY L. RUSH
BEFORE HOUSE WAYS AND MEANS SUBCOMMITTEE ON HUMAN
RESOURCES REGARDING WELFARE REFORM LEGISLATION
(REP. HAROLD E. FORD, CHAIRMAN)(July 27, 1994)**

Thank you, Chairman Ford. I greatly appreciate the opportunity to appear before the subcommittee this afternoon. Both on a personal basis and as the co-chair, along with my colleague Eva Clayton, of the Freshman Democratic Class Welfare Reform Task Force, I am extremely interested in Congress' development of legislation on this issue. I would imagine that, as one of the final witnesses today, I will not have been the only person to say this, but I would implore the members of this body to remember that the overwhelming majority of welfare recipients are in that position only as a very last resort. Most would do anything to get off of welfare. Punitive and mean-spirited legislative approaches to solving the welfare reform dilemma will only serve to increase the desperation and hopelessness which permeate so many American congressional districts like mine.

As part of the deliberations of our welfare reform task force, we recently put together a comparison chart of five of the major welfare reform bills -- including the Clinton, Matsui, McCurdy, Woolsey, and Michel bills. Our analysis found that the Clinton bill was less conservative than the Republican and Mainstream Forum approaches, which are largely punitive, and less progressive than the Matsui and Woolsey bills, which are much more sensible. Perhaps this illustrates that it is better to put a bill together on Capitol Hill than with a big, cumbersome Administration interdepartmental committee. I was pleasantly surprised at how comprehensive and enlightened Bob Matsui's bill was, and I would certainly recommend that the subcommittee and the committee move solidly in the direction of his approach.

During my service for nearly a decade as a Chicago alderman, it never ceased to amaze me the number of individuals who came to me each week with only one request: a job. These requests continue now that I am a Congressman in this same area, and they continue because the national economic upturn has not yet "trickled down" to many of our nation's severely economically depressed areas.

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I would urge, as we move toward serious consideration of legislative alternatives, that we focus on an area that none of the current bills adequately address: namely, the issue of job creation. I am very concerned that a sizable number of persons in districts like mine will fall through the cracks and end up destitute once the new program is implemented. I fear this because of the difficulty of finding jobs which pay a living wage and which are accessible to the areas where my constituents live. Although there are provisions in the bill for obtaining a rather restricted public sector job if no other spot is available, I am very concerned about whether these types of jobs will be made available in the quantity necessary to counteract the very high rates of unemployment that exist today on the south side of Chicago.

As a brief aside, I must refer to what is happening related to job creation today in my district. Last week, the mayor's office announced a half million dollar grant to the Chicago Urban League. The League will monitor and promote minority worker and company involvement in large Chicago development projects. By awarding this grant, the city was trying to deflect the criticism that it invariably earns related to these large projects: even when the work takes place in minority areas, as it is now with the rejuvenation of one of the main transit lines, a very small percentage of area residents are given the opportunity to work on these projects. Although the Urban League grant offers a glimmer of hope that this sorry history will change, I believe that only the federal government can alter the culture of discrimination and exclusion that prevails in Chicago and many other areas of the country.

Although it is practically heresy to advocate creation of new programs during these tight budgetary times, it is my considered belief that Congress should look to the example of last year's failed job stimulus bill for clues about how to create the jobs that will be needed to make the welfare reform effort successful. The type of jobs, rather than make-work, streetsweeping positions, that would be created under this type of program are jobs that could lead to long term security and livable wages for a great many deserving Americans. As they learned how to repair our decaying national infrastructure, so painfully evident in many urban and rural localities, workers would be gaining skills that would serve them throughout their entire lives.

It is my strong belief that the only way that we are to going to be able to recreate and reform our welfare system is to give current recipients work options, not a simplistic boot off the rolls and a wave goodbye as they and their families move to a homeless shelter. I would urge my colleagues on this body and on the full committee, whether you complete work on welfare reform legislation this year, next year, or any year, to remember that without jobs, welfare reform is meaningless.

Thank you.

THE HONORABLE RALPH REGULA (16th, OHIO)
TESTIMONY BEFORE THE COMMITTEE ON WAYS AND MEANS
SUBCOMMITTEE ON HUMAN RESOURCES
July 27, 1994

Mr. Chairman:

Thank you for allowing me to come before you today to speak on welfare reform and specifically, our welfare reform legislation called "The Working Off Welfare Act," HR 4318.

"Working Off Welfare" (WOW) is the first bipartisan piece of welfare reform legislation introduced earlier this year. It represents what I believe to be a common sense approach to welfare reform-- a basis from which to rectify our welfare system.

WOW recognizes that children learn from their experiences. If a child sees the self-esteem her mother derives from going to work every day, then that child will grow up believing in the value of working for a living.

If a child sees his mother living with her husband, and has the opportunity to have a father's influence in his life, then that child will grow up valuing a family.

And if a child sees that both parents have accepted financial and emotional responsibility for him or her, then that child will grow up in a secure environment, confident of the future.

Our legislation also recognizes that each welfare recipient is an individual-- with different experiences, educational levels, and hopes. Ensuring that welfare recipients are able to move off the welfare rolls for good means that we must address each recipient's individual needs.

These important values-- work, family, responsibility, individualism and hope-- are the basis of our society. It is our belief that through this bill, we can re-instill these values in our less fortunate communities.

To that end, we encourage keeping families together by eliminating the rules that in the past have given a single parent family an edge in qualifying for AFDC over two parent families. There is no reason we need to discriminate against a parent just because he or she does not have a job. Nor is there reason to discriminate against a parent just because he or she is married. As evidence shows that children reared in single parent families compared to two parent families are more likely to: drop out of high school; have a child in their teens; have children born out of wedlock; and be less attached to the labor force, we must encourage families to unite and stay together.

Our bill promotes work by changing the income disregards so that a recipient would be allowed to keep more of her earnings. However, the catch, as we all know, is preparing these recipients for employment. More difficult is finding jobs for these recipients once they have been educated and trained.

Working Off Welfare strengthens the present job training and education program for AFDC recipients, known as JOBS (Job Opportunities and Basic Skills). Because JOBS has not been allowed to work to its full capacity due to the lack of full funding and the inability of states to draw down federal monies, we recommend significant increases in JOBS funding levels so that states will not have to turn away recipients due to the shortage of training and education slots. Moreover, we make it easier for states to access federal funding by reducing the required state match.

Not only do we increase funding for the JOBS program, but we improve the JOBS program by awarding it purpose and structure.

Presently, JOBS ensures the economically disadvantaged with the opportunity to receive education and job training. There is nothing wrong with securing this opportunity, but such a guarantee is no longer enough. We need a program that maximizes our tax dollars by guaranteeing results along with opportunity. We need a program which will lead AFDC recipients to

self-sufficiency. This should be, and is, the purpose of the JOBS program under WOW.

Results of a recent study of the effectiveness of job training and education programs among 33,000 California welfare mothers reinforces this idea of certifying results. The study shows that the most successful and cost-effective JOBS program occurred in a county which hired job scouts to help seek potential employment for AFDC recipients. Taxpayers got a \$2.84 savings in their welfare costs for every \$1 spent on training.

Included in our bill is a program which would train caseworkers to advise recipients of training opportunities in industries that utilize new technologies and employment with wages sufficient to meet or exceed the State's standard of need. Moreover, caseworkers would be encouraged to seek out opportunities with public or private entities for apprenticeship programs in areas which are involved in these new technologies.

Requiring states to provide training for jobs which pay a family wage or jobs of the future is consistent with the administration's Reemployment Act, which retrains workers with high skills to meet the demands of the labor market. Just as the Reemployment Act focuses on the highly-skilled labor market, so should job training and education for welfare recipients. A minimum wage job is not enough to get women out of poverty. In fact, a mother with two children would have to hold two full time minimum wage jobs to get out of poverty or find a full time job paying at least \$7 per hour with health care and child care benefits.

Under WOW, states would also be required to emphasize training in fields where women constitute less than 25% of the workforce. This sends the message that economically disadvantaged women should no longer be held hostage to typecast jobs, such as domestic positions or low skilled, low paying positions, but should be encouraged to pursue all options. Last, states will be not only required to significantly increase their participation rates, but change their programs' focus from inputs to outcomes based on self-sufficiency rates. Such a change in a state's focus can only lead to a more results-oriented program.

At the individual level, WOW recognizes that welfare recipients have individual needs, experiences, skills and education levels. We assign each recipient a trained caseworker who is knowledgeable about benefits, child support, child and health care, and education and job training opportunities. The caseworker will be responsible for not only assessing the recipient's employability, but working with the recipient to develop an employability plan, identifying a target occupation for which the recipient would train, along with a schedule as to when and how to arrive at that occupation.

Such a prescriptive approach to restructuring JOBS will only guarantee further success in securing self-sufficiency for these AFDC mothers. Indeed, the true measure will be reflected in the number of recipients who will be permanently moved off the rolls.

Last, our bill encourages responsibility of both parents by strengthening our child support system. As less than 1/3 of all fathers regularly pay child support, enhancing the child support system must be included in any welfare reform bill. Given the difficulty that states experience enforcing existing awards, (particularly across state lines,) locating fathers, and effectively withholding income, I am convinced that federalization is the only solution to fortifying the child support enforcement system.

WOW creates a national child support order registry within the IRS where all orders would be warehoused, simplifying the administrative process and ensuring a system which could reach obligated parents where ever they work or live. The IRS would also function as the collection agency, whereby employers would be obligated to withhold wages from the father and send it to the IRS. The IRS would then distribute the payment accordingly. Just as the IRS has the capability to go after a deficient taxpayer, the IRS would have the right to go after the father for insufficient funds or arrears.

An experienced agency which has a high success rate in tax collection, the IRS is the perfect choice to act as the collector for child support

payments. Furthermore, employers already are familiar with the IRS in that they deal with the IRS for tax withholding, and employers would only have to deal with one agency rather than multiple state child collection agencies.

Unrelated to our bill but to the overall welfare reform debate is the issue of time limits. I would like to say one thing. Remember the children. Although I agree with the message that asserts that recipients cannot rely on the government for life, I disagree with the method. We must keep in mind the potential consequences of such policy and prepare for them accordingly. And, we must remember the individual lives, particularly the children of these mothers, which will be affected.

Whichever comprehensive policy is enacted, it must reflect both the compassion of our society and the government's goal which is to help welfare recipients get the aid that they need-- whether that be through training, education, child support, child care and/or health care-- in order to become self-sufficient, contributing members of our society. If we succeed, we foster self-esteem where there was despair, role models where there are few, and a generation of children with hope where there has been a cycle of dependency. Again, thank you for this opportunity to testify before you. I look forward to working with you further. .



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CONGRESSMAN DAVE MCCURDY
TESTIMONY BEFORE THE
COMMITTEE ON WAYS AND MEANS
SUBCOMMITTEE ON HUMAN RESOURCES
WEDNESDAY, JULY 27

Thank you, Mr. Chairman, for holding this important hearing to address a growing crisis in our nation--the crisis of poverty and welfare dependency. Our welfare system offends the values important to Americans: it robs people of their dignity, rewards idleness rather than work, forces families to break up, destroys communities, and traps millions of Americans in a cycle of poverty. Welfare today is a prime example of broken government. I have come to testify about a proposal developed by a task force of the the House Mainstream Forum that will change this broken system.

H.R. 4414, The Independence for Families Act, offers the best elements of the many welfare reform proposals on the table today. It takes a tough approach to reform by setting time limits and requiring people to be responsible for their own actions. It is also a compassionate approach because it provides the necessary resources for welfare recipients to realistically achieve self-sufficiency.

Our plan will enable Americans trapped in poverty to break out of the welfare cycle without imposing additional taxes or other hardships on working men and women. It will fulfill the President's promise to "end welfare as we know it." And it will do this by giving practical effect to the cardinal American values of work, family, and personal responsibility.

It is widely recognized that work as an alternative to welfare must be at the core of any reform plan. Welfare must not be a way of life, but a transition to a job.

Our time-limited Work First program, which I think is unique among the reform plans, aims to get people into the workforce as rapidly as possible instead of merely expanding a vast education and training bureaucracy. Our legislation will also ensure that "work pays" by fully funding child care and by allowing recipients who are working to keep more of their earnings and savings.

To establish the responsibility to work, there must be a clear limit to benefits. An effective time limit cannot be filled with loopholes; but it must ensure that families receive the adequate support and services they need to move off of welfare into work. We think we have struck this balance in our legislation.

The ultimate guarantee of responsibility is the time limit. It says that individuals are in the end responsible for their own welfare; government will help them become self-sufficient, but it will not subsidize them forever.

We must also change the culture of the welfare office. Caseworkers should be rewarded for getting people off welfare, not maintaining eligibility for those on it. Our plan will develop a system where job placement is the measure for success, and caseworkers who achieve that goal earn bonuses and other incentives.

(more)

Just as important as the principle of work are the principles of family stability and personal responsibility, and our plan contains elements to promote both of those goals. We deny increases in AFDC funding to mothers who have additional children while on welfare. We require minors who have children to live with a responsible adult to obtain benefits. We provide incentives to teen parents who stay in school. And we put in place much tougher child support enforcement measures.

Finally, there is the issue of funding. Most reform plans agree on a direction for reform; few agree on a source of funding. Our proposal to finance this reform is based upon the principle that our government's first obligation is to its own citizens. Accordingly, faced with limited resources, we have proposed reductions in welfare benefits currently paid to noncitizens. Current immigration law requires assurances that individuals entering the country will not become public charges. Our plan seeks to make this a reality, rather than an unenforced promise.

To those members who find such a proposal objectionable, I would say: Look at the details. Look at the exemptions for refugees, asylees, and the elderly. Look at the educational and emergency health care benefits that are preserved. And look most of all at the role of immigrants' legal sponsors as an alternative to government benefits.

We are in no way abandoning immigrants. We are shifting the responsibility for their welfare to those sponsors who agree, in writing, to assume that responsibility.

Mr. Chairman, I believe that no single issue we will consider this year is as important as welfare reform. Our welfare crisis keeps millions of Americans trapped in desperate poverty at the same time as it destroys Americans' faith in government.

Poor Americans are waiting for a signal of hope. Working men and women are longing for a sign that work, family, and personal responsibility still mean something. We believe our legislation will answer both calls and help put an end to the catastrophe that our welfare system has become.

Thank you very much.

THE HONORABLE NITA M. LOWEY

STATEMENT ON WELFARE REFORM
HEARING OF THE SUBCOMMITTEE ON HUMAN RESOURCES
COMMITTEE ON WAYS AND MEANS
JULY 27, 1994

I want to thank the Chairman and the members of the Subcommittee for allowing my colleagues and me this opportunity to appear before you to present our views on welfare reform. We are here because welfare reform is, first and foremost, about women and children and families. If we leave you with one message today it should be this: that welfare has a human face, and that 3 out of 4 times that face belongs to a child. We must not lose sight of the 9 million "Dependent Children" who rely on the AFDC program.

But we cannot afford to shrink from the challenge of fundamentally changing the welfare system. Welfare is failing our children and families and contributing to the breakdown of our communities. Today, the welfare system fosters unemployment and broken homes, long-term dependency and multi-generational poverty. Our goal must be to transform welfare into a temporary, transitional system that helps individuals find jobs and acquire the skills necessary to succeed.

Mr. Chairman, we must act with care, and we must not promise more than we can deliver. As bad as the current system is, a half-baked, under-financed effort at reform will only make it worse and damage efforts directed at reducing welfare dependency.

If we are to "end welfare as we know it," we need to know what we're doing. I urge members of this Subcommittee to look to successful examples of welfare reform in the States and build on those approaches. A number of States, including my own State of New York, have developed promising strategies for making work promotion the organizing principle of their welfare systems. I refer to New York's Child Assistance Program (CAP) and the new Jobs-First Initiative and to promising efforts to implement the Job Opportunities and Basic Skills (JOBS) program, such as California's GAIN program.

These are serious attempts at welfare reform that hold important lessons about the possibilities and limitations of change in the system. We ignore at our peril the hard lessons of welfare reform, learned at the State and local level. As much as I support the direction taken by the President's welfare reform proposal, we need to look carefully at the feasibility of its components -- especially in light of our limited resources.

Earlier this year, I introduced legislation which draws on some of the most successful State approaches to reform and offers all states incentives to adopt these strategies. H.R. 4126, "The

Work-First Welfare Reform Act of 1994," is designed to provide states with the flexibility, resources, and direction necessary to enable them to reform the "front door" of their welfare system, directing applicants toward self-sufficiency, not dependence.

H.R. 4126 offers states a strong incentive to integrate their cash assistance and job training and placement programs in order to enable them to promote work from the outset of an individual's time on welfare. States would be required to develop a strategy for integrating their welfare and job training and placement systems -- as is being done under New York State's successful Gateway 2000 and Jobs-First programs.

The bill would truly make work pay for welfare recipients by giving states the flexibility to eliminate the dollar-for-dollar penalty in AFDC that discourages welfare recipients from working. Support for child care would also be expanded. The bill stresses the reciprocal obligation that public assistance implies by requiring that all able-bodied welfare recipients develop and sign a detailed plan for attaining self-sufficiency.

Finally, H.R. 4126 would strengthen our ability to crack down on deadbeat dads by creating a national clearinghouse for child support orders and mandatory (W-4 form) employer reporting. This will enable states to go after deadbeat dads and withhold their wages.

The federal government has been trying to turn welfare into a work promotion system for 20 years. We need to base our approach on methods that have been shown to work in the real world. Otherwise, we'll be back in five or ten years trying to deal with the unintended consequences of untested welfare reforms.

My goal in introducing this legislation is to put forth a series of reforms designed to help our states and communities end the demoralizing cycle of welfare dependency. I am hopeful that H.R. 4126 will help focus the debate on the importance of providing welfare recipients the tools they need to help themselves.

Move Child Support Enforcement Bill... At Least

Mr. Chairman, many question whether we can complete action on comprehensive welfare reform before Congress adjourns this Fall. If a comprehensive bill is not possible, we must not allow that to prevent us from addressing one of the most fundamental issues in welfare reform: child support enforcement.

Reforming the child support system is a prerequisite for "Ending welfare as we know it." Most mothers depend on welfare because they receive little or no financial help from the father of their

children. The overriding goal of welfare reform is to connect welfare recipients to the world of work. To do so, we must financially reconnect absent fathers to their children.

Congress and the country may be divided on some issues in welfare reform, but reforming the child support system is not one of them. In the area of child support, we know what must be done. Doing nothing to reform child support enforcement in the time remaining in this Congress would be a serious mistake.

My colleagues in the Women's Caucus and I offer a package that combines elements of a number of pending child support enforcement bills, including several introduced by Caucus members. That many of these bills share common elements testifies to the degree of consensus on how to reform the system.

I feel strongly that we should move forward with comprehensive welfare reform this year, and I urge this Committee to move forward aggressively. But before this Congress adjourns, we must not fail to enact, at least, the long-overdue reforms to the child support system outlined in this package. These include:

- * Establishing a national child support registry, and National employee reporting of child support obligations,
- * Eliminating barriers to interstate child support efforts, and
- * Improving paternity establishment procedures.

A dramatically improved child support enforcement system must be the foundation of broader welfare reform. This package provides the tools to do the job. Now it's time to get to work.

Mr. Chairman, I appreciate the opportunity to offer my views on welfare reform. My colleagues and I look forward to working with you and the members of this panel in the coming months.

Rep. Donald Payne (D-NJ-10)
Testimony -- Ways and Means
Welfare Reform Hearing
July 28, 1994

"End welfare as we know it", that is the call that President Clinton made to all of America when he pledged to reform this nation's welfare system. On June 21, 1994, President Clinton released his welfare reform plan and some of the details that have surfaced certainly bear closer examination.

Currently, the welfare system in this country is one that fosters cycles of dependency, an individual cannot get off the welfare rolls because she cannot get a job that will provide a decent living wage for herself and her family, get quality child care, and get adequate housing at an affordable price.

Providing jobs and job security will change this type of system to one that promotes and encourages self-sufficiency, however, we are unable or unwilling to invest the necessary resources in our families.

President Clinton's plan imposes a 30-month lifetime limit on AFDC benefits. However, without the adequate support systems in place -- opportunity for employment, day care, and an adequate salary to promote and encourage self sufficiency -- taking the punitive approach to dropping people from the welfare rolls may cause more harm than good.

An experiment conducted in my home state of New Jersey and also in Illinois found that 80% of welfare recipients who found jobs were able to break the cycle of poverty, compared with 2% of those who were unable to obtain employment.

I have agreed to cosponsor HR 4498, Job Start for America Act of 1994, introduced by my distinguished colleague from Hawaii, Patsy Mink. I believe this bill takes a significant first step toward addressing the real problem with the welfare system, allowing people who receive assistance to have jobs and gradually move from the welfare rolls to self sufficiency, without penalizing for going to work.

To his credit the President has proposed instituting a WORK "jobs" program into the welfare system. However, this provision does not reach far enough in lifting people out of poverty. WORK jobs will only allow an individual to earn the AFDC stipend plus \$120 a month in work expenses. Therefore WORK is not designed to lift people out of poverty, it just imposes another penalty for failure to "make do" with benefits that are not adequate to raise, much less sustain, a family at poverty level (which is less than \$12,000 for a family of three).

Since we always seem to forget about our children, let me just mention that about 9 million children receive welfare, about 65% of the rolls. Today, there are over 14 million children living in poverty and one in five goes hungry. Everyday. The sanctions in President Clinton's bill severely punish these recipients.

I think we would all agree that the welfare system needs to be revamped. As we look at ways to reduce federal expenditures, we also need to keep in mind that pulling the rug out from underneath people by setting arbitrary time limits on poverty or severely reducing benefits may be a short term solution that will result in long term disaster.

I hope that as this debate evolves, we reach consensus about a comprehensive approach that addresses all the factors that feed into generations of welfare dependency and to quote President Clinton "end welfare as we know it".

TESTIMONY OF
U.S. REP. PETER W. BARCA (D-WI)
BEFORE THE
WAYS AND MEANS SUBCOMMITTEE ON HUMAN RESOURCES
JULY 27, 1994

Mr. Chairman and members of the subcommittee, I want to thank you for providing us with an opportunity to share our views on changes to welfare programs.

Reforming welfare should be one of our top priorities this year. The current system is clearly not accomplishing the goals of providing a temporary safety net to those who need it while ensuring that the ultimate goal of our welfare programs -- economic independence -- is met.

Welfare has changed from being a temporary safety net to becoming a way of life for too many in society. Studies show that 65 percent of AFDC recipients are on the program for more than eight years, although many of these recipients do leave AFDC within two years and later return to the program.

It is clear that welfare ought to involve responsibility on the recipient's part, through more work requirements for recipients and enforcement and collection of child support payments for absentee parents.

Over the last three years alone, the number of recipients on AFDC has increased 30 percent to 14 million people. Nearly \$23 billion was spent on welfare last year. While a weakened economy bears some of the blame for this swelling of the roles, a rise in out-of-wedlock births has also contributed.

The goal which we should attain is for recipients who are able-bodied to succeed in the work force. And they can, given the proper training, financial incentives and support services such as medical coverage for their family.

The only way I see to fix the present system is to dismantle it. We must build a safety net that encourages work, responsibility, opportunity and family.

First, single mothers need jobs that pay family-supporting wages, as they are the population most at risk to continue in a cycle of dependency. I have heard from many women on welfare who want to work but do not because our system makes them better off economically by staying on welfare -- they cannot afford to take a job with little or no health care coverage.

Second, there must be more focused job training and educational opportunities for welfare recipients. Helping AFDC recipients achieve skills that can put them back to work will save tax dollars only if they are trained for jobs that are available in the private sector and those that pay a family-supporting wage.

Third, child support must be enforced. Every year, more than \$24 billion in child support goes unpaid, costing taxpayers the difference. We need a national framework for the collection of child support because too often when people move from one state to another collections are impossible. This initiative would thin the ranks of single parents who go on welfare.

The fourth major reform we need to make to the welfare system is reducing teen pregnancy which causes welfare dependency in so many instances. I support the Clinton policy to have those teenagers who are pregnant and single to live at home with their parents in almost all instances. More than one million teenagers in America get pregnant every year, a number that is astounding. We need more of a national focus on teen pregnancy prevention.

Current law provides that teen mothers may collect welfare if they are living with their parents, but this arrangement is the exception rather than the rule because parents' income is considered when determining welfare eligibility of the pregnant teen, which has disqualified many at-home teen mothers from staying there. A teenager is likely to become eligible once she moves away from home.

This is obviously the wrong incentive to provide to young teenagers who in most cases are not prepared emotionally or financially to raise children. In many cases, these teens still need parenting.

We should quit discouraging young, unwed mothers from living at home, and at the same time we should work to reduce and prevent teen pregnancies. This would go along way in helping to break the cycle of dependency.

Mr. Chairman, there are other issues that are important to my home state of Wisconsin. I strongly believe that a uniform welfare benefit should be established at the national level. While I was in the state legislature and today, great strides have been made in seeking reforms in Wisconsin, attempting to reduce costs, change the system for the better, and make it a better deal for recipients and taxpayers. But these state reforms won't be cost effective if people move into Wisconsin to participate in this unique system because the same opportunity or level of benefit does not exist in their hometown. A greater burden will be placed on Wisconsin taxpayers.

People move across state borders for a wide array of reasons, including the prospect of receiving higher welfare benefit levels. This puts an undue burden on states such as Wisconsin that provide more generous benefits than neighboring states such as Illinois and virtually every southern state. A mother with two children can boost her monthly income about \$150 by moving from Illinois to Wisconsin, and southern families could boost their monthly income up to 300 percent.

That's why I introduced the Welfare Fairness Act, which is intended to address the problem of state-to-state migration, a situation many border cities and towns in the First Congressional District as well as other states are well aware of. The bill would establish a national uniform welfare benefit so that state-to-state migration can be mitigated.

A uniform rate would have a positive effect on many recipients by providing them with the chance to make decisions on where to live based on where their family lives, on job opportunities, and on other support factors without having it complicated by the size of welfare benefits.

Wisconsin had tried to address this problem at the state level based on one of my initiatives in the state legislature by creating a two-tiered welfare system, which would provide welfare recipients who move to Wisconsin with benefits for six months no higher than they left in their previous state. But a U.S. Supreme Court decision recently rejected a similar approach in Minnesota, so there is a question about whether this will be upheld.

We need some initiative to address welfare migration and I would hope the subcommittee would consider my bill amongst the various alternatives to address this issue.

Finally, one of the most important things we need to encourage in welfare reform is innovation, especially in encouraging work rather than dependency. For that reason, I am introducing legislation this week which would allow states to conduct innovative program to encourage work, and I hope the subcommittee would consider incorporating elements of my bill into its welfare reform effort.

As you know, many times it may be economically advantageous for welfare recipients not to enter the private sector workforce. Too many entry-level jobs do not pay a family-supporting wage or provide the level of child care, health care, or education benefits that a recipient may receive in certain welfare programs.

People should always be better off by working than not working, and one of our goals must be to turn benefits checks into pay checks.

States like Wisconsin want to receive federal waivers for "income disregard programs." These programs would not count a certain level of private-sector wages in calculations to determine eligibility for welfare programs. There would be a greater economic incentive to enter the workforce.

My bill would direct the Department of Health and Human Services to approve state applications for waivers for these "income disregard" programs as long as the application meets requirements such as adequate monitoring, prospects for results, and no net costs to the federal government over time.

Page Four -- Barca Testimony

Innovative programs like these have the potential to move scores of recipients into the workforce. This will have a positive impact on our economy and the federal budget.

Mr. Chairman, I know that you and members of the subcommittee have a difficult task ahead of you in crafting a welfare reform bill. It is my hope that we can work together in a bipartisan fashion to get this job done.

Certainly, we must be realistic about reform. No plan is going to solve all the problems overnight. The welfare system has deteriorated over the course of decades, and it will take time to repair or replace. But we can't delay. Too much productivity and too many tax dollars are being wasted.

Thank you for this opportunity, and I look forward to working with you to get this job done.

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STATEMENT BY
REPRESENTATIVE TONY P. HALL
BEFORE THE
SUBCOMMITTEE ON HUMAN RESOURCES
HOUSE WAYS AND MEANS COMMITTEE
JULY 27, 1994
ON WELFARE REFORM

Thank you Mr. Chairman for this opportunity to testify before your committee on the President's welfare reform legislation and how it relates to microenterprises and Individual Development Accounts.

I commend the President and the co-chair's of his Welfare Reform Working Group for their work and leadership in putting together H.R. 4605 - Work and Responsibility Act of 1994. I believe it is a good starting point. While I was pleased that the President's bill included the establishment of IDAs, I am very concerned about how the provisions in this bill relate to microenterprises.

Federal anti-poverty policy should support asset-building activities, not penalize them. Because of the \$1,000 asset limit in AFDC, we are telling the poor that they cannot save for their children's education, that they cannot start their own business, or that they should sell everything they have just to get some temporary assistance. This traps people on welfare -- which is both morally wrong and economically foolish.

The Congressional Hunger Caucus, of which I am Chairman, has endorsed two legislative initiatives which assist people by providing sensible self-help programs with the objective of permanent self-sufficiency. The Microenterprise and Asset Development Act allows recipients to set aside up to \$10,000 in restricted asset accounts for education, job training, home-purchase and provides for the special treatment of income from a microenterprise. The Individual Development Account Demonstration Act proposes a five-year demonstration project that would encourage and reward poor people for savings towards homes, education, and microenterprises through Individual Development Accounts (IDAs). An IDA would be an earnings-bearing, tax-benefitted account whose deposits could be matched by the Federal, State or local governments.

In March of this year, Representative Bill Emerson, Representative Cardiss Collins, Representative Fred Grandy, and I sent a letter to President Clinton, signed by 68 members of the House of Representatives, to include these asset-based anti-poverty strategies into comprehensive welfare reform. The letter was bi-partisan and demonstrated the broad-based support for these ideas across the political spectrum.

The President's proposal includes a self-employment/microenterprise demonstration program and gives the authority to the Departments to develop joint regulations to exclude resources necessary for self-employment for these demonstration programs. This provision does not go far enough and in reality is very limiting.

The whole push behind welfare reform is to better enable people to become self-sufficient. H.R. 455, the Microenterprise and Asset Development Act would disregard income and assets related to self-employment/microenterprises up to \$10,000 per year for no longer than two-years and was endorsed by President Clinton in his campaign. This language was also previously passed by both the House and the Senate in the Revenue Act of 1992 (H.R. 11) and includes broad bi-partisan support. However, it was not included in the President's welfare reform initiative.

The language in the Work and Responsibility Act of 1994 needs to be changed from just giving the Departments authority to develop regulations that exclude resources necessary for self-employment to a change in the statutory law making the income disregards permanent for microenterprises. An example of the need for this change is in my district - CityWide Corporation received a 3-year grant for a demonstration project for microenterprises and it took the Department of Health and Human Services over 2 years to grant the needed waivers. This permanent change in law would be an effective way to remove one of the federal barriers which discourages AFDC recipients from starting their own business and becoming self-sufficient.

I would strongly urge the committee to change current law and amend the Work and Responsibility Act of 1994 to allow assets and income earned from microenterprises to be disregarded for calculations for AFDC benefits.

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NEWS

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OPENING STATEMENT OF THE

HONORABLE GEORGE MILLER
(D-CALIFORNIA)

BEFORE THE
COMMITTEE ON EDUCATION AND LABOR-
ON WELFARE REFORM

AUGUST 2, 1994

Mr. Chairman, I am glad we are conducting this hearing on issues relating to welfare reform. Through my years of service on this Committee and as chairman of the House Select Committee on Children, Youth, and Families for nearly a decade, I have retained a deep interest in issues relating to children. It is they, after all, that are the reason we have a welfare policy in this nation-- they should be our primary concern when changing it, and they need a voice in this debate.

I applaud the President and you, Madame Secretary, for undertaking the considerable challenge of rethinking welfare policy to make the "system" work better for clients and for the nation. As we are all painfully aware, many past Administrations and Congresses have pursued the same illusive goal with marginal success.

Most recently, in 1988 we adopted the Family Support Act with many of the same basic themes that are in your bill, the Matsui bill, of which I am a cosponsor, and other good bills that are before this committee such as Ms. Mink's and Ms. Woolsey's. These themes include instilling responsibility in the welfare client to become self-sufficient, making the tools of self-sufficiency available --education, training and job opportunities-- and providing minimal transitory aid for families to subsist for some interim period. It is out of frustration with the effect of past designs that we are here today.

I have several observations regarding our latest effort to reform welfare. In general, I believe it is a hoax for us to go through it unless there will be the financial commitment to back up its promise. Welfare "reform" to be effective will be very expensive. That is the trade-off for making welfare clients truly self-sufficient. The lack of adequate funding by the Federal Government and States was a major failing in the implementation of the Family Support Act.

In 1992, for example, States spend only about 2/3 of the available Federal JOBS program money because they could not afford the match. I know the Administration and Matsui bills recognized this major problem and increased the federal matching rate for JOBS and for child care programs which is a good first step. The second major step is to increase authorizations to reasonable levels, and I believe the Matsui bill is more realistic in this regard.

There are some specific concerns I have with the Administration's bill. One is the inflexible 2-year time limit on AFDC benefits. I appreciate that this is a two years and "work" not a two years and "off" policy, but believe that it is an untested and extreme measure. It is a big chance to take with the lives of welfare families in order to "send a message." The policy raises an enormous number of questions. It implies a huge increase in subsidized work that we have no experience administering. It may have a serious adverse

effect on the low-wage labor market. Also, why are we focusing the effort on the population at the highest risk of failure--the youngest welfare clients?

The welfare clientele have a myriad of problems that affect their employability. For example, a recent study found that 27% of mothers receiving welfare have drug and alcohol problems, and that welfare recipients are three times more likely to be addicts than the non-welfare population. Many also incur erratic child care situations or have other family problems that interfere with job stability. We cannot fit individuals with such tough life problems into the 2-years-and-you're-out mold and expect a good result. I can only conclude that the time limit is a very inadvisable national policy at this time. If we must pursue it, let's get some experience from pilot projects or State programs before we consider such a drastic move.

My other major concern with the President's bill relates to its authority for States to impose a "family cap." Welfare policy should not be expected to keep young women from having babies. First, we should keep in mind that the welfare client has no more children on average than the general population. Further, the combined benefits welfare recipients receive for one child barely bring them to half of the level of basic need under poverty guidelines. An additional \$140 per month in AFDC and food stamp benefits is hardly an incentive to have another child to feed and clothe--it's a net loss!

The decision to become pregnant results from a complex set of ingredients, but the extra welfare money is not one of them. Research suggests that policies that do work against illegitimate births are education on pregnancy prevention and ready access to family planning services. This is where our focus should be, a fact that is recognized both in the Administration bill and in Mr. Matsui's bill.

This brings me to briefly mention the Matsui bill, H.R. 4767, which I believe is a well-constructed alternative to the Administration's welfare proposal. Unfortunately, Bob Matsui was scheduled to testify before the committee this morning, but could not. I would like to submit his testimony for the record at this time.

The Matsui bill builds on the Family Support Act, and adjusts it for issues that have arisen from the experience of the last six years. While many of these same concerns are also addressed in the President's bill, the Matsui bill presents more reasoned and realistic policies. This bill recognizes that we are dealing with a diverse welfare population and that they should be moved into jobs on an individualized basis without arbitrary limits. The Matsui bill, for example, emphasizes work by increasing work requirements in the JOBS program rather than by cash assistance cutoffs. It enables States to be fuller participants in the JOBS and child care programs by increasing the Federal match rates. It significantly expands Federal funding for JOBS and child care from current levels and from those proposed by the Administration. Other initiatives, also in the Administration's bill, would enhance child support enforcement, would target comprehensive services to teen parents, and would reform the welfare bureaucracy that will be so essential to changing the approach of welfare offices to client service rather than "box checking."

We must separate fact from fiction as we chart the future course of legislation affecting low income families. Policies should not punish welfare clients and their children out of our frustration with the inability of the American economy to provide full employment and the inability of the Congress to underwrite solid statutes.

NEWS

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August 2, 1994
FOR IMMEDIATE RELEASE
Contact: Claire M. DeMatteis

CASTLE: 'WE CAN CRAFT A BIPARTISAN WELFARE REFORM BILL'

"As a member of the House Education & Labor Committee, I am pleased we are addressing the issue of welfare reform this session, and I look forward today to an open, constructive dialogue on the similarities and differences between the President and House Republican's Welfare Reform plans.

"As Governor of Delaware, I worked extensively on welfare reform with then-Governor Clinton to pass the national Family Support Act of 1988. Building upon the work of this Committee and the House Republican Welfare Reform Bill, which was introduced on November 10, 1993, and now has 163 cosponsors, I hope we can begin to craft a bipartisan Welfare Reform bill this year.

"Specifically, there are some key similarities and differences between President Clinton's and the House Republican bill. For example, while both measures mandate a strict, 2-year work requirement for welfare recipients, the President's plan contains several loopholes that may significantly hamper the effectiveness of this requirement. Additionally, I do not believe the President's plan goes far enough to address the very serious problem of illegitimacy. We must enact tough reforms to discourage young girls from becoming young mothers and to make boys much more responsible for the children they father. Also, the President's bill does little to stem welfare payments to drug addicts. Incredibly, it is federal policy to provide drug addicts whose addictions prevent them from working with an entitlement of \$446 per month in cash plus Medicaid coverage. I also would like to see tougher provisions on welfare for aliens, which is included in the House Republican plan.

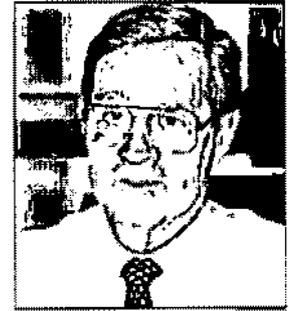
"Again, I look forward to crafting a compromise Welfare Reform Bill that contains serious provisions on illegitimacy, drug addiction, aliens, welfare spending and mandatory work. I hope we do not let this opportunity to enact such a bill slip away."

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News from . . .

Bill Goodling

Member of Congress 19th District, Pennsylvania



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FOR RELEASE:

Julie Williams

Embargoed until 8/2/94

HHH SECRETARY SHALALA AND GOODLING FIND COMMON GROUND ON WELFARE REFORM

WASHINGTON, D.C. -- Secretary of Health and Human Services Donna Shalala will testify today before the House Committee on Education and Labor on the Administration's proposal to reform the welfare system, H.R. 4605, the "Work and Responsibility Act of 1994."

Congressman Bill Goodling (PA-19), Ranking Minority Member of the House Education and Labor Committee, met with Secretary Shalala last night to discuss the issue of welfare reform.

"I'm encouraged that the Administration appears to share my objectives for welfare reform. We are beginning to move from dependence on Great Society programs to dependence on self. Our shared goals include:

- transforming welfare from a 'dependency trap' to a temporary safety net by enabling people to move off the program as soon as possible,
- addressing, insofar as welfare has contributed to them or can help reverse them, the twin problems of out-of-wedlock births, especially among teenagers, and fathers who walk away from their responsibility to support their children."

"Although we do have differences in terms of how to accomplish these goals, I hope that we can work constructively towards passing a bill because the current system is definitely not working."

"I also feel strongly that the Administration's proposal should be strengthened in terms of coordinating the job training, education, and other services and programs. Today, most welfare recipients involved with the Job Opportunities and Basic Skills (JOBS) program receive job training through Job Training Partnership Act (JTPA), yet the two systems continue to have differing data requirements, participation requirements, etc. We simply must do a better job of coordinating and/or merging the various job training programs, and I intend to work towards that goal as we address other changes to the welfare system."

"I believe we have a lot of interrelated issues to sort through, but I appreciate the commitment on the part of the Administration and Secretary Shalala to reforming our welfare system, and I look forward to continuing to work to address these issues."

Testimony of Greg J. Duncan*
Subcommittee on Human Resources of the Committee on Ways and Means
Hearing on Early Childbearing

July 29, 1994

I appreciate this opportunity to testify before your subcommittee today. Let me address two serious problems facing our nation today -- out-of-wedlock childbearing and welfare receipt. It is an easy matter to assemble alarming evidence on the scope of these problems.

With regard to out-of-wedlock childbearing, the Census Bureau last week released a report showing that 6.3 million children, some 27% of all children under age 18, lived with a never-married mother in 1993. The 6.3 million figure is 70% higher than in 1973. Family incomes of these children averaged \$9,272 as compared with \$43,578 for children living in households in which two parents were present and \$17,014 for children living in families with a divorced mother.

In the case of welfare receipt, soon-to-be published data from the survey project I direct -- the Panel Study of Income Dynamics -- show that 24% of all children and 66% of black children turning 17 in the early 1990s had spent at least one year living in a family in which welfare income was received.¹

Public opinion and many recent proposals for welfare reform presume that there is a direct causal connection between the generosity of welfare benefits and the likelihood that a young woman will bear a child out of wedlock. However, the weight of the scientific evidence does not suggest that reducing or eliminating benefits for teen mothers would have a substantial impact on the number of out-of-wedlock births. On the other hand, research does suggest that reductions in the family incomes of children have a detrimental impact on the cognitive development and academic attainments of children.

It is not easy to conduct research into issues of the effects of welfare on fertility, divorce and other demographic behaviors. Welfare experiences are extremely heterogeneous. Although 66% of black children lived in families in which AFDC was received at least once during childhood, fewer than one-third that fraction -- some 20% of all black children -- spent more than 10 years in recipient families. Short-term welfare receipt is sufficiently common that about half of first-time recipients will never reach a two-year time limit.

To address the question of, say, whether cutting off benefits to young women would cause them to delay childbearing, researchers typically use state-to-state variation in welfare benefits to look for corresponding variability in fertility and other demographic behaviors. A careful reading of the relevant studies shows that most do not support the hypothesis of a causal linkage for at-risk teenagers. Taken as a whole, the scientific evidence offers little indication that any type of welfare reform would solve the problem of out-of-wedlock childbearing.

This conclusion is consistent with a number of simpler observations:

- Since 1975, the rate of out-of-wedlock childbearing among teens has nearly doubled at the same time as the inflation-adjusted value of AFDC, food stamps and Medicaid benefits has fallen.

- States with the largest decreases in the inflation-adjusted value of AFDC benefits have not experienced the smallest increases in out-of-wedlock childbearing.
- Nearly all Western European countries have much more generous welfare programs for single mothers, and yet much lower teen birth rates, than the United States.

Concern that the public debate was ignoring the relevant evidence recently led prominent researchers to take the extraordinary step of issuing a statement that declared, among other things, that:

"(T)he best social science research suggests that welfare programs are not among the primary reasons for the rising number of out-of-wedlock births. Most research examining the effect of higher welfare benefit levels on out-of-wedlock childbearing... finds that benefit levels have no significant effect on the likelihood that black women and girls will have children outside of marriage and either no significant effect, or only a small effect, on the likelihood that whites will have such births...

We strongly urge the rejection of any proposal that would eliminate the safety net for poor children born outside of marriage. Such policies would do more harm than good."

I have attached a copy of this statement to my testimony. I signed this statement, as did most of the other authors of published research on this topic, including Robert Plotnick, Robert Haveman, Barbara Wolfe, Robert Moffitt, Robert Hutchins, Martha Ozawa, Phillip Robins and Saul Hoffman. These individuals (myself included) are authors of the studies cited by the Heritage Foundation when they compiled and publicized a list of studies of welfare and out-of-wedlock births last month.

The concern expressed by the signers of this document stems from a substantial body of evidence showing that income-related poverty harms the cognitive and social development of children. For example, in one recent published study, researchers found that even after they adjusted for differences in the educational levels of mothers, the single-parent structure of the family and other aspects of the socioeconomic level of the family, five-year-old children raised in persistently poor homes scored 9 points lower on an IQ test, on average, than did children raised in non-poor homes.² Income differences were found in this study to account for the bulk of the difference in IQs between children raised by never-married mothers and children raised in two-parent families. Parental income levels during adolescence have also been found to be powerful predictors of children's completed schooling.

Critics of the group's statement have portrayed the group as apologists for the current set of welfare programs. That is not correct. Indeed, the statement called for "significant improvements in the welfare system."

In my own view, there are many problems with the design of current welfare programs. Although welfare does not appear to be responsible for promoting out-of-wedlock births, higher benefits do seem to have a measurable, though modest, disincentive effect on work effort. Higher benefits also appear to enable teen mothers to set up their own households rather than to live with their parents. Most troubling is growing evidence that teenagers

growing up in welfare homes are less successful in terms of completed schooling and early labor-market success than children growing up in similar households that did not receive AFDC. Informed public policy needs to strike a balance between these costs and the benefits of providing a sufficient income -- whether based on cash grants or employment -- to needy families with children.

I am convinced that, if properly implemented, the goal of moving to a system based on employment rather than cash grants is a good one. Although most stays on welfare end within two years, some do not, and it is the "would-be" long-term recipients on whom our attention should be focused. If welfare reform is to limit the duration of cash receipt for able-bodied recipients, then it must attend to all of the elements necessary to making work an economically viable alternative. The recently-enacted expansion of the Earned-Income Tax Credit is an important step in this direction. Health-care reform, job training, stricter child-support enforcement, childcare and, as a very last resort, public-sector jobs, are the other essential ingredients.

There is much to learn about the incentives and disincentives built into current and proposed welfare programs and about the healthy cognitive and behavioral development of children. A very important step in advancing our knowledge is the National Science Foundation's Human Capital Initiative, which is now under consideration in the Congress. The Senate has already voted to appropriate \$5 million for this initiative in next year's budget. I would urge that the House add its support as well as the appropriations process moves to conclusion.

Thank you very much.

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*Greg J. Duncan is Distinguished Research Scientist and Professor of Economics at the University of Michigan. He is a member of the National Institute for Child Health and Human Development's Family and Child Well-being Research Network. The views expressed in this testimony are his own. Address: Room 3269 ISR, University of Michigan, P.O. Box 1248, Ann Arbor, MI 48106-1248. Telephone: 313-763-5186. E-mail: greg.duncan@um.cc.umich.edu.

Footnotes:

1. Greg J. Duncan and Jean Yeung, "Extent and Consequences of Welfare Dependence," Children and Youth Services Review, forthcoming.
2. Greg J. Duncan, Jeanne Brooks-Gunn and Pamela Klebanov, "Economic Deprivation and Early-Childhood Development," Child Development, April, 1994.

WELFARE AND OUT-OF-WEDLOCK BIRTHS A Research Summary

As researchers who work in the area of poverty, the labor market, and family structure, we are concerned that the research on the effect of welfare on out-of-wedlock childbearing has been seriously distorted. As researchers, we are deeply concerned about the rising rates of out-of-wedlock childbearing and the high incidence of poverty and welfare use among single-parent families. However, the best social science research suggests that welfare programs are not among the primary reasons for the rising numbers of out-of-wedlock births.

Most research examining the effect of higher welfare benefits on out-of-wedlock childbearing and teen pregnancy finds that benefit levels have no significant effect on the likelihood that black women and girls will have children outside of marriage and either no significant effect, or only a small effect, on the likelihood that whites will have such births. Indeed, cash welfare benefits have fallen in real value over the past 20 years, the same period that out-of-wedlock childbearing increased. Thus, the evidence suggests that welfare has not played a major role in the rise in out-of-wedlock childbearing.

There is, however, strong evidence that poverty harms children. Poor families often live in substandard housing and have difficulty purchasing basic necessities such as food and clothing. Research has demonstrated that poor children are more likely than nonpoor children to be too short and too thin for their age. Poor children also tend to develop academic skills more slowly than nonpoor children. And, poor children who live in poor neighborhoods are less likely than more affluent children to complete high school. Research in this and other countries also indicates that programs that provide employment and income assistance to poor families decrease poverty rates among children.

There are several plausible explanations for the rise in out-of-wedlock childbearing, although research has not determined which of these are important factors. Possible explanations include: changed sexual mores, decreased economic opportunity for low-skilled young men and young women, changed roles of women, the increased proportion of women in the labor market, and deteriorating neighborhood conditions stemming from racial segregation and industrial change. *Focusing on welfare as the primary cause of rising rates of out-of-wedlock childbearing vastly oversimplifies this complex phenomenon.*

Recently some have suggested that poor children born to unmarried parents should not be eligible for Aid to Families with Dependent Children, food stamps, or subsidized housing. Proponents of these drastic policies defend them as necessary to decrease the number of children born outside of marriage. We question the efficacy of such policies.

Policies that deny poor children basic income and nutrition assistance are likely to harm their physical and academic development and increase the incidence of homelessness and hunger among children. In addition, families that are left with no means to support their children may find that the only way their children's basic needs can be met is to place them in foster care or in an institution. Such parents would be forced to relinquish their children not because they are abusive or neglectful but simply because they are destitute. This is not in the best interests of children. While some signers of this statement believe that welfare has some modest impact on out-of-wedlock childbearing, we all agree that the damage done to children by denying assistance to their families would be far too great to justify eliminating the safety net for them.

We need significant improvements both in the welfare system and in other policy areas. Improvements in the child support system must be made so young men understand that if they father a child they will be required to provide financial support for that child for 18 years and so fathers assume more parenting responsibilities. Changes in the welfare system must be made so more parents can move off welfare, into the workforce, and out of poverty. And, innovative approaches to curbing teen pregnancy should be pursued and strategies found effective widely implemented.

But ending welfare for poor children born out-of-wedlock does not represent serious welfare reform, and would inflict harm on many poor children. *We strongly urge the rejection of any proposal that would eliminate the safety net for poor children born outside of marriage. Such policies will do far more harm than good.*

Signatories:

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Elijah Anderson	University of Pennsylvania
John Antel	University of Houston
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Rebecca Blank	Northwestern University
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TESTIMONY

**BEFORE THE
SUBCOMMITTEE ON HUMAN RESOURCES
COMMITTEE ON EDUCATION AND LABOR
U.S. HOUSE OF REPRESENTATIVES**

ON

EARLY CHILDBEARING

BY

**PATRICIA WHATLEY SHOWELL
ASSOCIATE EXECUTIVE DIRECTOR FOR PROGRAMS
FAMILIES FIRST
ATLANTA, GEORGIA**

JULY 29, 1994

TESTIMONY OF PATRICIA WHATLEY SHOWELL
ASSOCIATE EXECUTIVE DIRECTOR FOR PROGRAMS
FAMILIES FIRST
ATLANTA, GEORGIA
BEFORE THE HOUSE COMMITTEE ON WAYS AND MEANS
SUBCOMMITTEE ON HUMAN RESOURCES
JULY 29, 1994

I am Patricia Whatley Showell, Associate Executive Director of Families First, a United Way family and children's agency serving the metropolitan Atlanta area for the past 104 years. Families First is a member agency of Family Service America, Inc., a network of nearly 300 private voluntary agencies with the mission to strengthen families across America.

I also am the mother of two children -- one grown and one teenager who is still growing -- and the grandmother of a newborn baby boy. For all my adult life, I have worked with young people, some with drug or alcohol problems, some pregnant and afraid, all of them coping with the stress of growing up in families that love them but don't always know how to show it. Some of this work has been my employment but much of it has been through volunteering with mothers of young families in my church.

Today, I wish to focus on our local concerns and interests in "Early Childbearing and Welfare Reform." Two years after Families First was founded as the Leonard Street Orphans' Home for Negro Girls, Dr. Kate Waller Barrett, the first woman to graduate from the Medical College of Georgia, founded what became the Florence Crittenton Home of Atlanta. The Florence Crittenton program merged into Families First in 1974. For 102 years, we have offered residential maternity care to pregnant young women (some as young as 12 years old) and outpatient counseling to pregnant young women, their boyfriends and their parents. Each year about 800 young women receive counseling, help to access prenatal medical care, assistance to complete their secondary education and vocational training, residential maternity care and transitional housing for homeless young mothers with their first infant. We provide adoption services when requested, but more often we provide parenting education and supportive services to teen parents who are rearing their children alone.

I want to make three crucial points about teen pregnancy prevention. First, teen pregnancy prevention does not happen in isolation. Second, there is an equal need to prevent subsequent pregnancy as there is to prevent initial pregnancy. Third, do not ignore "the invisible man."

First, teen pregnancy prevention does not happen in isolation.

When prevention works, it works in conjunction with the total community. This is true of drug-and-alcohol prevention, crime prevention, and school drop-out prevention as well as pregnancy prevention.

Teen pregnancy prevention must be linked with the social supports required for strengthening families and communities. Social problems do not exist in isolation. They are embedded in the structure of our communities. When communities are viable and healthy -- when they meet the real needs of families and children -- when they provide resources that address quality of life issues -- then individuals have the ability to address their social, economic, spiritual, physical and mental health needs.

A way of visualizing this approach is to think of concentric circles: with the community's resources and strengths empowering the family's resources and strengths thus empowering individuals to draw on their own resources and strengths.

Second, there is an equal need to prevent subsequent pregnancy as there is to prevent initial pregnancy.

Let me tell you about Felicia, a young African-American mother. At age 17, her parents recently separated, she lived with her mother and her 10 month old sister. She was an Upward Bound high school student, planning to attend college. Her family was of modest means and she knew college would be financially difficult. But with scholarships, grants and a part-time job, she felt confident that she could make it.

Then Felicia became pregnant -- with twins. As she neared her delivery date, Felicia's blood pressure forced her into a high risk category. She had to stay at home. Her mother worked while Felicia cared for her little sister, but they soon realized that Felicia needed an adult's care.

Felicia's mother contacted the United Way of Metropolitan Atlanta where she learned of the Teen Pregnancy Program at Families First. She entered our maternity home where she lived until her twin daughters were born. While living at the maternity home Felicia realized how lucky she was.

Felicia received counseling to prepare herself for the stresses of becoming a single mother of twins and remaining in school. She participated in parenting education groups to learn about child development and appropriate discipline and encouragement. She improved her sense of self-worth and confidence in her own abilities to succeed.

Felicia gave birth a month early after an emergency induced labor. The entire family was overjoyed that the twins were born healthy and that Felicia was fine.

Felicia made up the time she missed in school (about a year), and is now attending college majoring in business administration, and has only one more course to take before graduating. She receives a scholarship to pay for books and for child care from our agency's Florence Crittenton Junior Board, a group of volunteers who provide invaluable assistance to our maternity home residents. She qualifies for a Pell grant to help with tuition. She also receives food stamps. As part of the federal Stay-N-School Program, Felicia works as a programming clerk for the Department of Food and Nutrition Services. She has not had a subsequent pregnancy.

Felicia is on her way to self-sufficiency. How did she do it? Let's learn from her experience.

First, Felicia has a supportive family. Her mother knew she was unable to adequately care for her pregnant daughter, earn a living and care for her own 10 month old infant, so she reached out for community help and found it at Families First.

Second, Felicia had goals. She knew she could succeed in college if only she had the finances to do so. Through private and federal aid she is working on this goal now.

Third, Felicia was eager to learn how to be a good parent. She actively participated in parenting classes, and sees her daughters as the most important part of her life. She is working to "give them a good life."

Fourth, Felicia was able to find a job that was flexible enough to fit her educational schedule. Even with a part-time job, she continues to need some federal assistance through food stamps.

Felicia is typical of many young women who find themselves pregnant. At the same time, she is very fortunate that community resources were there to help her during her crisis. Because of this community support, Felicia is well on her way to being a contributing member of society.

Felicia has a renewed sense of her own worth. More importantly, she has experienced the unconditional love that is the most important thing anyone can experience. She has been allowed to stand on her own two feet, to make mistakes, and yet to have the support to try to do better again.

You ask what we need to do to end welfare dependency of teens who experience early childbearing. We need to give these young mothers *hope*: a sense that unplanned pregnancy isn't the end of the world, or the end of her life. In fact, she can use this experience unfortunate as it is to move forward to independence as an adult. It is this sense of *hope*, of self-worth and confidence, given by the community through supportive services, that is the real social safety net.

Third, do not ignore "the invisible man."

Teen Pregnancy Prevention is not "for women only." Prevention efforts must address the issues of young men as well as young women. Any efforts that promote the strength and stability of families of origin, that stress the opportunities available to youth for personal growth through education and recreating, that provide factual information about the consequences of pre-mature sexual activity, and that offer assistance with concrete needs such as after-school employment and access to health care will have a positive impact on reducing teen pregnancy.

Prevention efforts that address only the young woman, that are focused on "future goals" rather than present opportunities, that stress "responsibility" as a burden, and that offer no concrete services are merely rhetorical efforts and are doomed to failure.

At Families First, we have prevention groups for young men who are teen fathers or are at risk of becoming fathers. By linking up with alternative schools, and with job training programs we reach out to these young men who would otherwise remain invisible.

In conjunction with the Child Support Enforcement effort of the State of Georgia, we are planning to launch a "Male Responsibility" effort through media outlets and through schools.

Most of all, young men as well need hope. They need to see their lives as having meaning and innate dignity. They need appropriate opportunities for passage into manhood.

**FACT SHEET
PREGNANCY UNIT**

Services offered:

All of the following programs strive to prevent subsequent pregnancies, to prevent a family from becoming homeless and to prevent child abuse or neglect from occurring.

Specific programs include:

Pregnancy Program provides individual and group counseling, education about birth preparation and family planning, avoiding another unplanned pregnancy, career development planning, and developing a self-supportive life.

Follow-up services to help after the baby is born. These may include teaching parenting skills, finding affordable child care or helping the mothers return to school.

Young Parents Program provides parenting and child development education through professional counseling and networking with other community services that provide services such as affordable child care, health care, financial aid and employment planning and opportunities.

Bell Hall Maternity Home is a group home for pregnant women, generally between the ages of 14 and 26, during their pregnancy. They receive group and individual counseling, prenatal health care, childbirth education classes, and aid in pursuing educational and vocational goals.

Teenage Pregnancy Prevention Program offers group discussions with teenagers and their parents, encouraging communication between them by providing a non-threatening environment to openly discuss sexuality issues. Teens are given facts which dispel myths and fears about sexuality. The end result is the prevention of teen pregnancies.

Teenage Pregnancy and Parenting (TAPP) Program is teamed with the DeKalb Task Force on Teen Pregnancy, providing outreach services through individual and group counseling, prenatal and postnatal services and family planning services to prevent subsequent pregnancies to teenagers.

Adoption services are available for those mothers who choose to use this services. This service also assists adult adoptees in their search for their biological parents.

Service area:

Metropolitan Atlanta.

Services provided to:

Young pregnant women, birthfathers and their families. Some of the young women are adolescents who are isolated and are unable to plan for their future or who would otherwise be homeless.