

**MOVING AMERICA'S FAMILIES FORWARD:  
SETTING PRIORITIES FOR REDUCING  
POVERTY AND EXPANDING OPPORTUNITY**

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**HEARING**

BEFORE THE

**COMMITTEE ON WAYS AND MEANS  
U.S. HOUSE OF REPRESENTATIVES**

ONE HUNDRED FOURTEENTH CONGRESS

SECOND SESSION

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MAY 24, 2016  
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**TUESDAY, MAY 24, 2016**

U.S. HOUSE OF REPRESENTATIVES,  
COMMITTEE ON WAYS AND MEANS,  
*Washington, DC.*

The Committee met, pursuant to notice, at 10:07 a.m., in Room 1100, Longworth House Office Building, Hon. Kevin Brady [Chairman of the Committee] presiding.

[The advisory announcing the hearing follows:]

# ADVISORY

FROM THE COMMITTEE ON WAYS AND MEANS

FOR IMMEDIATE RELEASE  
Tuesday, May 17, 2016  
No. FC-13

CONTACT: (202) 225-3625

## **Brady Announces Full Committee Hearing on “Moving America’s Families Forward: Setting Priorities for Reducing Poverty and Expanding Opportunity”**

House Ways and Means Committee Chairman Kevin Brady (R-TX) announced today that the Committee will hold a hearing entitled “Moving America’s Families Forward: Setting Priorities for Reducing Poverty and Expanding Opportunity” on **Tuesday, May 24, 2016, at 10:00 a.m. in Room 1100 of the Longworth House Office Building**. This hearing will examine how our welfare system can better help more low-income American families move out of poverty and up the economic ladder.

Oral testimony at this hearing will be from the invited witnesses only. However, any individual or organization may submit a written statement for consideration by the Committee and for inclusion in the printed record of the hearing.

### **DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:**

Please Note: Any person(s) and/or organization(s) wishing to submit written comments for the hearing record must follow the appropriate link on the hearing page of the Committee website and complete the informational forms. From the Committee homepage, <http://waysandmeans.house.gov>, select “Hearings.” Select the hearing for which you would like to make a submission, and click on the link entitled, “Click here to provide a submission for the record.” Once you have followed the on-line instructions, submit all requested information. ATTACH your submission as a Word document, in compliance with the formatting requirements listed below, **by the close of business on Tuesday, June 7, 2016**. For questions, or if you encounter technical problems, please call (202) 225-3943 or (202) 225-3625.

### **FORMATTING REQUIREMENTS:**

The Committee relies on electronic submissions for printing the official hearing record. As always, submissions will be included in the record according to the discretion of the Committee. The Committee will not alter the content of your submission, but we reserve the right to format it according to our guidelines. Any submission provided to the Committee by a witness, any materials submitted for the printed record, and any written comments in response to a request for written comments must conform to the guidelines listed below. Any submission 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 submissions and supplementary materials must be submitted in a single document via email, provided in Word format and must not exceed a total of 10 pages. Witnesses and submitters are advised that the Committee relies on electronic submissions for printing the official hearing record.

2. All submissions must include a list of all clients, persons and/or organizations on whose behalf the witness appears. The name, company, address, telephone, and fax numbers of each witness must be included in the body of the email. Please exclude any personal identifiable information in the attached submission.

3. Failure to follow the formatting requirements may result in the exclusion of a submission. All submissions for the record are final.

The Committee seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202-225-1721 or 202-226-3411 TDD/TTY in advance of the event (four business days notice is requested). Questions with regard to special accommodation needs in general (including availability of Committee materials in alternative formats) may be directed to the Committee as noted above.

**Note:** All Committee advisories and news releases are available online at <http://www.waysandmeans.house.gov/>.

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Chairman BRADY. Good morning. The Committee will come to order.

Welcome to the Ways and Means Committee hearing on Moving America's Families Forward.

Today, we are holding our first Full Committee hearing on America's welfare system in 10 years. We are doing this because the current system is failing to deliver results for those that need it most, and it is our responsibility to be part of that solution.

Today's hearing is about people, and right now there are more than 46 million people in our Nation who are living in poverty. Decades of experience tells us the most effective antipoverty program is a job. And of those who are working age and in poverty, nearly two in three are not working, many of them not by choice, but in large part because of the welfare system.

The current system is a disjointed maze of more than 80 different programs that have been layered on top of one another, with little thought for coordination, duplication or purpose. For decades, money has been thrown blindly at the system, without a genuine regard for effectiveness in actually delivering real results. This approach lacks compassion and respect for American families trapped in poverty.

We need a system that provides more Americans with personalized solutions, real paths out of poverty, and better opportunities to realize their potential. A critical step in achieving that is to define a clear set of principles to guide our work. And we believe we have four that do just that.

First, we will expect work-capable adults to work, or prepare for work, in exchange for receiving benefits, because it helps to set individuals on a path to long-term employment. Second, we will strive to get programs' incentives right. We can do that. Recipients, taxpayers, employers, States, and nonprofits will all be better off when someone moves from welfare to work. Third, we will focus on results of welfare programs and do everything possible to ensure they are actually helping individuals and families. And fourth, we will seek to improve integrity of programs to decrease fraud and preserve welfare benefits for those most in need.

Streamlining and better coordinating the disjointed maze of anti-poverty programs will not be an easy task. These programs span the welfare system, as well as the jurisdiction of several congressional committees, including ours. I believe our Committee needs to do all it can to advance targeted solutions. I know our Members have bold, innovative ideas based on solutions being used in their own back yards.

And most importantly, we all believe everyone should have the opportunity to achieve the American dream, Americans like Ms. VanZant, who is here to testify today. She escaped the maze of the welfare system and now spends her days helping others do the same. She joins us as Executive Director of Life Services at CareSource, a national nonprofit health management organization serving more than 1.4 million Americans. Her work is dedicated to helping others navigate barriers to self-sufficiency so they can move out of poverty and up the economic ladder.

We have a lot we can learn from Ms. VanZant and all the witnesses here today. And I am grateful to all of you for being here to share your knowledge and help our Committee identify solutions to help more Americans move out of poverty and up the economic ladder.

I thank all of our witnesses for joining us today. I look forward to your testimony.

I now yield to the distinguished Ranking Member from Michigan, Mr. Levin, for the purposes of an opening statement.

Mr. LEVIN. Thank you, Mr. Chairman. If I might, a special hello to Governor Engler. Nice to see you again.

Mr. Chairman, reducing poverty is so vital a pursuit that the true test is action, not words, especially when the actions unmask rhetoric. There is a dramatic disconnect between the worthy goals of poverty reduction and the agenda Republicans have continually pursued in this and recent Congresses. Eliminating food assistance for 13 million Americans, as suggested by the latest Republican budget, will not reduce poverty and hardship, it will increase it. Cutting childcare and other services funded by the Social Services Block Grant, which Republicans voted earlier this year to eliminate, will not increase opportunity, it will deny it for up to 30 million Americans who now depend on the program.

Jeopardizing healthcare coverage for over 20 million Americans by constantly attempting to repeal health reform will not help struggling families, it will hurt them. Raising taxes on one and a half million working families by eliminating their refundable tax credit, as marked up by the Committee, will not lift families up, it will push them down.

Cutting State funding for job training and placement will not help workers get good jobs, it will make it harder for them to stay competitive. And slashing support for higher education, including Pell grants, as required under the Republican budget, will not help people climb the economic ladder, it will rip that ladder away.

Our Republican colleagues seem to mistake cutting poverty programs with cutting poverty. They woefully ignore analyses that show our income security programs reduce poverty by over 40 percent.

Indeed, the Republicans can accept some immediate steps proposed by Democrats, which Republicans have previously blocked, to support work, promote opportunity, and reduce poverty. Expand access to quality childcare so that parents can go to work without worrying about the well-being of their children, improve pathways to education and training so that Americans can gain the skills needed to climb into the middle class. Reform the parts of our Tax Code that continue to tax some working Americans deeper into



poverty, childless workers with low wages. Strengthen the TANF program so it does a better job of supporting families and rewarding work, instead of being unduly used for other unrelated purposes. Ensure equal pay for women, who now earn an average of 78 cents on the dollar compared to men doing the same job. And increase the minimum wage, which study after study has shown will reduce poverty.

The American people are yearning for real action on the challenges facing our Nation, rather than glossy reports. And no one is more deserving of such a debate than the 47 million Americans who now struggle in poverty.

Thank you, and I yield back.

Chairman BRADY. Without objection, the Members' opening statements will be made part of the record.

Today's witness panel includes four experts. First, we welcome distinguished Governor John Engler, President of the Business Roundtable; Ms. Karin VanZant joins us as the Executive Director of Life Services at CareSource; Ms. Olivia Golden is the Executive Director of the Center for Law and Social Policy; and, finally, we are joined by Mr. Tarren Bragdon, who is the Founder and CEO of the Foundation for Government Accountability. And we have reserved 5 minutes for opening statements.

We will begin with Governor Engler. You may begin when you are ready, sir. Can you hit that microphone, Governor?

**STATEMENT OF JOHN ENGLER,  
PRESIDENT, BUSINESS ROUNDTABLE**

Mr. ENGLER. Good morning, Chairman Brady, Ranking Member Levin, Members of the Committee. Thank you for the opportunity to be here today.

My name is John Engler. I serve as President of the Business Roundtable, an association of CEOs of leading American companies operating in every sector of the U.S. economy. Thank you very much for the opportunity to bring this employers' perspective today on how America can build on the historic achievement of the bipartisan welfare reform of 1996.

When I last testified to Congress on these issues, it was 2002, I was Governor of Michigan and Chairman of the National Governors Association. I stressed that effective welfare reform depended on Washington setting overarching goals and leaving specifics to the States. This remains as true today as in 1996, when we eliminated the old and failed AFDC program. Back then, education and job training were critical. Today, our high-tech economy has raised the stakes.

We face serious challenges. The NAEP score, our Nation's report card, shows that just 37 percent of high school graduates scored at the college-ready level for reading and mathematics. This means too many young people are graduating who are not ready for their first job or college without remediation. This lack of preparedness can be a leading disadvantage and a lasting disadvantage in college and in the job market.

Consider this. A recent Gallup survey asked, are graduates prepared for work? Ninety-six percent of chief academic officers said,

yes. In contrast, only 11 percent of business leaders said these graduates are prepared for work.

So what can the public sector do to reverse these results and close this preparedness gap? Reform should focus on putting people on pathways to work. The Chairman just said this in his opening statement, but a job is better than no job. And then, when someone goes to work, we need to prepare them for careers. Everyone needs competencies that are valued in the workplace.

Next, we need to create a more efficient system for delivering government assistance that is flexible and encourages people to find and keep employment. The forthcoming reauthorizations of TANF, Perkins Act and the Higher Education Act offer an unprecedented opportunity for more effective, better-managed strategies at the State and regional level. At the same time, Congress should insist on metrics and data transparency to evaluate which programs should be continued, consolidated or eliminated. Realtime labor market data is also essential to help individuals know where the opportunities are and what skills will be required.

Congress should also continue, we believe, to offer incentives to aid workers when seeking necessary education and training that can lead to employment. This can, as has been mentioned, include assistance with childcare, transportation, or counseling. Business leaders are quite passionate about better connecting the worlds of learning and work, and we believe that starts early with rigorous education standards and the first milestone, ensuring that all students are reading at grade level by the end of the third grade. That is when we know our investments in pre-K are paying off.

We have no choice. If a student can't read, how will he or she be able to master the STEM fields? Our CEOs know firsthand that their companies need many more employees knowledgeable in science, technology, engineering and mathematics. As for STEM careers themselves, Business Roundtable leads a national network of business and industry associations. We bring together business and industry groups to help educators better understand what competencies employers are looking for in today's world.

Today, credentials are often used to represent competency. There is an urgent need to bring full transparency to the world of credentialing so that individuals of any age can be assured that what they are purchasing, regardless if out of their own pocket or if they are borrowing or even if they are getting a grant from the government, is an investment that will help them get a good job.

Done right, transparency can also help job seekers identify the program best suited for them. Today, employers are also actively partnering with institutions of higher education, helping them develop curricula to teach competencies essential to the twenty-first century workforce.

The public and private sectors must continue to work together to ensure a variety of models exist that can provide individuals the competencies that can put them first into a job and ultimately on to a career pathway where they can support themselves and their family.

And finally, I think that it is important that I state for the record, not everyone needs to go to college to be successful. At the same time, this is America. Everyone can aspire to go to college if

they wish, but they should choose with the knowledge that it is increasingly likely that the job market of the twenty-first century will be shifting to focus more on competencies than degrees. Credentials will reflect what you have mastered, rather than where or what you have studied.

Thank you very much for the opportunity.

[The prepared statement of Mr. Engler follows:]

**STATEMENT OF JOHN ENGLER  
PRESIDENT OF BUSINESS ROUNDTABLE**

**BEFORE THE  
COMMITTEE ON WAYS AND MEANS  
U.S. HOUSE OF REPRESENTATIVES**

**HEARING ON**

**MOVING AMERICA'S FAMILIES FORWARD: SETTING PRIORITIES FOR REDUCING POVERTY AND  
EXPANDING OPPORTUNITY**

**MAY 24, 2016**

Good morning, Chairman Brady, Ranking Member Levin and members of the Committee.

My name is John Engler, and I serve as President of Business Roundtable, an association of CEOs of leading American companies operating in every sector of the U.S. economy.

Business Roundtable CEOs lead companies with \$7 trillion in annual revenues and nearly 16 million employees. Their companies comprise nearly one-fifth of the total market capitalization of U.S. stock markets and invest \$129 billion annually in research and development (R&D) – equal to 70 percent of U.S. private R&D spending. These companies pay more than \$222 billion in dividends to shareholders and generate more than \$495 billion in sales for small and medium-sized businesses annually. Business Roundtable companies also make more than \$8 billion a year in charitable contributions.

America's business leaders are grateful to Chairman Brady and the members of the Committee for holding this important hearing today. The historic achievement of welfare reform and ongoing improvements to the U.S. welfare system are central to the larger effort to help all Americans achieve success.

We agree with the principles you have outlined for further reform, and we thank you for your contributions to Speaker Ryan's Poverty, Opportunity and Upward Mobility Task Force Blueprint.

The pro-growth agenda laid out by the Speaker presents an opportunity for Democrats and Republicans to create policies that help more individuals realize the American dream. Too many people still find themselves out of work or in a place that does not enable them to maintain a high quality of life.

I note the legislation the Committee recently marked up and is finishing legislation to help people find and retain employment, a commitment that Business Roundtable wholeheartedly shares.

The last time I was asked to testify on these issues was in 2002, at a hearing on the reauthorization of the welfare reform law. I was serving as Governor of Michigan and Chairman of the National Governors Association. As a Governor, I was able to say that a success of reform was that Washington focused on the overarching goals and left it to the states to determine implementation strategies and methods.

This remains as true today as in 1996, when we eliminated the old Aid to Families with Dependent Children (AFDC) program. I'm pleased to see that the Committee's philosophy remains one in which the states will retain the authority to enact strategies that meet the needs of their citizens.

Today, speaking on behalf of the nation's large employers – many of which are competing globally – I am honored to share with you our perspective on why the public and private sectors must work together to improve a support system in this country that matches the realities of today's economy.

America's business leaders believe that our nation is not adequately preparing its citizens for success in the workforce. Consider the following:

- While the national on-time graduation rate for students in 2014 was 82 percent, the latest Nation's Report Card from the National Assessment of Educational Progress (NAEP) showed that just 37 percent of high school seniors scored at the college-ready level in both reading and math.<sup>i</sup> That means we are graduating a lot of young people from our nation's high schools who are not prepared to do first-year college work without needing remedial courses.
- Indeed, there is widespread agreement that too many students enter college already at a disadvantage, requiring them to complete remedial courses. As a result, some students may not be able to complete college in four years. As a matter of fact, the graduation rate (over six years) is below 60 percent for both four-year schools and two-year community colleges.<sup>ii</sup> This is unacceptable.
- The U.S. educational system has been doing an increasingly poor job of preparing young men, in particular, to enter the workforce. According to a recent Congressional Budget Office (CBO) report, in 1980, 11 percent of all men aged 18–34 were jobless or imprisoned; in 2014, 16 percent were.<sup>iii</sup> The CBO identified three main factors behind this disturbing trend: economic changes, policy changes and the changing skill levels of less-educated young men. On that last factor, the CBO reported that “more young men may have been entering adulthood without the cognitive and non-cognitive skills that employers want.”<sup>iv</sup>

- This point is reinforced by a recent Gallup survey that asked, “Are graduates prepared for work?” While 96 percent of chief academic officers at colleges and universities rate their institution as very/somewhat effective at preparing students, just 14 percent of Americans strongly agree that college graduates have what it takes to succeed in the workplace – and only 11 percent of business leaders strongly agree that graduating students have what their businesses need.<sup>v</sup>
- If people are not prepared, they are more at risk of being unemployed or underemployed, and when Americans are not able to produce at their full capacity – like the young men in the recent CBO study – they have lower lifetime earnings and less stable family lives, on average, than their counterparts who are employed or in school. In the short term, their lower earnings will reduce tax revenues and increase spending on income support programs. In the future, these young men are likely to earn less than they would have if they had gained more work experience or education when young, resulting in a smaller U.S. economy and lower tax revenues.<sup>vi</sup>

So what can the public sector do to reverse these trends, close the preparedness gaps and put more Americans to work?

**First, reforms should focus on putting people on pathways to work. We need to prepare them for careers, not just jobs.** Reforms should certainly include a focus on putting people into their first job or into worked-based experiences. At the same time, we need to make sure individuals get and keep current the skills to succeed in today’s workforce so that they can continue to move along their career pathway to bigger and better jobs. That’s how we move people off of welfare and keep them on their feet. We believe that Chairman Brady’s Principles for Welfare Reform are exactly what it will take to get people back to work *and* put them on a pathway to greater success.

**Second, we need to create a more efficient system for delivering government assistance that is flexible and that allows people to find and keep employment.** That means fewer programs, less duplication and more focus. The U.S. Government Accountability Office has put out report after report that highlights overlapping education and training programs across government agencies.<sup>vii</sup> Congress should trim these programs to achieve greater efficiency. At the same time, states should enjoy access to broad waiver authority that allows them to produce comprehensive plans that deliver results.

The administrative savings alone from this approach would help thousands of individuals trying to get back into the workforce.

The forthcoming reauthorizations of Temporary Assistance for Needy Families program, the *Perkins Act*, the *Higher Education Act* and the Temporary Assistance for Needy Families program offer the opportunity to ensure that these policies are more flexible,

better managed and highly coordinated – at both the state and regional levels. Congress should insist on evaluation metrics and data transparency to evaluate which programs should continue to exist and which ones should be eliminated. Real-time labor market data is also essential to help individuals select a pathway that will lead to a job.

Congress should also continue to offer incentives that encourage workers to seek employment as well as the education and training that put them on career pathways. That could include assistance with child care, transportation to and from work and counseling on the best training and work options to pursue.

The current workforce training system is a patchwork that frustrates individuals, often resulting in them giving up and walking away. Done right, I am confident that we can make tremendous progress.

And what can the private sector do? Let me share with you how employers are leading in the effort to bring them into the workforce and help them succeed once there.

**Business leaders are committed to better connecting the worlds of learning and work.**

That connection starts early with rigorous K-12 education standards and a focus on ensuring all students read on grade level in third grade. Of course, we believe there is a great need for more science, technology, engineering and mathematics – STEM – employees, but if a student cannot read, he or she cannot pursue study and career in those or other highly competitive fields. The NAEP scores tell us that almost two-thirds of grade school students enter fourth grade with sub-par reading skills.<sup>viii</sup> So for anyone who wants to help and doesn't know how: Teach a child to read.

As for STEM careers themselves, Business Roundtable founded and leads the National Network of Business and Industry Associations, which brings together a cross-section of business and industry groups to communicate to K-12, higher education and training system leaders the competencies that employers are looking for, as well as to help industries and employers adjust their hiring and business practices to focus on the workers who have successfully prepared themselves for today's evolving economy.

The National Network has identified a set of Common Employability Skills – the baseline skills all employees need to succeed in any career – and has created a guidebook to show employers how to set up work-and-learn programs that have proven effective for on-the-job learning and training.

These work-based learning opportunities employers provide to individuals – apprenticeships, internships, etc. – are an invaluable way to improve the mismatch between the skills employers need and those employees bring to the table. These on-the-job learning opportunities decrease the amount of time and money used to retrain individuals.

Employers are also partnering with higher education institutions to help schools develop curricula that teach needed skills, including those required by highly technical fields. Business Roundtable is working with the Business-Higher Education Forum in two high-need industries – financial services and data analytics – to bring employers and higher education institutions to the table to roll up their sleeves and develop curricula together.

Let me be clear, however, that putting people on a career pathway is about more than obtaining a four-year degree. Not everyone needs to go to college to find a path to success. We see an emerging trend among Business Roundtable members who are revamping their human resources systems with a stronger focus on competencies. As a result, the education and training pathways that individuals take to career (for example, a two-year degree, four-year degree or certification program) matters less. Competencies are the key. The point I am making is that the public and private sectors need to work together to ensure individuals have a variety of models – and this includes figuring out how to award credit for work experience and/or non-credit training – that can provide them with the skills that can put them first into a job and solidly on a career pathway.

In terms of obtaining the competencies and skills that are needed in the workforce of today – as well as tomorrow – employers want to make sure individuals are armed with information they need to choose the training programs that will best advance their work and career prospects. To that end, we are working to bring greater transparency to the credentialing process so that individuals can be assured that what they are paying – whether out of their own pocket or through borrowing – to acquire new training will actually lead to a job.

I would like to share with you an example from Northrop Grumman, whose Chairman, CEO and President – Wes Bush – leads the work of the Business Roundtable Education and Workforce Committee. Northrop Grumman has partnered with the University System of Maryland, Towson University and Bowie State University to build a system-wide response to Maryland's and the nation's cybersecurity workforce challenges. Focused on the undergraduate experience and the need to increase the recruitment and retention of students – particularly women and underrepresented minorities – in cyber-related fields, the partnership is aligning the cyber workforce requirements of business and government with higher education, developing innovative programs to expand the cyber talent pipeline and addressing issues of critical interest to cyber workforce development.

Wes has one concern: He can't hire every graduate from the program, because of the intense competition. Other employers are quick to snap them up.

In terms of retraining an existing workforce, AT&T has implemented an ambitious plan to make its workforce more competitive by improving the coding skills and ability to



utilize data of its nearly 300,000 employees. AT&T knows that its employees will have a brighter future if they have the skills that are propelling the 21st century economy. These are just two of many examples of how employers are working to prepare individuals for the highest priority workforce needs so that they can enter and remain in careers that have a future.

In summary, Business Roundtable employers have a great interest in ensuring more Americans enter the workforce with the preparation and skills they need to succeed. We are eager to continue working with Congress and all other stakeholders to further this goal.

We are also eager to continue working with Congress to empower the states and local communities, helping develop the strategies that can bring more Americans into the workforce to support themselves and their families.

Thank you for the opportunity to testify before you today on this vital topic. I would be happy to answer any questions you may have.

<sup>i</sup> "Are Rising Grad Rates Pulling Down NAEP Scores?," Education Week (May 10, 2016), available at: <http://www.edweek.org/ew/articles/2016/05/11/are-rising-grad-rates-pulling-down-naep.html?r=1483369249&q=NAEP>.

<sup>ii</sup> "Institutional Retention and Graduation Rates for Undergraduate Students," National Center for Education Statistics (May 2015), available at: [http://nces.ed.gov/programs/coe/indicator\\_cva.asp](http://nces.ed.gov/programs/coe/indicator_cva.asp).

<sup>iii</sup> "Trends in the Joblessness and Incarceration of Young Men," Congressional Budget Office (May 2016), 1, available at: <http://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/51495-YoungMenReport.pdf>.

<sup>iv</sup> *Id.* at 3.

<sup>v</sup> Julian L. Alssid, "A New Gallup Survey Says Colleges and Employers Disagree About How Workforce-Ready Graduates Are – Who's Right?," HuffPost College (February 27, 2016), available at: [http://www.huffingtonpost.com/julian-l-alsid/a-new-gallup-survey-says- b\\_4862669.html](http://www.huffingtonpost.com/julian-l-alsid/a-new-gallup-survey-says- b_4862669.html).

<sup>vi</sup> *Id.* at 4.

<sup>vii</sup> See, for example, "Multiple Employment and Training Programs: Providing Information on Colocating Services and Consolidating Administrative Structures Could Promote Efficiencies," U.S. Government Accountability Office (February 9, 2011), available at: <http://gao.gov/products/GAO-11-92>; "Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue," U.S. Government Accountability Office (May 25, 2011), available at: <http://gao.gov/products/GAO-11-635T>; "2015 Annual Report: Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits," U.S. Government Accountability Office (April 14, 2015), available at: <http://gao.gov/products/GAO-15-404SP>.

<sup>viii</sup> "2015 Math and Reading Assessments," The Nation's Report Card (2015), available at: [http://www.nationsreportcard.gov/reading\\_math\\_2015/#reading?grade=4](http://www.nationsreportcard.gov/reading_math_2015/#reading?grade=4).

Chairman BRADY. Thank you, Governor.  
Ms. VanZant, you may begin.

**STATEMENT OF KARIN VANZANT,  
EXECUTIVE DIRECTOR OF LIFE SERVICES, CARESOURCE**

Ms. VANZANT. Chairman Brady, Ranking Member Levin and Members of the Committee, thank you for the opportunity to testify and to help you explore this extremely important topic of how to assist low-income Americans as they transition off of government subsidies into a higher quality of life, health and well-being.

My name is Karin VanZant. I am the Executive Director of Life Services at CareSource, a managed care organization based in Dayton, Ohio. CareSource provides health coverage and assistance to 1.5 million Americans in Ohio, Kentucky, Indiana, and West Virginia, offering services through Medicaid, the healthcare exchange, and Medicare Advantage.

My responsibility is to help CareSource transform how it approaches health care. For 27 years, we have worked with our members to coordinate their care and have come to deeply understand their complex social needs. We have a new strategic focus to help people move from poverty to self-sufficiency. Life Services is our new model that brings together health, economic stability and social well-being for our members, something that they tell us has never happened before. And I can attest to that from first-hand experience.

While a junior in college, I found myself pregnant unexpectedly. I signed up for Medicaid and soon was on full-blown welfare. I quickly learned that people treated me differently when I asked for help, and I could have easily fallen into the trap of poverty if I had listened to the advice of many of my case managers, and if I didn't have incredible support from my family.

In my 4-year journey to come off of government assistance, I completed my degree in social work and began working to fix the disconnected, broken system that I experienced. The system is well intentioned but misaligned, with government programs that are failing to move Americans out of a life of subsidy dependence. I think we all know intuitively what isn't working for almost 46 million Americans, low-income Americans.

We know that they have created a system that does a fairly good job of administering programs. But these programs do not move people to a life of independence. We pay for following the rules. And, quite frankly, we pay for one maintaining poverty status as long as possible.

The CareSource Life Services program is a unique approach that couples the largest low-income safety net, Medicaid, with a holistic method to addressing economic and social well-being. Many of our members have told us that a job will change their lives and improve their health. We listened, and focused our efforts on the retention of work, the advancement of an individual's skills, and the ability to connect people to appropriate resources in the places that they live.

Life Services staff help our members to stabilize, identify their strengths and prioritize their goals. As members' lives stabilize, they are connected with education or employment opportunities.

Once employed, our members meet with a life coach that helps them navigate the world of work as well as numerous subsidy cliffs.

In the past 15 months, CareSource Life Services has worked with approximately 850 members in an eight-county region in southwest Ohio. To date, 150 members have started education programs; 190 members are actively working with employers to obtain one of the 2,000 open positions by our 37 employer partners; 124 members have started full-time employment, with 85 percent of them eligible for employer-sponsored insurance; and we have a 95 percent retention rate at 90 days, with 10 percent of our members actually being promoted in the first year of employment.

The experiences have been life changing for the individuals, as well as my team. Not to mention the significant State and Federal cost savings.

Now let me tell you how this actually works for a member. In June of last year, we held a public job fair that introduced Life Services to our members. One member, Josh, arrived intoxicated. We offered him coffee and simply began to talk to him about his life. The next day, Josh received a phone call from CareSource care management team. Josh agreed that he needed help and began working with a care manager. Within 6 months, he had seen a primary care physician, a dentist, started AA and was in counseling. Throughout this period of time, he continued to work with the life coach and started to set employment goals. At 6 months of sobriety, Josh was ready for work. It took only one interview and Josh was offered a \$13-an-hour position at a local manufacturer, ending a 4-year period of unemployment for him.

Yes, Josh could have accomplished any of these things on his own, but he had not. He tells us that he didn't know what to tackle first.

In closing, I would like to emphasize, many of those who are in the Medicaid population are eager to work, but they need guidance and support. And by addressing physical health, economic stability and social well-being, amazing transformations can happen quickly, and the CareSource Life Services model is a demonstration of what is working for our members.

I thank you for the opportunity to speak with you today and I am happy to answer any questions.

[The prepared statement of Ms. VanZant follows:]



LIFE SERVICES

Testimony of Karin VanZant  
Executive Director, CareSource Life Services

Prepared for the  
United States House of Representatives  
Ways & Means Committee

"Moving America's Families Forward: Setting Priorities for Reducing Poverty and  
Expanding Opportunity"

May 24, 2016



#### INTRODUCTION

Chairman Brady, Ranking Member Levin, and Members of the Committee, thank you for the opportunity to testify and help you explore this extremely important topic of how to assist low-income Americans to achieve a higher quality life of improved health and wellbeing.

My name is Karin VanZant, and I am the Executive Director of Life Services at CareSource, a Managed Care Organization based in Dayton, OH. CareSource provides healthcare coverage and assistance to 1.5 million Americans in Ohio, Indiana, Kentucky and West Virginia offering services through Medicaid, the Healthcare Exchange and Medicare Advantage.

My responsibility is to help CareSource transform how it approaches health care. For 27 years we have worked with our most vulnerable populations to coordinate their health care (physical and behavioral), and we have come to deeply understand their associated, complex social needs. Being in this unique position, we see the future and have a new strategic focus to helping people move from poverty to self-sufficiency. *Our new model Life Services*, brings together health, economic stability and social wellbeing for our members – something that our members tell us that has too often never happened for them in the past.

I can attest to their statements from firsthand experience. I have been a recipient of federal/state welfare benefits. Twenty years ago, while a junior in college, I found myself pregnant unexpectedly. With only a campus job and a full slate of classes, I didn't know exactly what to do. Within a month I was signed up for Medicaid and on full-blown welfare within six months. There are two things that I distinctly remember about that period of time – people treated me differently when I asked for help and I could have fallen into the trap of subsidies if I had listened to the various case managers as they advised me to quit school and prepare for a life as a young parent.

Thank goodness I had my husband and our families to help us through this period of time, or our lives would be drastically different today. For the next four years we worked hard to finish our degrees, obtain employment and come off of government benefits—all while raising a young child. However, I didn't realize that we had become dependent on government assistance until I went grocery shopping for the first time “off the system.” I realized I had not budgeted for food—it happens that fast.

Through this period of time I decided to change my major in college from pre-med to social work and to begin working on the disconnected, broken system that I was experiencing. One of the things that I saw right away and continue to see 20 years later is that the voice of the members we serve is missing from the discussion on how to improve the welfare system.

Most companies make strategic decisions by going directly to their consumers and asking them what they need, what they like, how their product fits into their lives, how it could be improved.

I believe this same approach needs to happen with the 46.7 million people who are trapped in a life of poverty. The system is well-intentioned, but too often misaligned with government programs that are



failing to move Americans out of a life of subsidy and dependency and into a life of economic independence, safety and social wellbeing.

#### CURRENT REALITY

I think we all know intuitively what isn't working for low-income Americans. We know that various government programs are at different eligibility levels, change at different intervals of time, and that most do not take into account the individual circumstances of a family or particular community. Navigating the system is difficult enough for individuals to administer, let alone for someone who is caught by the safety net and unsure how to exit. Table 1 captures a snapshot of the qualifications associated with the Federal Poverty Guidelines.

Table 1

Category	Rank for FPL High to Low	FPL Eligibility Criteria	Item Name
Health Care	1	250%	Breast Cancer/Early Detection
Social Services	2	200%	Social Service Block Grant & Legal Services Corporation
Employment & Training	2	200%	Foster Grandparents
Energy Assistance	2	200%	Weatherization Assistance
Food Assistance	3	185%	WIC, Summer Food Program
Food Assistance	4	130-185%	School Breakfast Program, Child & Adult Care Food Program, Commodity Supplemental Food Program
Education	5	150%	Federal TRIO Program
Energy Assistance	5	150%	Low-Income Home Energy Assistance (LIHEAP)
Health Care	6	133%	Medicaid (Standard)
Food Assistance	7	130%	SNAP & National School Lunch Program
Social Services	8	125%	Community Services Block Grant
Employment & Training	8	125%	Community Services Employment for Older Americans
Health Care	9	100%	Maternal & Child Health Block
Education	9	100%	College Access Challenge
Social Services	9	100%	Head Start
Employment & Training	9	100%	Job Corps & WIA Youth Activities

The varied criteria is difficult to understand. CareSource knows that our members do not want to be a recipient of these benefits, but that they often do not comprehend what their lives would look like without the benefits. We know that the current system pays for following the rules, not rocking the boat and quite frankly for maintaining one's poverty status as long as possible. We believe that there should be programs aimed at helping people who fall into poverty, and we believe that the current programs should be reorganized in a way that assists individuals who need help transitioning into a life of greater independence and self-sufficiency.



Section 8 was never intended to be a lifetime housing solution nor was SNAP or Medicaid. Yet we all know that we have far too many families that have relied on these programs for multiple generations. They have lived in the same housing units, shopped at the same corner stores, lacked basic quality education, and have perhaps unknowingly settled for a life of subsidy. I have seen it in thousands of low-income Americans across the country. I have worked to find solutions at the individual level, neighborhood and community level, and organizational level. Now is the time for a systems level solution!

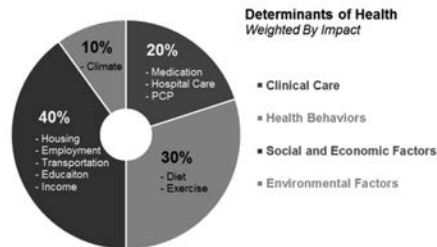
**LIFE SERVICES SOLUTION**

*Mission Driven*

Presented with the opportunity to offer solutions, the CareSource Life Services program is a unique approach that couples the largest low-income subsidy safety net, Medicaid, with a holistic approach to addressing economic wellbeing and social connectedness.

Of the total cost of healthcare, it is believed that 80% of the impact on health is through Social and Economic Factors (2015 Advisory Board Company "Non-Clinical Factors Drive Clinical Costs"). In comparison to the \$1 trillion spent on Medicaid, this means that \$800 billion of the total Medicaid dollar spend connects directly to socioeconomic factors.

Figure 1

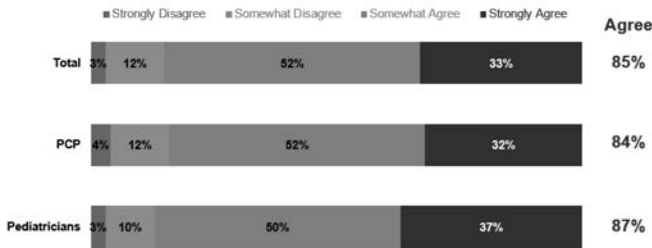


The majority of physicians agree that the Social Determinants of Health are equally as important as dealing with medical conditions (2011 Physicians' Daily Life Report, Robert Wood Johnson Foundation and Harris Interactive, November 15, 2011).

Figure 2

**Social Determinants of Health:**

*Most physicians believe address patient's social needs is as important as dealing with medical conditions*



Source: 2011 Physicians' Daily Life Report, Robert Wood Johnson Foundation and Harris Interactive, November 15, 2011

**Access to Subsidies & Community Resources**

It is important to state that the benefits provided through government funding are critical, necessary, and support our members in their journey.

Figure 3



**Our Model**

The Life Services model is derived from the blending of multiple evidence-based programs and/or practices. In conjunction with the leading research of nationally recognized organizations such as the Annie E. Casey, Robert Wood Johnson, Ford, and Kaiser Foundations, Stanford Social Innovation Review, and other notable experts on social change, CareSource developed the Life Services program to bring the best of the best together in one model. However, we did not just stop at developing a model based on this research, we conducted listening campaigns and held conversations with our members to



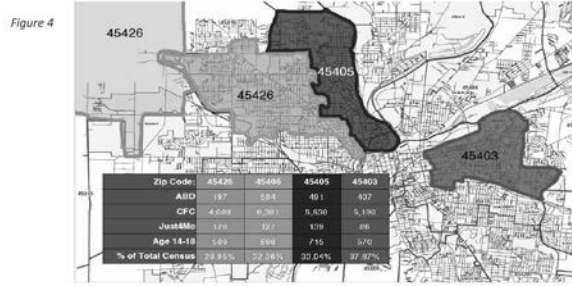


LIFE SERVICES

determine how this would work in practice. We believe that by bringing all of this together we have found what makes a difference.

Starting with a short assessment, Life Services staff help our members identify where their strengths in resources are and prioritize what needs to be reinforced. We work with community providers to connect our members in a consistent way to the resources that exist in the community and to get to a level of stability.

Life Services does this by identifying concentrations of our members at the Census Tract or Zip Code level and building out the resource map for that neighborhood. Through building community partnerships that look much like the partnerships we have on the healthcare side, we are able to convene, coordinate and secure existing community resources for our members. Here is the map for the west side of Dayton that depicts our Medicaid population and Life Services target areas:



By establishing a network of community partners and employers in our members' communities, we can support our members to move forward step-by-step, right where they live.

The below maps show the location of our Community Partners and Employer Partners in relation to our members.

Community Partners



- Zip Codes
- 45402
  - 45417
  - 45410
  - 45403
  - 45405
  - 45416

Employer Partners



- Zip Codes
- 45402
  - 45277
  - 45405
  - 45409
  - 45342
  - 45371
  - 45404
  - 45409
  - 45414
  - 45417
  - 45420
  - 45425
  - 45431
  - 45440
  - 45459



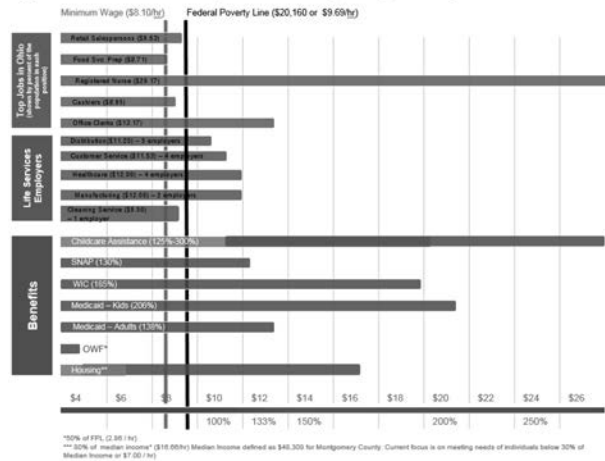
Through the partnerships we have formed in the community, we can approach the support system for our members from a different way. Our members no longer feel alone and without sight to what resources and viable employment opportunities are available in their own community.

**JobConnect + Life Coaching**

Once stable, members are connected with education or employment opportunities. **JobConnect** is the program within Life Services that specifically assists members with increasing skills and connecting with long-term employment. Sometimes this can happen in as little of five days.

However, there are serious challenges that face the subsidy-dependent when entering the workforce. Due to the upper-limit threshold for many of the benefits used by our members, as a member progresses in income they will eventually encounter a point in their career where taking the next promotion will set them back in income, a phenomenon commonly called the Cliff Effect. The below diagram shows how the Cliff Effect will impact a family of three in Montgomery County, Ohio. The diagram looks at occupation in comparison to where an individual will cease to be eligible for a benefit. The comparison is made between the opportunities of individuals who hold the top five most held positions in our community in comparison to the positions we offer through our Life Services Partner Employers.

**Opportunities for a family of 3 in Montgomery County Ohio** Figure 6





## LIFE SERVICES

For a single mother with two children, \$20,160 or \$9.69 per hour is what she would need to earn to be at 100% of the Federal Poverty Line. If she were living in Montgomery County and working as a Customer Service Representative, she would make an estimated \$11.53 an hour and register at approximately 120% of Federal Poverty Guidelines. She would qualify for Childcare, SNAP, WIC, and Medicaid. If she were eligible for a raise, that would take her to \$13.57 per hour (a \$2.04 increase), she would then earn a wage that registers at approximately 140% of FPG. She is no longer eligible for SNAP or Medicaid.

The loss of benefits is enough for many to refuse to take on a promotion. The loss of Health Insurance alone is enough to cause many people to refrain from moving forward. If the estimated lowest cost of a health insurance is between \$200 – 400 per month, healthcare now takes up \$1.25-2.50 of the wages earned each hour, or roughly 9%-18% of her monthly income.

Life Services knows that the average salary of our members is right around the wages that classify someone as 100% of the Federal Poverty Guideline for their household size. We work to connect our members to opportunities that help them move forward in baby steps. By partnering with a network of community partners and employers in their community, we can show our members how to move forward step-by-step.

Furthermore, once members start employment they are assigned a *Life Coach* that stays with them for a period of 24 months to help them navigate the world of work, prepare for their inevitable loss of subsidies (the "subsidy cliff"), and to help them think about what the next step is in their career path. While work needs to take place at the policy level to create better incentives for work and achievement, there are community resources that CareSource Life Services helps members to connect to as they navigate the subsidy cliff. Because of this type of support our members have an employment retention rate of 95%, and we are proud to report that 12 members have already been promoted.

#### *Our Early Results*

In the past 15 months, CareSource Life Services has worked with approximately 880 members in an eight county region in southwest Ohio.

- 349 members are working with Life Services staff to stabilize both health and foundational supports
- 150 members have started an education program
- 190 members are pending employment with 37 employer partners whom represent over 2,000 open positions
- 124 members have started full time employment with 85% of them moving into employer sponsored coverage and a 95% retention rate at 90 days

More than 36% of those who have enrolled are actively engaged in the employment process or employed. The experiences have been life-changing for the individuals—not to mention the significant state and federal cost-savings.

**LIFE SERVICES IN ACTION**

I've shared the background, but personal stories are truly the proof of concept for this unique approach to coupling health and economic stability. Let me share just one of those...

In June of 2015, we held a public job fair to introduce Life Services to our members and promote the employer partners who were working with us. We had approximately 100 members attend on an unusually cold, rainy Saturday morning. One member arrived intoxicated and belligerent but wanted to have his turn at the table to talk about employment. His name was Josh. One of my staff took him aside, offered him coffee and simply talked to him about his life.

We helped Josh get to the bus stop across the street and didn't expect that we would hear from him again, however, my staff had asked him if he was interested in our Case Management program that includes supports for behavioral health, and Josh agreed that he might need that kind of help. A referral was made and what happened next surprised us all.

Our case manager called him the next day, and Josh answered the phone. He completed the health risk assessment and asked if he could connect to our new Life Services program. For the next three months an interdisciplinary team of behavioral health case managers and Life Services coaches worked together with Josh. He visited a primary care physician, a dentist, started AA and counseling. He continued to meet with the Life Services staff and we let him know that his physical health needed to be stable before starting to look for work. Each week Josh made remarkable progress.

By December Josh had six months of sobriety, had his physical health in order including having major dental issues fixed (the cause of his alcohol abuse) and was ready for work. It only took one interview and this man went from unemployed for over four years to gainful employment making \$13 per hour with full employer sponsored benefits.

Any one of these things could have happened if Josh had worked it all out for himself – he could have accessed health care on his own, found the AA resource that was three blocks from his house and started the job search process on his own. But he hadn't. He couldn't. He tells us that he just didn't know what to tackle first.

Josh's story is but one of many. Life for so many is just plain hard. And often hopeless. It's even harder when you have little support. No role models for success. You don't know where to turn. You have health issues. Economic issues. A future that is – to say the least—unpredictable.

**CONCLUSION**

What we have learned through our Life Services and my personal journey is three-fold:



## LIFE SERVICES

1. Our low-income, Medicaid population is eager to do the work for a better life. For themselves and their children. But they need guidance to navigate the waters.
2. Amazing transformations can happen in a short period of time and the CareSource Life Services model is a demonstration of what can work.
3. We all have our stories. My story had a number of parallels to our new friend Josh's story. Working with the whole person, aligning existing resources can move people from a subsidized lifestyle to independence.

As a managed care plan we are in the unique position to impact the whole person—body, mind and social environment—and are purposefully growing this fully integrated expertise for the benefit of our members. Together, those of us who have dedicated our lives to working with low-income individuals and families, should always strive to work ourselves out of a job—to watch hopelessness turn to hope and a bright future.

I am finally getting to see this happen through the work of CareSource and Life Services. We invite you to join us for this remarkable ride!

Chairman BRADY. Thank you.  
Ms. Golden, please proceed.

**STATEMENT OF OLIVIA GOLDEN, EXECUTIVE DIRECTOR,  
CENTER FOR LAW AND SOCIAL POLICY (CLASP)**

Ms. GOLDEN. Chairman Brady, Ranking Member Levin and Members of the Committee, thank you so much for the opportunity to testify.

I am the Executive Director of the Center for Law and Social Policy, an antipoverty organization that promotes effective Federal and State policies, and I have administered human services programs in New York State, Massachusetts, the District of Columbia and at the Federal level, as well as studied their effectiveness as a researcher.

My written testimony makes three major points. First, the Nation's core economic security programs are highly effective. They cut poverty almost in half, improve nutrition and health care for millions of people and promote work.

Moreover, a growing body of rigorous research shows that these supports have positive effects on children's health, work trajectory and income many years later. So there is a two-generational effect. For example, expanding health insurance coverage for low-income children has large effects on high school completion, college attendance and college completion. And having access to SNAP in early childhood improves adult outcomes, including health and economic self-sufficiency.

Research also indicates overwhelmingly that these programs support work, particularly for low-income parents. What typically holds people back from working is not too much support, but too little, such as the absence of help with childcare.

In my written testimony, I cite evidence from rigorous studies by many researchers using different methods, and all showing that childcare subsidies, the earned income tax credit and the full package of benefits, including health and food assistance, support more work and steadier work over time.

I also cite recent steps to improve support for work, including the choice made by 31 States, including Ohio, to expand Medicaid under the Affordable Care Act, which means that parents and other low-income individuals in these States no longer have to fear that taking a job will eliminate their access to health coverage.

The second major point is that changes in the economy which have fostered low-wage and unstable jobs mean that high employment rates do not translate into low poverty rates. These changes have affected a wide range of working Americans, but their greatest impact has been on low-wage workers. In addition, remaining gaps in the safety net also lead to economic distress and lost opportunities for workers to succeed and children to thrive.

Third, to reduce poverty and expand opportunity, Congress should avoid bad ideas, those that are demonstrably harmful, and should seize opportunities that build on research and experience.

Starting with the bad ideas, all the available experience with block grants suggests they don't work for core safety net programs. Their appropriations shrink drastically over time, fully one-third in the case of the TANF block grant, and they cannot respond to eco-

conomic downturns. During the recent great recession, SNAP and Medicaid, which are not block grants, provided greater support to States, communities and families as need rose. On the other hand, the capped TANF block grant left families and States without resources just when they needed help most.

Flexibility doesn't solve this problem. For example, the Child Care and Development block grant is highly flexible. But because of capped Federal funding, the number of children served has hit the lowest number in more than a decade. Too much flexibility also risks diverting funds from programs' core mission, as is evident in TANF. And block grants are ill-suited to supporting nationwide goals like ensuring that every American starts life healthy and well nourished, but instead contribute to disparate life chances based on where a child is born.

Another bad idea is so-called work requirements that are counterproductive, do not build on the best available evidence about what works, or that cut off people even though they want to work, as in the SNAP time limits for able-bodied adults without dependents. My testimony summarizes the provisions about what kinds of strategies truly support work and which don't.

In conclusion, to truly reduce poverty and promote opportunity, Congress needs to tackle the economic headwinds facing workers and fill remaining gaps in the safety net. My testimony proposes five next steps. Ensure access to high-quality childcare and early education. I think Governor Engler highlighted that as well. Expand access to effective workforce development programs and career opportunities. Tear down financial barriers to post-secondary success. Fix gaps in the safety net for the neediest Americans. And establish minimum standards for wages, a stronger minimum wage, and for job quality so jobs support rather than destabilize families.

Thank you so much, and I look forward to your questions.  
[The prepared statement of Ms. Golden follows:]



**Moving America's Families Forward:  
Setting Priorities for Reducing Poverty and Expanding Opportunity  
Presented to the Committee on Ways and Means, U.S. House of Representatives**

**Testimony of Olivia Golden  
Executive Director, Center for Law and Social Policy (CLASP)**

*CLASP is a national, nonpartisan, anti-poverty organization advancing policy solutions at the federal, state, and local levels that work for low-income people. The organization advocates for public policies and programs that reduce poverty, improve the lives of poor people, and create ladders to economic security for all. For more information, visit <http://www.clasp.org> and follow @CLASP\_DC.*

**May 24, 2016**



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Chairman Brady, Ranking Member Levin, and Members of the Committee, thank you so much for the opportunity to testify on priorities for reducing poverty and expanding opportunity.

I am the executive director of the Center for Law and Social Policy (CLASP), an anti-poverty organization that promotes effective federal and state policies for low-income families and individuals. In addition, I bring to this testimony experience administering human services programs in New York State, Massachusetts, the District of Columbia, and, at the federal level, as Assistant Secretary for Children and Families, as well as experience studying their effectiveness as a researcher at the Urban Institute.

I would like to make three major points in this testimony:

First, the nation's core economic security programs are highly effective: they sharply reduce poverty, improve nutrition and health care for millions of children, families, and individuals, and promote work. A recent success story is the historic expansion of health insurance, which reduced the number of individuals lacking health insurance by 8.8 million in just one year, from 2013 to 2014, the largest decline on record. Moreover, a growing body of rigorous research shows that these supports have positive effects on children's health, work trajectory, and income many years later. Research also indicates overwhelmingly that these programs taken as a whole support work, especially for low-income parents, helping them to stabilize their lives, raise their children, and move up while they are working often long hours for low wages.

Second, changes in the economy—which have fostered low-wage jobs that are also unstable, lack adequate hours, and require volatile, last-minute job schedules—mean that high employment rates do not translate into low poverty rates. These changes have affected a wide range of working Americans but their greatest impact has been on low-wage workers. In addition, remaining gaps in the safety net—for example, the 19 states that have not expanded Medicaid and the 5 in 6 eligible children not receiving child care assistance because of capped dollars—also lead to economic distress and lost opportunities for workers to be productive and children to thrive. The nation's most vulnerable groups include America's next generation of children and young adults (particularly babies, toddlers, and their parents). While the safety net makes an important difference in their lives, too many are left behind by inadequate funding or program rules that do not reflect the realities of today's economy.

Finally, I will address next steps that Congress should take to reduce poverty and expand opportunity. Congress should avoid bad ideas that demonstrably don't work—such as block grants, misguided requirements, and cuts in key programs—and should seize opportunities that build on research and experience. These include expanded access to child care for all low-income parents, investment in effective workforce development programs and career opportunities, financial access to postsecondary education and completion for today's low-income students, crucial fixes to the work support system for adults and families, and basic standards for fairness at work, including raising the minimum wage. Many of these solutions would also benefit middle-income Americans who struggle with some of the same problems that hold back parents, workers, and students living in poverty—such as the high cost of child care and of postsecondary education, the need to develop new skills, and the lack of paid leave and fair, predictable work schedules.

### America's Economic Security Programs Reduce Poverty, Help Children Thrive, and Support Work

The key benefits of today's federal economic security programs, according to a large and growing body

of research, are substantial reductions in poverty, improvements in the ability of low-income families and individuals to meet basic needs such as health and nutrition, and lifelong enhancements to children's health and economic success. While there are many ways to define the core group of economic security programs, in summarizing this research, I will focus on three groups of means-tested programs that are often identified as part of the national safety net. The largest and most widely available elements of the safety net for low-income individuals and families are Medicaid (and the closely related Children's Health Insurance Program or CHIP), the Supplemental Nutrition Assistance Program (SNAP), and the Earned Income Tax Credit (EITC) and refundable Child Tax Credit (CTC). Another group of income- and work-support programs, including cash assistance from the Temporary Assistance for Needy Families (TANF) block grant, housing subsidies, and child care subsidies, provide important supports to those who are able to receive them, but capped spending limits their reach. A third group of programs, such as the Workforce Innovation and Opportunity Act, which received a bipartisan Congressional reauthorization in 2014, and the Higher Education Act do not provide direct income support, but help workers obtain the skills they need to advance in the labor market.

#### Economic Security Programs Reduce Poverty

The first important success of these programs is that they sharply reduce the poverty rate. Because the official federal poverty rate doesn't count the income that families get from these programs, assessing the reduction in poverty requires estimating an alternative poverty rate. In 2014, the Census Bureau's analysis of this Supplemental Poverty Measure (SPM) shows that refundable tax credits, such as the EITC and CTC, reduced overall poverty (as measured by the SPM) by 3.1 percentage points and child poverty by a remarkable 7.1 percentage points. Similarly, SNAP benefits reduced overall poverty by 1.5 percentage points and child poverty by 2.8 percent.<sup>1</sup> Researchers at Columbia University who used similar methods to analyze the effect of these key programs over time found that in the most recent year available to them, 2012, government tax and transfer policies reduced the share of people who are poor by almost half, from 29 percent to 16 percent. By contrast, in 1967, tax and transfer programs reduced poverty by just 1 percentage point, from 27 percent to 26 percent.<sup>2</sup>

#### Economic Security Programs Improve Low-Income Families' Lives and Children's Long-term Prospects

A second success is that the federal safety net programs have dramatically changed the lives of low-income families, both poor and near-poor, through large improvements in access to health care and nutrition. To take the example of health care, over the past decade, children's health insurance coverage increased dramatically as a result of bipartisan improvements to the safety net, particularly Medicaid and CHIP. In 2013, the Census Bureau found that only 7.3 percent of children under age 18, or 5.4 million children, were uninsured, a reduction of over 2 million uninsured children since 2000.<sup>3</sup> Then in 2014, as a result of the Affordable Care Act, adults' health insurance coverage soared to historic levels, with the share of Americans lacking insurance coverage down to 10.4 percent in 2014 from 13.3 percent in 2013. Young adults and low-income workers particularly benefitted, with adults ages 18 to 34 comprising over 40 percent of the 8.8 million newly insured Americans. The uninsured rate for Americans living below the poverty line fell from 23.5 percent to 19.3 percent, and the rate for working adults living in poverty fell by almost a quarter, from 42.7 to 33.4 percent.<sup>4</sup>

Children's and mothers' access to health insurance during pregnancy and in the first months of life is linked to significant reductions in infant mortality, childhood deaths, and the incidence of low birthweight.<sup>5</sup> The Kaiser Family Foundation's recent review of the research finds, for example, that

coverage through both Medicaid and private insurance is associated with improvements in health care access and utilization.<sup>6</sup> Research also demonstrates that Medicaid coverage improves access to care and overall health, and reduces mortality rates.<sup>7</sup> A rigorous study in Oregon found that in the first one to two years of coverage, people who gained Medicaid increased overall health care utilization, reported better health, reduced financial strain, and sharply reduced depression compared to the control group.<sup>8</sup>

Even more striking is the evidence that addressing health and nutrition needs in the early years of life has important effects on children's long-term development. Recent rigorous studies of both SNAP and public health insurance have demonstrated the positive effects of access as a child to these safety net programs on life outcomes into adulthood. For example, a paper by the National Bureau of Economic Research finds that having access to SNAP in early childhood improves adult outcomes including health and economic self-sufficiency.<sup>9</sup> Expanding health insurance coverage for low-income children has large effects on high school completion, college attendance, and college completion.<sup>10</sup> Expanded Medicaid coverage for pregnant women and infants has been shown to contribute to higher rates of intergenerational upward mobility.<sup>11</sup>

A growing body of research also demonstrates effects of other components of the safety net, including the EITC and the CTC, on children's success years later. Children whose families receive larger EITCs tend to have improved test scores, higher high-school graduation rates and higher college attendance rates. These academic benefits extend to children of all ages and racial and ethnic background—with an even larger effect for minority children on high school diploma or GED achievement.<sup>12</sup>

#### Economic Security Programs Support Work

In addition, the overwhelming empirical evidence is that the safety net as a whole supports work, particularly for low-income parents. What typically holds people back from working is not too much support for work but too little—such as the absence of help with child care or the instability associated with not being able to afford a stable residence.

One example may make this clearer before I go into the research evidence. Child care subsidies overwhelmingly have a pro-work effect, enabling mothers to work and work more steadily. But because funding for child care assistance is so limited, a mother who goes to work could find herself unable to get access to help in a particular state even though her earnings are far, far below what it would take for her to pay for the full cost of child care—which ranges from \$5,500 to \$16,549 for an infant in center-based care depending on the state.<sup>13</sup> There are important next steps Congress could take—in particular, major increases in investment to build on the recent bipartisan reauthorization of the Child Care and Development Block Grant (CCDBG)—to fix this obstacle.

Now let me turn to the evidence that strong safety net programs support work.

First, the majority of people who get help from these core programs are in fact working—but earning too little to make ends meet. That's not surprising, since we've already seen that most poor children live in families with workers—their problem isn't reluctance to work but low wages, insecure jobs, or too few hours. Some programs, such as the EITC and CTC, are directed specifically to families with workers—and they create an incentive to work more because they increase as earnings increase up to specified limits. But in other programs as well, participants have significant work attachment. For example, among all SNAP households with at least one working-age adult not receiving disability benefits, more than half have a member who works while receiving SNAP—and more than 80 percent work either in the year prior to or the year after receiving SNAP. The rates are even higher for SNAP households with children.<sup>14</sup>

Second, many rigorous studies analyzing the effects of the safety net programs on families' actual level of work find that when low-income working parents can get and keep the full package of work support programs, they are better able to stabilize their lives, keep a job, move up, and help their children thrive. For example, research on child care subsidies has consistently found that they play a key role in improving parents' employment outcomes, including stability of employment and earnings. Studies of parents leaving welfare for work have concluded that families accessing various work supports, including health insurance, SNAP, and child care, were more likely to be stably employed and less likely to return to welfare.<sup>15</sup> Studies of the EITC show that its effects in increasing labor force participation are of far greater magnitude than its effects in reducing the hours of employment for those who are already working.<sup>16</sup> Empirical studies of the effects of the safety net as a whole confirm that, in practice, income support programs' work disincentives are so small as to have "almost no effect" on their anti-poverty effectiveness.<sup>17</sup>

Third, work effort among poor and near-poor mothers—the group eligible for the widest range of safety net benefits—has gone *up*, not down. In 1975, fewer than half of all mothers were in the labor force, and only about a third of mothers with a child under age 3, compared in 2012 to more than 70 percent of all mothers and 60 percent of mothers with a child under age 3.<sup>18</sup> While married mothers were working more in the 1980s and early 1990s, since then, single mothers have closed the gap, with about three-quarters of single mothers in the labor force in 2014 compared to 68 percent of married mothers.<sup>19</sup> Given the practical and financial challenges involved in working in a low-wage job while caring for a young child, this work effort is remarkable.

Finally, over the past decade, Congress has taken several steps to remove remaining barriers to work in the core economic security programs:

- The Affordable Care Act enabled states that expand Medicaid to remove a major potential disincentive to work. In the 31 states that have expanded Medicaid, parents no longer have to fear that taking a job will eliminate their access to crucial health coverage.
- The bipartisan reauthorization of the Child Care and Development Block Grant in 2014 allows a parent to keep child care assistance when her income rises. However, while helpful, this is only a partial fix: spending caps at the federal level still leave the vast majority of eligible families without the child care assistance they need in the first place.
- In the Omnibus Appropriations Act of December 2015, Congress made permanent the increases in the EITC and the CTC provided temporarily through the American Recovery and Reinvestment Act (ARRA). This was an enormous win for low-income families, and it strengthened work incentives by ensuring that families would start to receive the work-encouraging benefits of the CTC at lower income levels.

Some states have also recognized that a strong and well-administered safety net supports work. Poorly administered programs can make it hard for low-income families to succeed at work—for example, parents in low-wage jobs will likely lose pay and even possibly lose their jobs if they have to wait in line to renew a Medicaid card or get food assistance for their family. But well-administered programs help families get and keep the full package of supports they need to stabilize their lives and move up on the job. For example, Governor C.L. ("Butch") Otter of Idaho explained in a 2013 commentary that Idaho's commitment to streamlining access to SNAP, Medicaid, and child care subsidies comes from its goal of "helping families enter and succeed in the workforce." To achieve this goal, Idaho has sought to "identify gaps in the services available to low-income working Idahoans and reduce the impediments to receiving those services for which they are eligible..."<sup>20</sup> Through a multi-state initiative led by CLASP and its

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national partners the Urban Institute and the Center on Budget and Policy Priorities, five other states in addition to Idaho (Colorado, Illinois, North Carolina, Rhode Island, and South Carolina) have seized the opportunities available under current federal law and policy to innovate, streamline, and integrate the major safety net programs (including Medicaid/CHIP, SNAP, and child care assistance) into a coherent package for families, in order to support their stability and success at work and at the same time improve efficiency and program integrity.

### **Low Wages, Unstable Jobs and Budget Cuts Leave Far Too Many American Families Struggling to Make Ends Meet**

In spite of the support of the safety net, changes in the availability of secure, decent-paying jobs and the nature of low-wage work have created an enormous headwind for many Americans struggling for economic security. For example, a minimum wage job today has about 20 percent less value than when President Reagan took office, leaving a full-time minimum wage worker in a family of three well below the federal poverty line;<sup>21</sup> the many low-wage workers who can't get full-time work earn even less. Budget cuts and gaps in the core economic security programs compound the problem.

Unfortunately, many of those most vulnerable are children—particularly babies and toddlers—and young adults, who have the highest poverty rates among all Americans. More than one in five (21.1 percent) children and almost one in five (19.8 percent) young adults live in households with incomes below the federal poverty line (\$19,073 for a family of three). Even families with incomes somewhat above this threshold often struggle to cover basic needs—and nearly 4 in 10 children are in families with incomes under twice the poverty level.

Most of these poor children live in families where adults work, often long hours. Nearly 70 percent of poor children, or more than 10 million children, live in families with at least one worker, and one-third live in families with at least one worker employed full-time, full-year. Among poor Hispanic/Latino children, the largest single group of poor children, 41.6 percent lived with at least one full-time, full-year worker and 76 percent lived in families with at least one worker.

For these families, low wages, erratic schedules, inadequate or volatile hours, and rigid job demands all play a role in obstructing family economic security.<sup>22</sup> Much of this is driven by the nature of jobs in today's low-wage labor market. For example, a city study found that almost 60 percent of the retail workforce is hired in part-time, temporary or holiday positions, and only 17 percent of workers surveyed have a set schedule.<sup>23</sup> The lack of paid leave can result not only in the loss of wages but also in the loss of jobs. An Oxfam study found that one in seven low-wage workers reports losing a job in the past four years because they were sick or needed to care for a family member.<sup>24</sup>

While single parents face the greatest obstacles to economic security, and children living in single-parent families are much more likely to be poor, millions of children in two-parent families are also poor. More than 5 million children with married parents were poor in 2014, or more than 1 in 10 (11 percent) of all children in married-couple families. More than one in five (21 percent) of Hispanic/Latino children in married-couple families are poor.

Particularly vulnerable are children and young adults of color, whose circumstances have great importance to America's future: they are expected to make up over 50 percent of the nation's population of children by 2020.<sup>25</sup> (Children under age 5 have already reached this milestone.)<sup>26</sup> Poverty rates for Black children and young adults are 37.1 percent and 29 percent respectively and for Hispanic/Latino children and young adults, 31.9 percent and 22.4 percent.

These high rates of child poverty endanger not only the wellbeing of individual children but the future skills and capacity of America's labor force and the nation's economic future. Children who are born poor and are persistently poor are far more likely than their peers to fail to finish high school, become parents as teens, and experience poverty as adults.<sup>27</sup> And parents' low-wage work has the potential to compound children's developmental risk, because unstable work schedules make it difficult to secure stable child care and because parents' own stress affects children's development. In addition, fully 40 percent of low-income parents have no access to paid time off (no sick days or medical leave, no parental leave, no vacation), making it difficult to care for newborn or sick children.<sup>28</sup>

Federal and state budget cuts and the sharp deterioration of block grant programs such as TANF have compounded the problem. As a result of federal caps and state budget challenges, child care assistance spending is at a 12-year low and the number of children receiving CCDBG-funded assistance has reached a 16-year low, with nearly 364,000 fewer children receiving assistance in 2014 than in 2006.<sup>29</sup> Other programs have experienced even sharper cuts—since 2000, federal workforce development funding has been reduced by more than 40 percent in constant dollars. The TANF block grant, which has received no increase in funding since enactment in 1996 except for a temporary boost under ARRA, has lost one third of its value—combined with bad state choices, this has resulted in just 17 percent of poor children nationwide (and fewer than 10 percent in 17 states) receiving cash assistance.

Recent academic research has painted a powerful picture of the consequences for families and individuals of the changing low-wage labor market coupled with these gaps in the safety net. Kathryn Edin's and Luke Shaefer's *\$2.00 a Day: Living on Almost Nothing in America* provides national estimates of the staggering number of families living below this line—1.5 million households, with roughly 3 million children—along with powerful vignettes, showing the terrible consequences for parents and children of short-term jobs with no help in between. Matthew Desmond's *Evicted* shows how housing instability is both a cause and consequence of poverty, with families with children particularly at risk. Yet as both books indicate, there are practical next steps that the nation can and should take to change this picture.

### **Next Steps for Reducing Poverty and Expanding Opportunity**

To reduce poverty and help vulnerable Americans work, raise children, and succeed, Congress should pay attention to the evidence about what works, avoid bad ideas even if they sound good, and commit to selected bold next steps where we know investment will pay off.

#### Avoid bad ideas

Given the strong evidence about the safety net's importance to family wellbeing, children's long-term outcomes, and stable and sustainable work, the worst thing that Congress could do is ignore the research and undermine success. That means avoiding bad ideas, including turning core safety net programs into block grants, imposing misguided work requirements that threaten access to food, health care, and other essential benefits, or cutting the federal budget for low-income work supports.

#### Block Grants Have a History of Failure

All the available experience with block grants suggests that they don't work for core safety net programs. The history of block grants shows that, since there is no direct link between spending and need, their Congressional appropriations shrink drastically over time—as with the reductions in TANF and CCDBG cited earlier<sup>30</sup>—and they cannot respond to economic downturns. For example, during the recent Great Recession, SNAP and Medicaid, which are not block grants, provided greater support to states,

communities, and families as economic need rose. From 2007 to 2011, SNAP caseloads and federal support to states went up in response to the recession-driven increase in need, leveling off and then beginning to decline as the economy has recovered. By contrast, block grants like TANF do not increase federal assistance in a recession, leaving states caught between a rising number of families seeking help and declining state tax revenues. National TANF cash assistance caseloads responded only modestly to the deep recession and in six states caseloads continued to decline from 2007 to 2009 in the face of sharply rising need—leaving families and states without resources just when they needed help most.

Block grant proponents sometimes argue that flexibility can compensate for inadequate funding, but the evidence suggests that just isn't true. Taking advantage of flexibility to get rid of extra bureaucratic steps can save modest administrative costs, but it doesn't come close to filling the gaps in seriously underfunded programs. For example, CCDBG is highly flexible, but as a result of capped federal funding, the number of children served has hit the lowest number in more than a decade.

Increased flexibility also risks diverting funds from programs' core mission. For example, the most recent available data show that states spent just over a quarter of TANF and state maintenance of effort funds on cash assistance, and another quarter on work activities and child care. The remaining funds went to a variety of state services and supports for low-income families, in some cases supplanting previous state spending.<sup>31</sup> It does not make sense to allow states to trade off intensive services or case management for the most vulnerable families against core health or nutritional supports to other needy families—or to force states into these trade-offs as a result of shrinking federal budget investments.

Finally, block grants are ill-suited to supporting core national goals—such as ensuring that every American starts life healthy and well-nourished—but instead contribute to disparate life chances based on where a child is born. This is true not only because states may make different choices about their level of commitment to needy families but also because capped federal funding short-changes states with a growing number of poor children and families over time, as in the South and Southwest. Compounding the damage, this capped funding may have a disproportionate effect on Black and Hispanic/Latino children who are particularly likely to live in these states. For example, CLASP's analysis of CCDBG shows that only 8 percent of eligible Hispanic/Latino children get help compared to about 13 percent of eligible children overall, with large differences across states—some likely due to state policy choices and some to capped federal funding.<sup>32</sup>

#### Misguided Requirements Block Access Instead of Supporting Work

Given the large share of low-income families who are already employed yet still need help making ends meet, along with the many barriers to steady work in the low-wage labor market, the best evidence suggests that so-called “work requirements” are not effective strategies for increasing work hours and earnings. What many low-income families—already working long hours in low-wage jobs while also raising children—need the most is easy, straightforward access to health insurance and assistance paying for food and child care. In these cases, the best way for states to promote work is a commitment to streamlined access—as in Louisiana, expanding Medicaid this summer and becoming the first state to take advantage of a new federal option for states to use information in SNAP files to easily enroll people in Medicaid.

In fact, work requirements are too often counter-productive. For example, untreated physical and mental health conditions are a major barrier to work—so getting health insurance and treatment is an important step on the way to stable work. Imposing a work requirement as a condition of health insurance places

applicants in a harsh “catch-22”—those who can’t meet the requirement without treatment are exactly the ones who get cut off. Similarly, hungry people are less likely to succeed in school or work.

The evidence from TANF highlights that mandatory work programs are too often a barrier to access rather than a springboard to economic security, in part because good programs require substantial state and federal investment. While there are exceptions in individual communities, employment programs tied to TANF often have little to offer in the way of effective services. Both the requirements (sometimes driven by the federal participation rate, other times by state choices) and the programs offered are likely to reflect outdated perspectives about what works, in contrast to the more current, evidence-driven approaches included in Congress’s bipartisan reauthorization of WIOA—with its emphasis on career pathways, effective programs to help participants earn industry-recognized postsecondary credentials, and “earn while you learn” subsidized job strategies.

In other cases, punitive provisions described as “work requirements” in fact have nothing to do with work, as in the SNAP time limits for so-called “able-bodied adults without dependents.” These individuals are already required to accept suitable job offers, so the so-called work requirement is really a time limit. After three months receiving SNAP assistance, these individuals must actually be working or in approved training a full 20 hours per week or else be cut off—yet states are not required to offer them an opportunity to participate in an employment program. Federal law allows for an exemption from this requirement in areas of high unemployment, but an increasing number of states have turned down the waivers for which they are eligible. Given today’s low-wage labor market, this means that people who are actively searching for employment and those who are working but not meeting the required 20 hours per week will be forced off of SNAP—raising the likelihood that they will skip meals, struggle with food insecurity, and find it hard to sustain stable work.

Thus, strategies to encourage work across benefit programs should focus on making effective work and training opportunities available, drawing on the lessons of WIOA and of successful local and state initiatives. They should never disqualify individuals from benefits when no appropriate training or work experience has been offered to them; and they should never be a condition for children’s access to benefits or for anyone’s—children’s or adults’—access to health insurance.

#### Cuts Harm Low- and Moderate-Income Americans

Struggling families also face damage from past and threatened budget cuts. From FY 2010 through FY 2016, out of the 164 programs tracked by the Coalition on Human Needs, 139 sustained cuts in funding, accounting for inflation; only 25 grew. Nearly half (67) were cut by 15 percent or more, and nearly one-third (54) were cut by 25 percent or more.<sup>33</sup> These cuts have limited low-income families’ access to housing, to youth services, to education and training, and other core programs. Alarming, the budget resolution proposed by the House of Representatives would increase these cuts, harming low- and moderate-income people, and would cut discretionary spending far more deeply than envisioned even with sequestration. Non-defense discretionary spending would drop from \$518.5 billion in FY 2017 down to \$472 billion in the next year; it then would stay absolutely flat for the next nine years, eroding with inflation year by year, leading to a total cut of \$887 billion as compared to current policy through 2026.



### Take Bold Next Steps, Supported by the Evidence

As we've seen, reducing poverty and promoting opportunity for America's families requires tackling the economic headwinds facing workers, building on emerging insights and successes, and filling remaining gaps in the safety net. Congress should consider five bold next steps.

**1. Help parents work and children thrive by ensuring access to high-quality child care and early education programs.**

High-quality child care and early education programs are central to parents' work and to children's well-being, development, and opportunities to escape poverty as adults—yet few low-income parents can afford such programs without help. As a consequence of capped federal funding, the number of children receiving child care subsidies under CCDBG is the lowest it has been since 1998; Head Start serves less than half of eligible preschoolers and fewer than 5 percent of poor babies and toddlers.

Increased funding for child care should be an urgent priority as part of an agenda to reduce poverty, promote opportunity, and strengthen the American economy more broadly. A virtually unanimous bipartisan majority in the Congress voted for CCDBG reauthorization in 2014, including improvements to support quality and allow parents to move up at work. Yet, as Congress recognized in last year's budget deal, making these improvements will require resources. We strongly recommend that Congress commit to an increase of \$1.2 billion in CCDBG in 2017 to ensure that states can implement the law without further reducing the number of children served.

But reducing poverty and increasing opportunity requires a bolder next step—not just avoiding cuts but reaching the five of six eligible children who are currently unable to get help because of funding limits. Guaranteeing child care assistance for all low-income parents with young children, as proposed by President Obama in the 2017 budget, would go a long way to expand economic opportunity for families.

**2. Ensure access to high-quality workforce development programs and career opportunities to all low-income and low-skilled workers, both youth and adults.**

The Workforce Innovation and Opportunity Act (WIOA) enacted by the Congress in 2014 includes improvements in workforce development programs to give low-income workers access to good jobs and careers. Steps forward include a focus on demand-driven training, including postsecondary education leading to employment; requirements to develop career pathways that allow participants to link training, credentials, and work experience in individualized ways, building skills over time; and a strengthened priority for serving low-income, lower-skilled individuals, including recipients of public assistance benefits and out-of-school youth.

But valuable as they are, these provisions will not achieve their full intended effect on low-wage and low-skilled workers' success on the job without adequate funding, at the levels authorized in the law. Given the 40 percent reduction in federal funding for workforce development noted earlier, even greater investments would be required to truly enhance opportunity for low-income workers.

A number of other investments would make a big difference for low-skilled and low-income workers. These include strengthening dropout recovery strategies and advancing career and technical education programs that align with WIOA by bridging high school and postsecondary levels and targeting special attention to low-income students. And given the high levels of economic distress among youth and young adults, Congress should make substantial investments in youth employment, including but not limited to summer employment, with the jobs carefully linked to learning and career development.

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### **3. Tear down financial barriers to postsecondary success for today's low-income students.**

Postsecondary credentials are crucial for economic success in today's labor market. Yet far too many students fail to complete the education they need because of financial barriers. One key reason is that policies are not aligned with the reality of who today's students are: half of all college students—and far more among students of color and students in two-year colleges—are financially independent of their parents, and one quarter of students are parents themselves. These students' college completion is threatened by their deep levels of unmet financial need, which are higher among students of color.<sup>34</sup> Unmet need, driven both by spiraling costs of college tuition and fees and by the costs of transportation, books, supplies, food, and housing, often leads students to drop out, borrow more, decrease their course load, or increase their work hours to levels inconsistent with staying in school.

Congress should reform the Higher Education Act to make financial aid responsive to today's students and address the needs and attendance patterns of nontraditional and low-income students. Crucial policy reforms include reinstating year-round eligibility for Pell grants and ensuring that student aid is available for working students, including those attending less than half-time; connecting financial aid with other programs, benefits, and sources of student assistance<sup>35</sup>; and funding new federal-state partnerships providing two years of tuition- and fee-free community college through "first-dollar" scholarships that are accessible to nontraditional students.<sup>36</sup>

### **4. Fix gaps in the safety net and support work for the neediest Americans.**

As noted earlier, despite the broad-brush successes of the safety net, its gaps take a serious toll on the neediest Americans. Congress should consider two timely steps to support work and meet basic needs.

Support work by building on the successes of the EITC and CTC. The most immediate step would be to expand the EITC for childless workers and young adults. Under current law, individuals without dependent children can only receive a very small credit—a maximum of about \$500—and begin to lose the benefit even before their earnings reach the poverty threshold. Younger and older workers are at a further disadvantage because, under current law, the EITC is only accessible to eligible individuals without dependent children if the workers are between ages 25 and 65.

Broadening the age range would be particularly valuable for young adult workers, many of whom begin careers in low-wage jobs—both helping them make ends meet and encouraging workforce participation. A White House report estimates that 3.3 million working youth under age 25 would be newly eligible for the EITC under the president's proposal, accounting for over 24 percent of all workers who would benefit from this expansion.<sup>37</sup>

There is bipartisan support for expanding the EITC for workers without qualifying children and making it available to younger workers starting at age 21. All of the proposals increase the maximum credit rate for childless workers, doubling it from the current level. I urge you to move this proposal without delay.

In addition, Congress should make the CTC fully refundable so that the lowest-income workers can benefit. The CTC exists because we recognize that raising children is costly at all income levels; it does not make sense for parents who are unable to find consistent work to be shut out.

Strengthen TANF as both a safety net and a work program. Last summer, this Committee released a discussion draft of a bill to reauthorize TANF, which has been operating under short-term extensions since 2010. We are pleased that the discussion draft bill made critical changes to improve the TANF work

participation rate (WPR), as CLASP has long advocated. The bill would give states greater flexibility to serve individuals with barriers to employment and other disabilities, and would count more education and training activities toward the WPR to support TANF recipients in obtaining the skills and credentials needed to sustain employment. These changes would both reflect ways in which our changing economy increasingly requires higher levels of education for family-sustaining jobs, and would remove barriers that prevent states from aligning TANF work programs with the workforce programs under WIOA.

However, the draft bill did not provide states with additional federal resources, and did not hold them accountable for TANF's effectiveness as a safety net. We would welcome the opportunity to build upon the comments we have already submitted regarding the discussion draft<sup>38</sup> and to share our thoughts on how to strengthen TANF as both a safety net for the most vulnerable families and a work program.

**5. Establish minimum standards for wages and key aspects of job quality, so jobs support rather than destabilize families.**

As we've seen, many Americans work hard yet cannot make ends meet because of inadequate wages or hours, unpredictable schedules that do not allow them to keep the family budget on an even keel or secure stable child care, and the lack of any paid leave to care for an infant, a sick child or family member or to recover from their own illness. While some employers ensure all their workers have these basic elements of stable work, far too many do not. For example, about 40 percent of all workers do not have paid sick days; many more do not have paid family and medical leave. Further, the lack of minimum standards in jobs aggravates the nation's inequalities<sup>39</sup>, including racial inequalities.<sup>40</sup> That's why it's crucial to pass public policies. Currently, states and localities across the country are enacting such statutes (for example, New York state just became the fourth to provide paid family and medical leave), and over 30 jurisdictions including 5 states now have a statute that ensures workers can earn paid sick days. There are now models and research that can inform Congressional action.

No serious effort to reduce poverty and promote opportunity can sidestep the importance of decent, stable, family-supporting jobs. Congress should pass legislation to upgrade the minimum wage and to create new national policies for paid family and medical leave, paid sick days, and fair scheduling. Congress should take up consideration of the Raise the Wage Act, the FAMILY Act, the Healthy Families Act, and the Schedules that Work Act.

## Conclusion

America's core economic security programs reduce poverty, improve the lives of low-income families, promote children's long-term success, and support work. Yet changes in the economy that have fostered low-wage, insecure jobs, as well as budget cuts and remaining gaps in the safety net, have left far too many people struggling to make ends meet.

But the good news is that rigorous research as well as recent experience offer considerable evidence about what works and what needs to be fixed. Learning from that evidence, Congress should avoid bad ideas that demonstrably don't work—such as block grants, misguided requirements, and cuts in key programs—and should seize opportunities that build on success. Thank you, and I look forward to your questions.

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Chairman BRADY. Thank you.  
Mr. Bragdon, please proceed with your testimony.

**STATEMENT OF TARRIN BRAGDON, FOUNDER AND CHIEF  
EXECUTIVE OFFICER, FOUNDATION FOR GOVERNMENT  
ACCOUNTABILITY**

Mr. BRAGDON. Thank you. Mr. Chairman, Ranking Member Levin and Members of the Committee, thank you for the opportunity to testify. I am Tarren Bragdon, the Founder and CEO of the Foundation for Government Accountability, a nonpartisan, multistate policy organization that works with State leaders across America to free individuals from poverty through proven welfare reforms.

All of us are here because we want the same thing, to help as many families as possible escape poverty as quickly as possible. The best way to do this, and to solve many of the other challenges welfare programs currently face, is through a simple but powerful tool that must be core to any welfare reform conversation. Work.

But here is the fundamental problem with the welfare reform conversation. It is a debate dominated by rhetoric and anecdote. Fifty years ago, Congress and President Johnson tried to answer the question of how do you end poverty. But the sad truth is that strategy has failed. But the tragedy of the failed welfare state is not how much money is being spent, the real tragedy is how many families are being trapped in poverty for far too long, sometimes generations.

So how do you get somebody out of poverty as quickly as possible? In 1996, Congress and the President in a bipartisan way took this problem head on, requiring able-bodied, childless adults to work in order to receive food stamps, working 20 hours a week or volunteering. And if they refused, they would have to cycle off the program after 3 months. But Republican and Democrat Administrations allowed States to waive these requirements. But thankfully, several Governors are restoring them. And I will focus my comments on two States, Kansas, which restored them in 2013, and Maine, which followed in 2014.

We launched an effort in Kansas to track the 41,000 people impacted by this policy change with the largest study of its kind, matching those who were on welfare with the State's Department of Labor hiring and earnings database to see what happened after the policy change. Maine replicated this methodology for 10,000.

The results are inspiring and we no longer have to rely on speculation or anecdotes. But we can see how commonsense work requirements worked. And the results proved that the bipartisan effort of Congress 20 years ago was on the right track.

Before Kansas restored work requirements, recipients on average received about \$200 a month in food stamps, whether they worked or not, and most did not. But for those who refused to meet the work requirement and were transitioned off welfare, guess what happened next? They went to work in record numbers, half right away and 60 percent within a year. And not only did they go to work, but average income of workers doubled and the average income is now above the poverty line. Maine saw a similar success,

all of this within 12 months of the work requirement being reinstated.

And even those who stayed on welfare were better off. Enrollees were more likely to be working, more likely to be working more hours. Incomes increased, and the average time that somebody spent on welfare was cut in half.

Simply by following the work requirement you established 20 years ago caused enrollment for these adults to drop by up to 90 percent. Because people literally transformed themselves through work, earning hope, higher income and a brighter future.

This paints a clear, inspiring and simple roadmap to Federal welfare reform. And it is a road that Congress has already traveled.

If Congress could do just one thing, it should be to add these commonsense work requirements and time limits to most of the 80-plus means-tested welfare programs for all nondisabled working-age adults. And here is another important thing to consider. This reform frees up limited resources to help the truly needy, including the more than 600,000 Americans who have intellectual disabilities or are in frail health, waiting for Medicaid waiver services. And fortunately, these are also incredibly popular bipartisan reforms, with 82 percent of Americans supporting work requirements. This is an American thing.

It turns out that work works. You set the standard 20 years ago, and I am here today to ask you to finish what you started.

Thank you. My written testimony highlights in much more detail. I have attached the reports and some of the key takeaways as well. And I would be pleased to answer any questions that you have.

[The prepared statement of Mr. Bragdon follows:]



Statement of  
Tarren Bragdon,  
CEO of the Foundation for  
Government Accountability

Moving America's Families Forward:  
Setting Priorities for Reducing Poverty and  
Expanding Opportunity

House Ways and Means Committee

May 24, 2016

Mr. Chairman, Ranking Member Levin and members of the Committee, thank you for the opportunity to testify. I am Tarren Bragdon, the founder and CEO of the Foundation for Government Accountability. FGA is a non-partisan, multi-state policy organization that works with state leaders across America to free individuals from poverty through proven welfare reforms.

All of us are here because we want the same thing: to help as many families as possible escape poverty as quickly as possible.

The best way to do this, and to solve many of the other challenges welfare programs currently face, is through a simple but powerful tool that must be core to any welfare reform conversation: work. When I refer to welfare, I am referring not just to temporary cash assistance, but also to food stamps, Medicaid, and nearly 80 other means-tested welfare programs.<sup>1</sup>

But here's the fundamental problem with the welfare reform conversation: it is a debate dominated by rhetoric and anecdote.

Fifty years ago, Congress and President Johnson tried to answer the question: "How do we end poverty?"

Their answer then was an unprecedented expansion of welfare. And now, fifty years later, there are more than 80 means-tested welfare programs, consuming more than \$1 trillion in federal, state, and local tax dollars every single year.<sup>2-3</sup>

While this may have been well-intentioned, the sad truth is this strategy has failed. But the tragedy of the failed welfare state is not how much money is being spent. The real tragedy is how many families are being trapped in poverty for far too long—sometimes generations.

So how do you get someone out of poverty as soon as possible? You get them back to work.

In 1996, Congress started to tackle this problem head on, with Republicans and Democrats working together with President Clinton.<sup>4</sup> You began requiring able-bodied childless adults to work in order to receive food stamps.<sup>5</sup> These adults are between the ages of 18 and 49—their prime working years—have no kids at home, and have no disabilities keeping them from working.<sup>6</sup>

They are asked to work, train, or volunteer for 20 hours per week in order to continue receiving food stamps.<sup>7</sup> If they refuse, they cycle off food stamps after receiving three months of benefits, which are allowed every three years.<sup>8</sup>

But those successes have since been undermined by Republican and Democrat presidential administrations enabling states to waive these requirements during the recession and well after. Last year, more than 40 states waived these requirements in some or all areas.<sup>9</sup>

Thankfully, governors and lawmakers in several states have begun restoring your work requirements for these able-bodied adults. I will focus my remarks on two of these states: Kansas, which restored work requirements in 2013, and Maine, which followed suit in 2014.

We launched an effort in Kansas to track the 41,000 people impacted by this policy change in the largest welfare research study of its kind.<sup>10</sup> Working with the state Department for Children and Families, we matched person-by-person these individuals on food stamps with the state Department of Labor's hiring and earnings databases.<sup>11</sup> Maine took this methodology and replicated the study for nearly 10,000 adults.<sup>12</sup>

The results are inspiring. We no longer have to rely on speculation or anecdotes, we can now see what happened as a result of common-sense work requirements and time limits. And the results prove that the bi-partisan efforts undertaken in Congress 20 years ago were on the right track.

Before Kansas restored work requirements:

- Recipients received an average of nearly \$200 in food stamps each and every month, whether they worked or not.<sup>13</sup>
- The vast majority did not work—just one in five were working at all—and most were in severe poverty.<sup>14</sup>

Those who didn't meet the work requirement were transitioned off welfare after three months.<sup>15</sup> But guess what happened next? They went back to work in record numbers and are now better off.

- Half were working right away and nearly 60 percent had found employment within a year.<sup>16</sup>
- Not only did they go back to work, but incomes skyrocketed, increasing by an average of 127 percent.<sup>17</sup>
- The average income for those working is now above the poverty line.<sup>18</sup>

This is what poverty reduction looks like.

Maine saw similar successes. Thousands of able-bodied adults leaving food stamps found jobs and increased their hours, leading their incomes to rise by 114 percent on average.<sup>19</sup> And in both states, that higher income more than offset the food stamps they lost, leaving them better off than they had been on welfare.<sup>20-21</sup>

These results only capture in-state employment subject to unemployment insurance reporting. That means it doesn't account for self-employment income, out-of-state employment, or other wages not subject to state reporting rules. When these analyses are updated with additional data, the success stories will only improve.

All of this occurred within 12 months of the work requirement being reinstated and people leaving welfare behind.

Even those who stayed and met the work requirements were also better off.

- Enrollees were twice as likely to be working and were working more hours after the reforms.<sup>22</sup>
- Incomes increased and the amount of time spent on welfare was cut in half.<sup>23</sup>

Simply following the work requirement you established 20 years ago caused enrollment for these adults to drop by up to 90 percent. The number of able-bodied childless adults on food stamps is now 75 percent lower in Kansas than it was pre-reform.<sup>24</sup> Similarly, enrollment dropped by nearly 90 percent in Maine.<sup>25</sup>

People literally transformed themselves through work, earning hope, higher incomes and a brighter future. This is a woman earning over \$50,000 a year in a commercial bakery, it's a young man leaving food stamps after 4 years and entering a career in publishing, it's someone's daughter now earning a living in the health care industry. These are real people moving into real jobs.

The outcomes of these largest-ever research surveys paint a clear, inspiring, and simple roadmap to federal welfare reform. It's a road Congress has already traveled.

If Congress could do just one thing, it should be to add these common-sense work requirements and time limits to most 80-plus means-tested welfare programs for all non-disabled, working-age adults.

This reform would also likely deal with much of the fraud and program integrity issues facing these programs today. It would make the outcomes and success measures clear: increasing work, raising incomes, and reducing poverty.

Here's another really important thing to consider: having this universal standard for work throughout almost all welfare programs would move more Americans out of dependency and free up limited resources to help the truly needy, including nearly 600,000 Americans who have intellectual disabilities or are in frail health waiting for Medicaid waiver services.<sup>26</sup>

Fortunately these are incredibly popular, bi-partisan reforms. In fact, 82 percent of Americans support work requirements—including 89 percent of Republicans, 83 percent of Independents, and 75 percent of Democrats.<sup>27</sup> Bipartisan majorities want these requirements expanded all able-bodied adults not just on food stamps, but on other programs as well – including Medicaid.<sup>28</sup> Even those currently on welfare or who have been on welfare in the past support these changes.<sup>29</sup>

This is an American thing.

It turns out work works. You set the standard 20 years ago. I'm here today to ask you to finish what you started.

Thank you. I have only highlighted the key takeaways, but you and your staff have the full reports and background material. I am pleased to answer any questions you have.

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<sup>3</sup> Michael Tanner, "The American welfare state: How we spend nearly \$1 trillion a year fighting poverty – and fail," Cato Institute (2012), <http://object.cato.org/sites/cato.org/files/pubs/pdf/PA694.pdf>.

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<sup>6</sup> 7 U.S.C. § 2015(o)(3) (2014), <https://www.gpo.gov/fdsys/pkg/USCODE-2014-title7/pdf/USCODE-2014-title7-chap51-sec2015.pdf>.

<sup>7</sup> 7 U.S.C. § 2015(o)(2) (2014), <https://www.gpo.gov/fdsys/pkg/USCODE-2014-title7/pdf/USCODE-2014-title7-chap51-sec2015.pdf>.

<sup>8</sup> Ibid.

<sup>9</sup> Jonathan Ingram and Nic Horton, "SNAP to it: Restoring work requirements will help solve the food stamp crisis," Foundation for Government Accountability (2015), <http://thefga.org/wp-content/uploads/2015/08/RestoringWorkRequirements-ResearchPaper-Final.pdf>.

<sup>10</sup> Jonathan Ingram and Nic Horton, "The power of work: How Kansas' welfare reform is lifting Americans out of poverty," Foundation for Government Accountability (2016), <http://thefga.org/wp-content/uploads/2016/02/PowerOfWork-KansasWelfareReform.pdf>.

<sup>11</sup> Ibid.

<sup>12</sup> Paul Leparulo and Amanda Rector, "Preliminary analysis of work requirement policy on the wage and employment experiences of ABAWDs in Maine," Maine Office of Policy and Management (2016), [http://www.maine.gov/economist/econdemo/ABAWD%20analysis\\_final.pdf](http://www.maine.gov/economist/econdemo/ABAWD%20analysis_final.pdf).

<sup>13</sup> Jonathan Ingram and Nic Horton, "The power of work: How Kansas' welfare reform is lifting Americans out of poverty," Foundation for Government Accountability (2016), <http://thefga.org/wp-content/uploads/2016/02/PowerOfWork-KansasWelfareReform.pdf>.

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<sup>15</sup> Ibid.

<sup>16</sup> Ibid.

<sup>17</sup> Ibid.

<sup>18</sup> Ibid.

<sup>19</sup> Jonathan Ingram and Josh Archambault, "New report proves Maine's welfare reforms are working," Forbes (2016), <http://www.forbes.com/sites/theapothecary/2016/05/19/new-report-proves-maines-welfare-reforms-are-working>.

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<sup>21</sup> Jonathan Ingram and Nic Horton, "The power of work: How Kansas' welfare reform is lifting Americans out of poverty," Foundation for Government Accountability (2016), <http://thefga.org/wp-content/uploads/2016/02/PowerOfWork-KansasWelfareReform.pdf>.

<sup>22</sup> Ibid.

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<sup>26</sup> Terence Ng et al., "Medicaid home and community-based services programs: 2012 data update," Kaiser Family Foundation (2015), <http://files.kff.org/attachment/report-medicaid-home-and-community-based-services-programs-2012-data-update>.

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<sup>28</sup> Foundation for Government Accountability, "States need more options to reduce dependency," Foundation for Government Accountability (2016), <http://thefga.org/wp-content/uploads/2016/05/Federal-welfare-reform-one-pager.pdf>.

<sup>29</sup> Unpublished results from a multi-state survey of 3,500 voters conducted in October 2014.

Chairman BRADY. Great. Thanks, Mr. Bragdon. Thank you all for your excellent testimony.

So we will now proceed with the question-and-answer session, and I will begin.

And I want to really talk about the difference between alleviating the symptoms of poverty, sort of the old school approach, versus addressing the causes of poverty. Under our current, outdated, old system, a person in need comes in and we provide assistance to meet their immediate needs, be it housing, food, whatever, and then send them on their way. Next month, 6 months, a year later, the same person comes in, still in need of help. We haven't helped them move up the economic ladder, or even helped them to grab onto the first rung, as Governor Engler pointed out. What I have realized, we often alleviate the symptoms of poverty, we don't really address the underlying reason why they need the help in the first place. That is what we are interested in.

Ms. VanZant, your organization helps low-income individuals and families with more than just their short-term needs. You remind me of my sister, who runs a faith-based homeless program in Humble, Texas, called Family Promise of Lake Houston, that focuses one by one on homeless families, gets them into that job, into that apartment, onto their feet, really focusing, as your organization does, on their needs longer-term in addressing them.

So from your standpoint, what are the specific things you do to help people escape poverty? What should be our priority?

Ms. VANZANT. Mr. Chairman, thank you for the question. Members of the Committee, one of the things that I have seen in the 20 years of working with low-income individuals across the country is many times they are not listened to. And so we tend to build programs that are one-size-fits-all types of programs, and every one of the 46 million Americans has a different life path and different experiences.

And so what we are trying to do, albeit in an individual way, and to make it scalable, is really listen to what's going on in the lives of our members. And then we have a three-prong approach.

We believe, if you think about a stool, it's like three legs of the stool. You need to have good physical health, you need to have good economic health, and then you have to be connected to the place that you live in some way, whether that is through a church organization or a civic organization, a school or a job. You need to have relationships in your life. And when we can focus on all three of those things, we really can start to customize what are the needed supports to move people forward.

We also know that, as people are moving forward, as they define their goals, as they stabilize in their life circumstances and as they are connected with resources, they are going to approach a subsidy cliff. And we want them to be well informed of that. It is very difficult to know what the eligibility requirements are and when the subsidies are going to decrease. And so we want our members to be well informed of what is coming ahead. How can that social connectedness or those community resources be a backfill until we can really restructure some of the policies that can support the transition off of government subsidies and into a fulfilled life of work and purpose.

Chairman BRADY. So addressing the cliff and really creating a glide path, you know, not just to reach for that first rung but to be able to stay on that first rung as they work their way up is important?

Ms. VANZANT. It is very important. You know, I think we all know that some of the faces that our families are making as they want to move out of a life of subsidy or out of a life of subsidy into prosperity are they are going to have to start somewhere. We all had to start somewhere. And it is going to take time, once you start in the lower wage jobs, to be able to build your skills, build your longevity and credibility with an employer to get to the higher wage jobs.

The graphic that we provided to you as a part of our testimony packet shows that many of our members have the same type of purchase power at \$12 an hour as they do at \$18 to \$20 an hour. And so we really have to continue to find the right types of incentives, the right levels of incentives so they can move from \$12 an hour to \$18 an hour, and they have enough time and enough education to be able to fill that gap. Because without the same purchase power, any one of us would probably go back to a life that we know, instead of continuing to be on that ladder moving upward.

We're also trying to help our members with the right kinds of creative supports so that they can keep taking those positive steps upward.

Chairman BRADY. Thank you very much.

Governor, from the business perspective, in your experience as the CEO of a State, how do we get the incentives right for those who really need to get back, to expect work, to get the incentives aligned right? Your top priority for us?

Mr. ENGLER. In getting the incentives right, Ms. VanZant's testimony is really important because these cliffs that people encounter along the way, if we go back to the decision when we eliminated the old AFDC program, we used to have something, I know Chairman Rangel in the old days will remember, income disregards. And those used to be a terrible system. When you basically hit the workforce, you started earning money, immediately when you got a dollar, they took a dollar away from the grant.

And we had to change that to create incentives. And these incentives have to be allowing someone to constantly earn more money. Because people are smart. If they can earn more money, they will choose to do to. And so that is important.

The most important thing, though, that I think we have to do may not even be this Committee's specific responsibility, but it's America's responsibility. And that is, we have to interrupt the cycle. We are spending \$650 billion on our K through 12 education programs and the Nation's report card, as I mentioned, is indicating 36 percent of American children at the end of the third grade can read proficiently. If America can't teach its kids to read, I am questioning whether or not America can end poverty.

I think we can teach kids to read. We do it in schools where there is 100 percent population free and reduced school lunch. But I think as a national priority, and this is a State and local responsibility, but it is on the national agenda, we have to teach our kids

to read. If kids can't read, I mean, we know where the supply line is then for the future.

Chairman BRADY. Governor, thank you. Mr. Bragdon, do you believe our current and past work of welfare and tax benefit programs, you know, some 80 plus, provide an effective ladder of opportunity to the middle class for those to try and work off welfare? And does cutting through that and really focusing on important priorities like a work requirement for work capable, is that really the key?

Mr. BRAGDON. Yes, Mr. Chairman, I really think it is. Because we know that the best way for an individual to get out of poverty is to be working full time year round. Less than 3 percent of those who are working full time year round are in poverty.

But unfortunately, what happens in most welfare programs is we are paying people not to work, rather than pointing them back to work and getting them back in the workforce as quickly as possible. And that is why the research from the largest ever tracking studies in Kansas and Maine really show the power of that simple but very direct reform of a work requirement, gets people back to work. And it is not a stopping point. If you look at the research, their income is improving every quarter, they are changing into better and better jobs, and they are earning the success that will ultimately give them the hope of a better life.

Chairman BRADY. Thank you, sir.

I now recognize the Senior Ranking Member from Michigan, Mr. Levin, for any questions.

Mr. LEVIN. I must confess I find the discussion we just heard appalling, that we are paying people not to work, when we have proposals that would help people who are working opposed, whether it is childcare, whether it is education, Pell grants, whether it is Head Start. It is appalling to characterize those programs that way.

Ms. VanZant, your organization very much relies on Medicaid, yes?

Mr. Bragdon, was your organization involved in the effort in Florida to not utilize expanded Medicaid?

Mr. BRAGDON. Yes, we talked about what happens when you expand the safety net.

Mr. LEVIN. The answer is yes. Your organization on your website brags about opposition to expanding Medicaid in Florida, no?

Mr. BRAGDON. Yes, we were involved in that fight.

Mr. LEVIN. You were actively involved in that effort, were you not?

Mr. BRAGDON. Yes.

Mr. LEVIN. You are a 501(c)(3)?

Mr. BRAGDON. Yes.

Mr. LEVIN. You are a charitable organization?

Mr. BRAGDON. Yes.

Mr. LEVIN. And you were actively involved in that effort. How many people in Florida, because Florida did not expand Medicaid, do not receive Medicaid today? Do you know how many hundreds of thousands?



Mr. BRAGDON. Well, there is a whole range of estimates, but it is anywhere from 600,000 to a million. But for us, it is about taking care of the truly needy first.

Mr. LEVIN. I see.

Mr. BRAGDON. Florida has a waiting list of individuals with intellectual and developmental disabilities. And we really think it is about prioritizing the truly needy first, rather than giving Medicaid coverage to able-bodied adults who, if they were working full time at a minimum wage job, wouldn't qualify for that benefit. And we think for those adults, the best path out of poverty is not a Medicaid card but it is a job.

Mr. LEVIN. Ms. Golden.

Ms. GOLDEN. I just wanted to correct a few things along the lines you are talking about. First of all, the relationship of Medicaid to work. I think what I would highlight is that the Medicaid expansion in the 31 States has been of extraordinary importance to working poor adults. That is a lot of who hasten those benefits.

Mr. LEVIN. By the way, Ms. VanZant is shaking her head in agreement.

Ms. GOLDEN. Yes. And I think the story in Ms. VanZant's testimony about Josh, what, as I understand it, you were able to do was, because he had access to that Medicaid safety net, he was able to get to a doctor and a dentist and deal with his health.

So to me, health care is a crucial basis for getting a job. That is what the evidence says. There is a new study that just came out from the National Bureau of Economic Research that says expansion States can show more days of work because, not surprisingly, you are able to go to the doctor, you are able to get treatment, you are able to go to work.

In addition, I do want to note the two generational effects. You get Medicaid, you have nutrition for your child. It is not only that it stabilizes your ability to go to work, it is that research is increasingly showing advantages to your child's work later on.

And I think there is lots more to say about the challenges in the studies that Mr. Bragdon cited. But I just want to say one other thing about the research on the safety net and work. Most people who are getting help right now, from SNAP, from Medicaid, everybody getting help from the earned income tax credit, are working. They are working in low-wage jobs or are getting insufficient hours. But in order to make ends meet, they are also getting some help.

The evidence says that stabilizes their lives and enables them to move up. And I think it is important that the stories about ways in which it might hold people back usually are based on a picture of the safety net from 20 years ago, before the earned income tax credit, which increases with people's earnings, was as powerful as it is today, before the Affordable Care Act created the Medicaid expansion and then the subsidies. And so the current safety net, in fact, is a crucial stabilizer and support for people as they move up.

Mr. LEVIN. My time is up. I just want to reiterate just the two of you sitting next to each other I think shows this effort to dichotomize is dangerous.

By the way, in terms of TANF, in Michigan, we are using so little of the TANF monies in relationship to work, Governor, today it is disgraceful. They are using it for everything but, in most cases.

Chairman BRADY. Thank you. Mr. Johnson, you are recognized.

Mr. JOHNSON. Thank you, Mr. Chairman.

You know, I would like to thank all of you for being here, by the way. And as the program's name reflects, the Temporary Assistance for Needy Families is meant to be a safety net for families that find themselves in need. But the solution is not just to continue providing benefits and hope that it will be a solution. But the solution is to empower these families to be able to enter the workforce, not just so they can provide for their family but so they can have a chance for the American dream.

Ms. VanZant, I would like to start with a question to you. Do you believe our welfare and antipoverty programs are working as intended to address the core issues, such as unemployment, that result in these families living in poverty?

Ms. VANZANT. Mr. Johnson, that is a complex question and part of my answer is based on both my personal experience and the experience that I have had with thousands of low-income Americans across the country.

I believe that many of the safety net programs were put in place to be a temporary solution for people that fell into situational circumstances that needed a little bit of help. And I also believe that what we have are some families that are four generations into living in these temporary solutions and have created such a dependency that is so hard to break, when you have seen what your parents have done and what your grandparents have done.

And so I believe that, yes, we do need safety net programs because we do know that there are going to be situations that any one of us could fall into where we will need a little bit of help. But I also believe that we need to be able to quickly move people out of the programs and into a life of work and into a higher quality of life that employment can bring.

Mr. JOHNSON. Thank you, ma'am.

Governor Engler, as Governor, you oversaw Michigan's implementation of welfare reform and now you have a different view of these programs from the private sector. Can you discuss what you think has been the most successful reform for getting these families out of poverty by promoting work?

Mr. ENGLER. There are two aspects to that. One is you need a good strong economy, which I know is a priority of this Committee. And there are a lot of things that could be done. Right now, our Nation is suffering from the worst recovery from a deep recession we have ever had, historically speaking, and we are underperforming against both trend and certainly against potential. And so there are a set of things over there.

But regardless of the economy, there are always opportunities. And you are correct, Congressman, in 1996, 1997, 1998, after welfare reform was done in the Congress, and remember that was a labor that this Committee worked very hard on back then, two times it went up and was vetoed. On the third time, the Medicaid block grant was removed and then the President signed it, and that was President Clinton. And it was bipartisan throughout the process. It was complicated and it was noisy. But we got it done.

And what happened is the States at that point had tremendous flexibility. And I remember Michigan had quite a competition with

Wisconsin going those days and we had Governor Thompson, who certainly fancied himself a welfare reformer, and we thought we could compete pretty well in Michigan.

But our goal was to use the flexibility that we had to be able to develop solutions. And this is where, again, Ms. VanZant's personal testimony is important, about her personal experiences. These solutions are going to be different.

And that is why no Committee of Congress can figure out one size that fits all for all of America. It is different in the State of Michigan. It is very different to put somebody to work on the Upper Peninsula of Michigan than it is in the city of Detroit or West Michigan. And so there are lots of different stories and you have to have a workforce in your human services agencies who can use all of the tools. Because it might be mental health services, it might be a medical need, it might be an education need. It might be personal needs, it might be personal care. It might be transportation. Any of these could be the barrier.

And we felt getting someone connected to the workforce, even if it was a volunteer, would lead to the first job, could lead to the second job. But we thought any job was better than no job.

Mr. JOHNSON. That is absolutely correct. Thank you, Governor.

Mr. Chairman, I yield back.

Chairman BRADY. Thank you.

Mr. Rangel, you are recognized.

Mr. RANGEL. Mr. Chairman, thank you so much for calling this hearing. And I want to thank all of the witnesses for coming forward. And, Governor, it is good to see you again, because no matter what differences one might have with you, we all know that it is a common goal to make America stronger. And all of the witnesses are working toward that goal, I understand, especially Ms. VanZant when she says one size doesn't fit all and you can't have just a blanket policy, Ms. Golden with years of working. I regret that I am not familiar with Mr. Bragdon's work. But I understand you fought hard to keep people from getting on Medicaid. We will talk about that another time.

But, Governor, the most important thing you said that impressed me is that we have to train people who are not working, not productive, for jobs that we are begging for people to have these skills in order to work. So if we get rid of the do-gooders and the charitable organizations and get down to the Business Roundtable, where people have a fiduciary relationship to shareholders to make certain they make a profit, it would seem to me that the employers would do all that they can to make certain they have a workforce so that they can effectively compete with all nations and within our own borders. To do this, you don't have to be a social worker to know that poverty just doesn't work in terms of getting a decent education, a family setting, a decent school, or the proper training.

And if American businesses go and they see this situation, you don't have to go to church to find out we have to do something to improve that. The private sector should be telling these schools what they need, besides just a diploma, and providing the incentives and getting into the schools and making certain that we can shatter the myth that people don't like to work. It is absolutely stupid to say that: Working gives you self-esteem, it gives you pride,

it gives you family unity, it keeps you out of trouble, it gives you health, and it gives you what it is like to be an American.

So let's talk about the Business Roundtable and see whether we can get together before this great President leaves office with some pilot projects that say that diplomas are not nearly good enough at getting a job. And this is what you said. We have people out there that, just because they don't have the skills, it doesn't mean that they are bums. Because if it did, when I got out of the Army, I had more medals than you could get. I was a bum because I had no skills except killing people. And the G.I. Bill made the difference for so many Americans.

I am going to get together with you. It is good to see you back into this. And I don't see where there is any conflict in trying to get people out of poverty, getting them an education and get to what we want for all of our people. It is good to see you again.

And thank you, Mr. Chairman, for calling this meeting. And I hope that this hearing is not just an excuse to cut things and to be negative, but to find out how we can better use our resources for a better country. Thank you so much.

Mr. ENGLER. I think there is a question in there. But I would like to comment. There is a minute left.

Mr. RANGEL. Yes.

Mr. ENGLER. Because I saw that beautiful portrait and those medals up there, I know we have the same interest. You have the military as a very large employer under the public responsibility of the Congress. Today in America, three of four young people cannot get into the military. Half cannot get there academically, the other half cannot get there physically, so we are at one in four. So that is the workforce for the military. It is the same workforce that the Business Roundtable is concerned about.

And so we have exactly the same interests. We would love to work with you. We have to get all these kids reading. That is something that has to happen. America can teach its kids to read.

We do not need to tell everyone that it is mandatory to go to college, because we have a lot of jobs out there requiring skills. You want to climb a pole to string a wire, you can make \$80,000 to \$100,000 a year today, and we are looking for those people. A company in Iowa, I can connect, if anybody has constituents, we have an address of that company, we can get you to them.

If you want to weld, the American Welding Society has the highest possible credentials. If you get trained as a welder today, even with the oil industry in a bit of a slump, there are still welding jobs all over America. And those can make you \$65,000 to \$85,000 a year. You do not need college for those, but you have to have the skill, you actually have to be able to weld. And so, if we get busy on infrastructure—I am over time—but then there is also a huge training opportunity we can do along with that. So we have the same, we are simpatico.

Chairman BRADY. Thank you, Governor.

Mr. Tiberi, you are recognized.

Mr. TIBERI. Thank you, Mr. Chairman.

Today's hearing is about how we get families, individuals off of the social safety net into the workforce. That should not be a par-

tisan issue. I think we all agree over the last 50 years, it has not worked so well.

I think about my own life. I was on the free and reduced lunch program. There are more kids in the Columbus school on the free and reduced lunch program today than there were when I was a kid. There is a bigger need for affordable housing today than when I was a kid. There are more people who want a job that cannot get a job today than when I was a kid, in my community. And yet we have spent millions and millions and millions of dollars at the Federal and State level.

Ms. VanZant, God bless you. You put a face behind reality. And you have shown that it can work, and you have transitioned from your own experience to trying to help others. I have looked people in the eye, to your point, who have been provided all sorts of opportunity and have this glazed look in their eye because they are trapped in poverty, trapped in poverty.

Mr. RANGEL. It is misdirected.

Mr. TIBERI. And it is not misdirected, Mr. Rangel. We all care about trying to get people out of poverty. But trying to think outside of the box is not mean and disgraceful, it is trying to figure out what works.

You know, one of the things that I just did with Representative Kind on a bipartisan basis is introduce a bill called Investing in Opportunity Act. Mr. Engler, I would like to have you take a look at it. Because what it simply does is it says we have distressed communities, by the way, both urban and rural, throughout America. And a new report came out yesterday by a bipartisan think tank that said three out of every 10 U.S. counties in America continued to lose jobs after the great recession between 2010 and 2014. That is a third of our counties have continued to lose jobs. And what are they? They are our distressed counties. They are our poorest counties. They are urban and they are rural. What do they lack? They lack private investment. They lack jobs.

So we can continue to throw money. But if a person does not have a job, they are not going to get out of poverty, to your point, Ms. VanZant.

But, Mr. Engler, to go even further, this is unbelievable. The percentage of U.S. counties seeing more businesses close than open has tripled since the 1990s, those same counties. I get a call from a third generation businessowner in Columbus, Ohio, last week, after the Vice President visited our county to announce some overtime rules, that said this rule—and I am not making this up, we could call him to testify—this rule is actually going to reduce the number of jobs that we have.

So here is a regulation, a well intended one, by the way, that is actually going to affect the very people who we are talking about today.

So, Mr. Engler, you were Governor. How did you engage the private sector? How do we better engage the private sector in areas that need it most, those distressed communities in rural and urban America that have the highest unemployment rates, that have the highest number of people on our social safety network? And, in particular, how do we ensure that opportunity reaches those individuals that Ms. VanZant talked about?

Mr. ENGLER. Well, we had, at one point in the 1990s, we had our unemployment rate down to about 3.3 percent in Michigan. But there were a lot of things going on. We had gotten very non-competitive as a State, so we were changing the Tax Code, we were trying to improve the education system, we were trying to improve other services. And we tried to reduce the cost of government. We shrunk nonpublic safety employees in the government by almost 20 percent during a decade long period.

So you have to have this healthy private sector. And you mentioned it. I mean, you mentioned small business. For the first time in history, we had three consecutive years where we lost, more small businesses closed their doors than opened them. That has never been the case. And that was not the case in 2008 and 2009, that was a couple of years ago. I think last year, it might have turned. We had three years in a row. Never had had that. Small businesses are job engines. Small business is where a lot of people can get started without a lot of experience.

We also engaged the private sector to work with a lot of the volunteer agencies. We found in some cases getting somebody to go to Goodwill, start working there, was a way back into the workforce. And then that little bit of training gave them some job experience that could let them go to the hardware store and maybe work there or the drug store. It is all hands on deck when you are trying to deal with this.

Chairman BRADY. Thank you. Dr. McDermott, you are recognized.

Mr. MCDERMOTT. Thank you, Mr. Chairman, for calling this Committee. I know we are starting the Paul Ryan for President campaign, conservatives are now very compassionate. But the text for today's Committee ought to be from Matthew 7:15. We will know them by the fruits that they produce.

And you bring a witness here today whose website brags, "Across the country, our efforts kept 20 States from expanding a broken Medicaid system under Obamacare."

Now, if you think that is how you are going to take people out of poverty, you have a really tough sell job. Because I was listening to Ms. VanZant and I thought of Lynn Woolsey, who was a Member of Congress, who had the same experience, a little bit different from yours. She was going along, she lost her marriage, she has three kids, she is alone, suddenly she is on the welfare system. And she has Medicaid. And she managed to get through community college and get elected to Congress.

There are people for whom those programs work. I mean, we are acting like it doesn't work anywhere.

And when you take health care, okay, so you don't have any, you have Medicaid right now. So you get a job. You get a \$7.25 job. That means you are making \$19,000. Let's make \$13.25, as Ms. VanZant said with Josh. He is making \$35,000.

Does he still qualify for Medicaid? If he doesn't, then he has to go into Obamacare, where he might need a subsidy at \$35,000 to buy a policy. But this Committee takes away, wants to take away the subsidies. They want to take away the subsidy to the employer who subsidizes his employee. Any way you want to cut it, you leave them without health care. Now, Ms. Johnson, out there somewhere,

is 25 years old, she has two small kids. What are her problems? Feeding her kids, right? Finding decent housing that she can afford.

The Section 8 list in Seattle, and we're the fastest—we're the fourth fastest growing city in the country. We're almost bigger than Detroit in population, which tells you the city that was once fourth is now way down there with us at 26th or something in size in the United States. That's what happens when you don't deal with the needs of people. The cities disappear, the problems grow and grow and grow, and you have this Ms. Johnson, you want her to go to work.

Ms. Johnson, quit sitting there and worrying about your kids.

Well, I don't have a GED or I don't have the money to go to community college. Or I do have some skills, but I need childcare.

One of my colleagues from the last campaign said, "I spend more on childcare than I spent to go to Princeton." And that's what it costs that woman making \$7.25 an hour. And nobody wants to talk about raising the wage around here. They won't want to go up to \$10, \$12. They don't want to go anywhere.

Ms. Golden, you would like to say?

Ms. GOLDEN. Yeah, I was going to suggest an individual that people should have in their minds when they think about poverty and then come back to your point about what that person takes. The woman who was there for my father-in-law in his last illness, the lead homecare worker, was working a lot of hours at a very low wage doing extraordinary work, caring for two kids with very little ability to count on having those hours, right?

And so I don't know exactly what her income was, but she was—she's the person to have in mind as the face of poverty today. It's not someone who doesn't want to work. Women with young kids are in the labor force at levels of 70 percent of all mothers, 60 percent with a child under age three, single mothers more than that. And so it's somebody who's working, who's not getting enough hours or enough dollars and who needs health care to move up, who may need help still feeding her kids and who needs childcare.

And to go to Mr. Rangel's point about the G.I. Bill, what she needs—and this I think also goes to Mr. Engler's point—is the ability to get some education and additional skills to be able to move up, but not at the cost of feeding her kids. So she's going to need something that gives her some earnings along the way, some Pell grant help, and that's what's going to work.

So I think the picture that has been part of this conversation of people who don't want to work is a red herring. Almost everybody is working and the issues are about low wages, not enough hours and what you need to stabilize your life in order to be able to move up.

Mr. MCDERMOTT. I yield back the balance of my time.

Chairman BRADY. Thank you.

Mr. Reichert, you're recognized.

Mr. REICHERT. Thank you, Mr. Chairman. I want to thank all of you for attending today and especially appreciate our witnesses who come and share their personal stories and their success. I think that's always a moment of inspiration that all of us on this

panel should share in and recognize as well as the people in the audience and those at home listening. So thank you for being here.

We've had a number of witnesses come in and share their stories, and I really liked some of the comments that Members on both sides are making, that we're here today to—struggling with—I'm 65 years old, and I'll bet you that there were people sitting on this dais talking about homelessness and poverty and education 65 years ago. And here we are, of course, still struggling with it trying to find the right answers.

And that's what today's hearing is about. We're trying to work with everyone on the dais here and those of you who are here and those in the audience to find the answer to really helping people.

I'm the oldest of seven. I ran away from home when I was 16. My father, I remember, when we first moved here from Minnesota with two babies, looking for work, telling the story of him going to a business down in Renton who wasn't hiring, but every day he would go to work, sitting on the curb, waiting for a job opening. Finally, 2 to 3 weeks into sitting on the curb with his lunch bucket, somebody came out and said that there was a person who was hurt or quit and there was an opening for him so he could put food on the table for his family of nine.

When I was the sheriff in King County, one of the things that I did in the morning is that I'd walk through the parks in downtown Seattle and one of the parks right next to the county courthouse was called Muskatel Meadows, and you can imagine what went on there. I sat down on the park bench and talked to the homeless people, and some of those people wanted jobs.

Some of them told me, "Look, I don't want a job, I like it right here where I am because in the morning I can be at this place and get breakfast, in the afternoon I can go a few blocks down the street and I can get lunch. I can go up here to get health care, and I can go down here and get dinner. I don't want to work. I like it right where I am. I don't want to do anything. I want free health care and I want free food."

The other people that I spoke to want jobs, and so I called some of our faith-based organizations and the pastors that I know and they came down and they held interviews in my office and took them, put them in the homes, got them jobs and then I did that for about a week and a week later I showed up at my office, I had 15 people lined up in the sheriff's office like I was an employment agency looking for workers.

My executive assistant was not happy with me. We were the sheriff's office, not an employment agency. But I wanted to help people. I've been to the poorest of the poorest homes and the most wealthy. People want help. And it's not our job here today to argue about this. It's our job here, ladies and gentlemen, to find an answer together.

And I know I'm on my soapbox here for a moment, but I am so tired of hearing the rhetoric from both sides really on what needs to be here and what needs to be there and that person needs this and that person needs—look, I agree with Ms. VanZant, and I don't know how anyone can disagree. One size does not fit all. It's our job here today to not get political, but to find answers to changing the system to help more people.



Education is absolutely key, training is absolutely key, the engagement of the private sector is absolutely essential for this to work, OJT, all of that is absolutely necessary. So I know I don't usually do this, I usually ask questions, but I had—I just had to be passionate about this for a moment and make a plea for this panel to come together for the interest of those who are homeless, for the interest of those who need our help to make a difference.

Ms. VanZant, how do you think—I know the Governor's been asked this question. How do you think the private sector can be more engaged? How would you reach out to them?

Ms. VANZANT. So we've been working a lot with our employer partners and I absolutely agree, there has to be economic opportunities on the other side of the equation. And a lot of times we get stuck in this conversation about how we're going to help low-income people get prepared for work, but we don't often talk about preparing employers to receive those that want to work.

Mr. REICHERT. Yes.

Ms. VANZANT. And so we've been doing a lot of work with our employer partners in southwest Ohio educating them about what the transition off of government subsidies looks like, helping them to understand how they may actually be their own worst enemy when it comes to finding candidates that want to work. We've helped some of our employers restructure their hiring practices and the types of assessments that they put people through in order to find a job. And so I really do believe it has to be on both sides of the coin.

Mr. REICHERT. Thank you, Mr. Chairman.

Chairman BRADY. Thank you.

Mr. Lewis, you're recognized.

Mr. LEWIS. Thank you very much, Mr. Chairman.

I want to take a moment to thank all of the witnesses for being here. Because the gentleman from the State of Washington spoke so passionately and eloquently, I feel like testifying at maybe the end of my comments. Maybe I will testify just a little bit.

Now in my home State, the State where I've been living since I was 23 years old, the State of Georgia, a Republican Governor and others before this Governor had used TANF block grant dollars to fill holes in other programs. Georgia has diverted Federal dollars to subsidize other programs and services. They receive awards for cutting programs, reducing assistance and making it harder to help the working poor. That is not right, that is not fair, that is not just.

These resources are to help the poor. Now I grew up very, very poor in rural Alabama, born in a shotgun house. But in 1944 when I was 4 years old—and I do remember when I was 4—my father had saved \$300 and with the \$300 a man sold him 110 acres of land. So I know what it is to work in cotton fields, picking cotton, gathering peanuts, pulling corn, raising chickens.

And I've seen poverty all across America. It's not just poverty and hunger and people left out and left behind because of one race or one color. African American, yes; whites, Latinos, Asian American and Native American. We're supposed to be about the business of helping people, responding to the basic human needs, and we're not doing that. We spend too much time talking the talk, but not walking the walk.

And I think we must act, we must do something. If we fail to act, history will not be kind to us as a Nation and as a people. I've been here now for almost 30 years. The American people are sick and tired and I'm sick and tired of seeing us not doing something in a significant way. And I want you to tell us what we must do and what we must do now, not tomorrow, not after this election, but what can we do now to fill the holes, to help people.

You need health care, basic health care, you need to expand Medicaid in order for people to be able to have able bodies to work. We can't have sick people trying to work, we cannot have people who don't receive enough to eat.

Ms. Golden, what should we be doing?

Ms. GOLDEN. That was very powerful, and I know this agenda may not quite feel grand enough. But here's what I would say. Health care, absolutely. Everybody needs to be healthy in order to work. And if you think about the next generation, about that child who's 4 years old today the way you were 4 years old, that child needs to have a parent who's healthy and can raise them and can work.

I would say investing in children's earliest years, childcare programs, early childhood. We're now—we're helping the lowest number of people in more than a decade with childcare assistance even though it's incredibly expensive, but it's incredibly important both for parents and for children.

I do think that the Congress has done a lot right over the 50 years since those great society programs. So part of it is about not doing anything that would take you backwards, right? We have a nutrition program that we know is helping people eat where they weren't eating before, and so part of it is holding onto that.

I would also say you have to take on the characteristics of work, of low-wage work. I think we do have to take on the minimum wage and the hours and the leave. And then I would say—and this is a piece where I think I share some elements of the agenda with others here—we have to take on the ability to get training and get education even if it's 2 years of community college. And we have to understand that today's students are not getting paid for by their parents. They are independent—

Chairman BRADY. Thank you, Ms. Golden. I'm sorry. Time—

Ms. GOLDEN. I'm sorry.

Chairman BRADY [continuing]. Has expired. We're trying to be respectful.

Mr. Roskam, you are recognized.

Mr. ROSKAM. Thank you, Mr. Chairman, and for hosting this today. It's an interesting thing to listen to the nature of the debate actually, and there's sort of an ebb and flow to it.

I want to associate myself with some of the remarks that Mr. Rangel made a minute ago in his interaction with Governor Engler and sort of speaking to that level of restlessness and anxiety that's out there about people that just don't feel like they have basically a shot at the title. That's an interesting insight, and I think that we can build on that.

I also just want to bring the Committee's attention to my friend and our colleague, John Lewis' Twitter feed. He said this: "Fifty-five years ago today I was arrested in a Jacksonville, Mississippi,

bus station for using a ‘whites only’ restroom.” And the hashtag is *#goodtrouble*. And I think good trouble is maybe something for all of us to get into today and to challenge a little bit of the orthodoxies on both sides.

So good trouble may involve something where there’s an acknowledgment on the political left that says the war on poverty wasn’t really all that successful.

Now Ms. Golden has taken a different view of that and has defended some aspects of the status quo. But I’m not really buying it. I am really concerned about the nature of the war on poverty. Well-intentioned, God bless them, well-intentioned. But trillions of dollars that have basically yielded this isn’t working. The American public didn’t get what they were bargaining for, and, in fact, they got situations that are worse.

John Lewis’ journey was a journey out of poverty and it’s his own story, compelling, by the way, to read his book, *“Walk with the Wind.”* But he is out of that, and he’s testament to what can happen when a larger community effort is around it. But what are we describing today? We’re describing today kids who are stuck into four generations of that, that are completely beaten down.

And it’s not as if a Federal check is the remedy. Ms. VanZant, your testimony, part of it that’s most compelling was the coaching and the coming alongside and the assistance that you’re giving. That is really sort of—that’s where this can become life-giving.

And I’m not here necessarily thinking everybody who—that there’s a bunch of people who don’t want to work, but there are some people who don’t want to work. There are some people who are abusing the system. So let’s separate out those who don’t want to work and let’s empower those who do.

And I think part of the—if this is a matter of recalibrating child credits, if this is a matter of recalibrating childcare initiatives and so forth, there’s something intuitive to that and it makes a perfect amount of sense to me. I’m not persuaded that block grants are bad things. I’m not persuaded that the Federal Government has the ability to come out with a one—a large declaration. If the State of Michigan can’t figure out a one-size-fits-all, we know that the Federal Government cannot figure out a one-size-fits-all.

So I just want to encourage the nature of this discussion today and I think a number of us would be willing to sort of get into some good trouble about this. Because I’ll tell you what, the status quo isn’t working, the status quo has underperformed, and the status quo in many cases is leaving people trapped from a generational point of view. And some of these kids that are being born today, they don’t have a chance right from the get-go. And I think we can do a lot better than that.

I yield back.

Chairman BRADY. Thank you.

Mr. Neal, you are recognized.

Mr. NEAL. Thank you, Mr. Chairman.

I think that Sheriff Reichert and Mr. Lewis both offered some critical insight. And I’ve always thought that the safety net was supposed to act also as sort of a trampoline, that you hit it and you bounce back. And I think that we try meticulously to choose our words so as to not offend.

And in the case of, for example, work requirements, Mike Dukakis proposed work requirements in 1974 in his first term as Governor of Massachusetts. And I remember that the reaction at the time—but much of it really worked, but I think that the idea becomes how do you encourage work without being punitive.

And there were so many good things that we proposed in that 1996 Act, which, by the way, has been kind of easily cast aside, including childcare, transportation, tuition assistance. There were a series of things in there that we could use to build upon. And I think that—I've noted some of the testimony of a former Republican staffer who was much involved in that discussion and debate. He has said over the last 3 or 4 years, well, there are some other things you can do.

So he hasn't taken an intransitive position, instead trying to be helpful about what we might do. And I will tell you that I now see, for example, the trade arguments. Unless there's some sort of a supplemental wage, the trade deals are going to, I think, be on the side of the road for a considerable period of time. And I think that until we begin to address now the 47 million Americans who receive food stamps, trying to figure out how to get many of those people back to work because they really do want to work.

And in an economic—and I'm going to come to you, Ms. Golden. In an economic period when the Federal Reserve is now saying and projecting growth at 2 percent for the next decade, I mean the—just to revisit the Clinton years when there were some quarters of growth north of 7 percent, 8 percent and 23 million jobs, revenue went through the roof. Formulae expending on poverty programs went through the floor.

And not to miss the point coming out of that recession that we lost track of almost 8 million people who took social security early. Other cases went to social security disability and also I think it's fair to say that one of the problems we have right now is skill set and also not to miss the following point, which I think is critical: Seven to nine million Americans are working part-time that want to work full-time. The worker participation rate, I mean we need to pay attention to those things as opposed to just the talking points that are so frequently used in this institution.

And, Ms. Golden, would you talk about that whole notion of the 7 to 9 million people who are working part-time and some of the things that we might do?

Ms. GOLDEN. Sure. I mean, because I think one of the headlines that's really important as you deliberate on where have we been and where are we going is how many people who are poor or near poor and struggling in the United States today are working.

I said before about 70 percent of poor children live with an adult who's working, women are working, and we have, as you've just said, many people who are working yet who are not being able to make ends meet. And that's partly about wages, and then as you've highlighted, it's partly about part-time work and transient work, work that starts and stops, right?

So one of the ways to deal with that is to think about what people need that will enable them to combine work and training and move up. And that's something that's important to spend money on. But the other piece is to try to directly address those bad jobs.

And there are around the country, for example, fair scheduling initiatives.

There's legislation before Congress that would try to really focus on what does it take to make sure that somebody knows what hours they're working, doesn't have their lives messed up by not being able to care for kids, go to school, work enough hours. And then of course there's the minimum wage agenda.

So to me part of what you said about the safety net as a trampoline, when you look at what the researchers say about the safety net itself, what they say is since the beginning of the war on poverty, look back on those years. The safety net is working enormously better than it was. The problem I think—cutting poverty in half, instead of by 1 or 2 percent. But the problem which you've just highlighted is that there's a big headwind from the nature of jobs.

And so I think we—I think you're right. They're concentrating on what's involved in partnership with the private sector and through the public sector in enabling people to move up on the job and structuring those jobs themselves so they have basic standards of quality and of wages. That's really I think a powerful direction.

Chairman BRADY. Thank you.

Dr. Price, you're recognized.

Dr. PRICE. Thank you, Mr. Chairman. And I want to thank—commend the Chairman for calling this hearing. I can't believe that it's been over 10 years since we've discussed this in Congress here at this—in this Committee. And so I think it's incredibly important work.

Mr. Bragdon, you started your testimony by saying we all want the same thing, and I think at one level we do. The problem is that what we've been doing clearly hasn't worked. So what we're trying to ask is: What should we do? What should we do? We are now 50 years into the war on poverty. And as somebody once said, poverty won.

We spend trillions and trillions of dollars—literally trillions of dollars as a Nation, and we haven't moved the needle on the percent of individuals who live in poverty in this country. It was 14.7 percent 2 years after President Johnson declared the war on poverty, and today it's 14.8 percent. Any sane, sober, reflective, sincere society would step back and say: What did we do? What happened? Why do we still have 14.8 percent of the Nation's population in poverty? This is a disgrace.

So what we need to do is to find what works. What works? Sensible, responsible reforms. The Chairman put a chart up there that—I mean it's not a piece—it's not an artwork. I guess it is an artwork, but it's not meant to be an artwork. These are the 80-plus programs, income-based programs that are provided by this Nation.

And you can't—if you're trying to figure your way through this as an individual coming into the system, goodness knows that you can't figure it out. This is part of the problem. There's no doubt about it. If it weren't, we would have decreased that number.

I want to commend the city of Atlanta, metropolitan Atlanta. Some folks have disparaged their communities in certain areas. The city of Atlanta, the business community in the city of Atlanta has done huge work in the area of education. The business commu-

nity has identified community colleges and technical schools to say these are the talents that we need, let's work together and educate folks and train folks so that they can get a job, so they can have a job. There have been incredible successes. I would urge us to be thinking a little more about some of those successes.

And to that end, Mr. Bragdon, your testimony highlighted some of those successes, and I just can't believe that we've kind of washed over the remarkable success. The numbers are phenomenal. Would you just take a minute and share with us what you believe were the keys that allowed for those successes in Kansas and in Maine?

Mr. BRAGDON. Thank you, Congressman, for that opportunity. I think the key really is, as part of the conversation that's been had here today is, individuals want to work, but at the same time, we have to have the policy and the incentives aligned with ensuring that they're taking the steps to get back to work. It's not enough to just want to work. You actually have to take the steps to get back.

And that's what these massive tracking studies from Kansas and Maine—these aren't samples; these are studies of 50,000 people, person by person, of what happened after the policy change.

And what's interesting is—and this wasn't in my testimony, but if you drill down to the individual county level, those counties with the higher rates of unemployment actually had higher rates of individuals complying with the work requirement or the job training requirement. And the individual stories are inspiring. There's one gentleman from Kansas City who was on food stamps for 5 years. Within a quarter of that work requirement going into effect he was at work and within a year he was making \$45,000 in the marketing industry.

Dr. PRICE. I want to commend you and we ought to all be looking at this as a highlight and as a model for moving forward.

Governor Engler, you've been involved in this process—this political process for a long time and governing, which is difficult, which is really hard. But when you look at this chart and you see what we have, how would you recommend that work to coordinate all of these various boxes and squares, circles and triangles to make a system that actually can work for the American people?

Mr. ENGLER. I might just offer any Governor the opportunity to take any program 90 percent of the funding free of Federal regulation. You'd save money in the Federal budget, and they'd get the flexibility to maybe make it work. That might be one way out. I can't see Congress ever agreeing on a solution to reorganize this many programs, and probably every one of them is named after somebody, so you probably can't eliminate it either. So there we are.

So give the flexibility there to see if they can't come up with a better system. And I think some performance arrangements with the States are what's called for. Let 50 creative Governors come in and make some proposals to the Congress or to the agency that you delegate and give them the authority to try to solve the problem. I do think entering the second half-century of the war on poverty we ought to be rethinking how we're approaching our strategy and it may not be that we've been using exactly the right strategy.

And I do commend the Committee. One thing I haven't heard anybody call for today are at least public jobs programs. We've kind of gotten that out of our system in the years past. But we do have to have a more vibrant private sector that can hire, that's where Congressman Neal's point on—you have a 4 percent GDP, you have a lot of jobs.

Dr. PRICE. Thank you, Governor.

Thank you, Chairman.

Chairman BRADY. Thank you.

Mr. Doggett, you're recognized. And I'll make a point after you're recognized. To balance off the question and answer period, we'll go two-to-one. Mr. Doggett.

Mr. DOGGETT. Thank you, Mr. Chairman. And I believe we have complete agreement with the first principle that you have referred to today, and that is that every able-bodied person should be working or preparing to work. Governor Engler has referred to pathway programs. We have a number of successful ones in Texas: Project QUEST, working to get poor people into better jobs with the healthcare industry, and with Capital IDEA in Austin working to get some people into the tech industry to fulfill some of our workforce demands there.

Ms. VanZant has outlined a program that appears to be working very well. We just need more such programs adapted to local conditions to help people get good, long-paying jobs where they can climb into the middle class and support their families.

There's only one problem that I have with all of this and the announcement of these principles, and that is the failure of this Committee to do anything to implement those principles, specifically to rig up a way of considering the extension of temporary assistance for needy families in a way that denies any debate about reforms that could really make a difference to poor people.

And not all the ideas about how to get more able-bodied people into the workforce come from Democrats. In fact, one of them was included in then-Chairman Ryan's poverty rollout last summer. And it was embodied in legislation that was introduced by Mr. Tiberi and Mr. Renacci from this Committee. Mr. Chairman, I would ask unanimous consent to include Mr. Tiberi's press release about that bill in the record.

Chairman BRADY. Without objection.

Mr. DOGGETT. And Mr. Tiberi told us that what he had was a commonsense reform. Unfortunately, it wasn't common sense enough to get considered in this Committee. They have structured a process to deny us an opportunity to consider whether opportunities for more education or training by those who have been receiving temporary assistance for needy families should be made available and I think have substituted basically a press release suggesting from our last set of bills having divided up the question of temporary needy assistance for families into about six or seven different bills to avoid dealing with Mr. Tiberi's idea or any ideas that the rest of us might have about getting more able-bodied people to work, that what was substituted was a press release saying that the Committee takes action to help families escape poverty.

I would love a report at the end of the year to show that if every one of these bills are adopted, that one person got out of poverty

this year in America because they were adopted. This is about substituting not workfare for welfare, but substituting talkfare.

And then there is the question of the polka dot chart. And if you'd put it back up, I would appreciate it. You've referred to it in every hearing that we've had about poverty. That chart is designed to show how expensive the trillion-dollar welfare system is; it's worth looking at the specific provisions on it.

Veterans Pension and Survivors Pension, Breast and Cervical Cancer Provision, the Ryan White HIV/AIDS program, Adoption Assistance, Child Support Enforcement, the School Lunch program, Federal Pell grants, you know, the people in my district can find the program out of that that meets their needs, and the person who has a problem with cervical cancer may not be someone who needs a Pell grant, or they may need both.

To condemn President Johnson's war on poverty as a failure is to ignore the many who never engaged in fighting that war. And all of those who cut and run at the first sign of adversity on the battlefield, it is to ignore the fact that the States today are putting 8 cents of every TANF dollar into the work that we say we support.

We don't lack answers. We don't need intensive investigation of which program to support. We know that. Republicans have even recognized that. They simply don't have the courage to put their dollars where their mouth is. And as a result, we talk about what might help people escape poverty and move into the middle class, and we do next to nothing about it.

And that's what's happening this year. It's disappointing that our States will not fulfill their commitment—if you want to look at a failed Federal program, look at Temporary Assistance for Needy Families, because it shows you when you have a block grant to the States without adequate standards, it is a failure in accomplishing its purpose of moving people from welfare to work. I yield back.

Chairman BRADY. Thank you. Just to clarify, that chart is based off of a congressional research summary and a listing of means-tested poverty programs.

Mr. DOGGETT. Mr. Chairman, I failed to include—to ask your unanimous consent also. Barbara Lee could not be here today. She has the Democratic Task Force. May I ask unanimous consent to insert her statement in the record.

Chairman BRADY. Without objection.

Mr. DOGGETT. Thank you.

Chairman BRADY. Mr. Buchanan.

Mr. BUCHANAN. Thank you, Mr. Chairman.

And I also want to thank the panel and especially Governor Engler. I was from Michigan, and he was a great Governor, so I appreciate the opportunity to have you here as a witness today.

Everybody brings a little different experience, but let me just tell you a couple of stories that have—in the last month talking to employers, and I'll just—just for a second. One guy I met, he dropped out of high school, he has a GED, and he runs one of the most successful enterprises in Florida today. He's about 38 years old.

Another young African American 20-year-old is making in excess of a hundred thousand dollars, became a manager, he was telling me—his employer was telling me last week.



Another Hispanic young man, maybe 27, 28, making \$150,000—my point being that in the real world—that’s the world I’ve been in for 40 years—many people, they just need an opportunity. They need a job. And I think the Governor mentioned something about growth.

If you can grow your State and create more opportunities, get in the right enterprise, you give me a 20-year-old, and I’ve created thousands of jobs. I don’t care if someone’s got a Ph.D. or a master’s in whatever. Maybe technically that makes good sense for a lot of that, but many times you can find a young person, whether it’s in service or in sales, that can be one of the top performers in terms of a manager running a company someday, running an enterprise. I have seen that for the last 40 years.

And I guess I’d like to ask you, Governor, I know you work with large C corporations. But maybe talk about the young people you’ve met along the way in Michigan for 12 years that got out of high school, maybe went to college for a year, dropped out and are some of the most successful people in the State of Florida.

And I heard a statistic that half of the millionaires, if you want to look at it from that standpoint, one way to measure it, are high school graduates. So I’d be interested in your thoughts on it.

Mr. ENGLER. A couple of thoughts and maybe just to set it up, I’ll respond this way. If we think about people who need to work, the first person that’s going to go back to work is the one who just left the workforce last week, that lost their job, they’re easy to replace. Somebody who’s been working can go back to work easier than somebody who hasn’t worked in 5 years or longer.

And what we’re trying to do, I think, is put Americans to work. Americans—I do believe Americans want to work. And what we’re seeing is today an economy underperforming so there aren’t as many work opportunities out there. And that’s a function of a 2 percent GDP growth rate versus 4 percent, and there are strategies that can raise that 2 to 4. A number of those are going to be in the jurisdiction of this Committee.

At the same time, somebody who’s been disconnected from the workforce, we’re trying to remediate their situation. If somebody’s been living in poverty much of their lives, it’s going to be a big challenge. But one thing we ought to pledge ourselves is not to make the same mistake with the rising generation. Let’s not let their children—because we haven’t—the education investments haven’t been cut, they’ve been rising.

In Detroit where 5 percent of the kids can pass the reading test for NAEP, the Nation’s report, 5 percent are reading, in Wayne State, a large urban school there where the graduation rate—and this is 6 years of students, all students, is 32 percent, the under-represented minorities—

Mr. BUCHANAN. Governor, let me ask you another question. I have 5 minutes. Let me just mention also—because you had touched on the idea of incentives. I think Dr. Price had mentioned something about in the last 10 years in terms of this space, we’ve done little or nothing. And I think it speaks to both parties that we need to do something. But my attitude has always been continuous improvement. What incentives, from a State’s perspective,

might we consider or look at to improve what we're trying to do here in Washington?

Mr. ENGLER. You know, let the States try to figure it out. I mean, I'm sorry, you just—I wish I could give you an answer there's one thing this Committee could do that could fix the problem in America. You can't. Let the States try, and let's hold States accountable, let's set some metrics out there and let's have—to the Members who have spoken on both sides, let's bring the top two States back in and what have they done and let's bring the bottom two in, what didn't they do.

And let's evaluate how they spent TANF money. I would welcome that one. I was a Governor. I would encourage you to hold current Governors accountable. Bring them in and hear from them. But you can't fix it from Washington.

Ms. GOLDEN. Could I add on State examples that are out there?

Mr. BUCHANAN. Yes.

Ms. GOLDEN. Congress did agree in the Bipartisan Workforce Innovation and Opportunity Act on principles for workforce training, and I think what Mr. Doggett's highlighting is that what that bipartisan agreement said was you need to be—at least a community college, at least a post-secondary credential is important in today's labor market.

Pathways of the kind Governor Engler has been talking about, where you connect up different work and training experiences, unfortunately right now the rules and the sharply decreasing dollars in the TANF program make it really hard for States to come together even though they want to. And so figuring out how to have the resources and the incentives—

Mr. BUCHANAN. Thank you, and I yield back.

Chairman BRADY. Thank you.

Mr. Smith, you're recognized.

Mr. SMITH OF NEBRASKA. Thank you, Mr. Chairman.

Thank you to our panel here today as well. I think this topic that we are addressing cannot state enough how important I think it is, and I am glad that there are folks across America who are engaging on the frontlines as you are.

I know that America is a big country, and during the economic downturn, not every State, not every region around the country, not even all parts of the same State faced the same challenges. And I'm kind of glad that in Nebraska we had roughly half the unemployment rate when the national unemployment rate was at 10 and we were at 5. I'm not—I won't take the time to explain why I think that was the case.

But I look at a community just outside my district called Columbus, Nebraska. Columbus I would describe as very industrious, a population less than 25,000. In speaking to some of their leaders a couple of days ago, they're talking about adding 1,500 manufacturing jobs in a community of less than 25,000. That's incredible.

And this actually is not a new situation for this community, but we know that there are pockets of unemployment around the country, and I know that we can't expect the workers to just uproot their lives and their families from one region to another, and I especially don't want the Federal Government trying to necessarily accomplish that. But how can we kind of address these very diverse

needs that there are—the huge need for workers in one area and a huge need for jobs in another? How can we kind of bring this together so that ultimately individuals can see more opportunity for themselves and their families for the future?

Governor Engler, could you explain perhaps, given your national perspective and your experience?

Mr. ENGLER. Sure. The example you've just given is a perfect one to start with. The community college in the area no doubt has been working with the local leadership, and they're going to set up training programs to specifically train people for the jobs that are going to be in that manufacturing plant. They're going to address that need, and they're going to take some people maybe working in lower wage jobs and retrain them for a new job.

And today when companies are making location decisions, despite all the talk about tax incentives and this and that, the number one barrier to location today is workforce. And the number one deal that most Governors are offering is if you put your plant, if you put your facility here, we'll train your workforce. You tell us what you need in the way of training, we'll deliver that. We'll customize that for you.

The disconnect in the poverty debate is that we're taking people who can't even read and suggesting that they're going to learn to handle computers or technology or statistically produce a part where there's no errors and a million parts. That is not going to happen. That is a fantasy. And so the idea that we're going to suddenly upgrade someone with no skills—we can do that with some over time, but whole-scale, that's not going to happen.

But the children who are in school, we're paying \$15,000 a year to the school to teach, perhaps for \$150,000 we can get 10 kids to read. And then if they can read they can learn some science and they can be prepared. We have to break the cycle. I mean, this is what—I mean, stop treating the failure and deal with the root cause.

And your community college will not be able to train the person who's illiterate, at least very easily and very quickly and probably maybe not in time for that first couple of years' employment at that plant. They can do it over time.

Ms. GOLDEN. And one—I think one strategy it builds on is that you need some parts of your strategy that are national. So I completely agree that with the Workforce Investment Act and other strategies that need to be funded—it's not funded enough yet—they get resources to the community college locally, that gives you part of your answer. But you also need for every child to have access to health insurance and to food.

Because what we know from the national research is that that booming economic area, the kids that are its future are not just growing up in that State; they're growing up all over the country. So we need to be able to have a national floor that makes sure that all those kids are getting the basics, the nutrition, the health care, the early experiences and then you can build on top of that with local.

Mr. ENGLER. Which years ago before Obamacare Congress addressed through SCHIP. Every child in America was given health insurance through the SCHIP program. You were all part of that.

Mr. SMITH OF NEBRASKA. Well, I appreciate the responses. I think mentioning education and the impact of costs of education and so forth, it would be interesting to study the impacts of student debt and poverty. Thank you very much.

Chairman BRADY. Thank you.

Mr. Larson, you're recognized.

Mr. LARSON. Thank you, Mr. Chairman, and thank you for this hearing. I never cease to be amazed, sitting through one of these, how you come up with constructive ideas.

I especially want to commend Mr. Reichert and Mr. Lewis. It's all so rare that passion takes over for what our usual message is that we're going to ask our witnesses, and I think within that passion, a couple of things that are tied to the testimony that we've heard today.

Number one, I think Mr. Engler's suggestion about looking at States and the laboratories of democracy that we all know that they are and bringing in those that have been successful and those that have not. I would also say the private sector. I say that for two reasons, Mr. Chairman. One, I had a little epiphany while sitting here and listening. I think this Committee—the operative word in politics and the economy today is disruption, changing or breaking the cycle as a number of people here have said.

One of the cycles we need to break, quite frankly, is the way we get information and the way we do public hearings. We should be going out to the States. I would love to go to Detroit and the Upper Peninsula and see the differences there between what happens in an urban area and what happens in a rural area and how the solutions could differ. Because all the panelists have indicated not one size can fit all in all these cases, and we have so many opportunities.

I would also ask that we bring in people from the private sector. In my home State of Connecticut, the AETNA leads the way in terms of coming out and recognizing what we have to do with wages, saying minimally they have to have \$16 in order for people to make it in today's society. And they went on and examined their own programs over the years and said, you know what, if we don't boost their healthcare benefits, number one, they can't afford to live where they go to work if we don't give them the right minimum wage.

And, number two, they can't afford to buy what we're making, an idea that Henry Ford first came up with and said if we're going to produce Model A's and we're going to have them come off the assembly line and people are going to be able to buy them, they have to have the money.

These are practical things that sometimes elude us here in Washington, and it is what the people despise about us because they say we're about messaging and not about solutions. And they're right. We're about messaging. We don't come up with solutions. We have taste-great-less-filling arguments all the time and then people say, my God, nothing gets done there. And everyone dramatically goes home and restates their messaging points, and we don't move the ball any further forward.

We have to disrupt that and change it. Hal Rogers is leading the way. He's got a great idea with respect to how we address poverty,

how we address it in promise zones specifically on a very narrow basis, but incentivizing businesses who will actually locate and hire people in poverty zones that have been designated across this country. What a change if we were to go out there and view those firsthand.

Whether it's Washington State or Georgia, if this Committee were proactively going out instead of sitting here in a messaging quandary over these issues and debating the ideology on the left and the right, do what the American people expect of us, solve a problem for them.

The bottom line is this: Do safety supports work? And if they do work, what do we need to enhance and change them? And if the system after 50 years isn't working the way that it has to, do we throw the baby out with the bathwater or what kind of changes do we need?

Ms. Golden, I'll give you the 1 minute I have left to answer what is a comprehensive question, but—

Ms. GOLDEN. Okay. So I think there's a mix of new ideas and successes we've already had, and I think it's very important to recognize the successes, that it really does matter that we have a consistent ability for people not to be hungry and are growing toward an ability for people to be healthy, and we're addressing poverty. But it's also important to recognize the big gaps, which you've highlighted, wages, hours and the persistence of people's inability to do better.

New and emerging ideas I would actually highlight are a couple that I think have sort of come out, but just to pull them together. I—one is the idea that one of the ways you make a difference is by influencing two generations at once, parent and child. And that's—there's powerful new research that says the core safety net programs do that, SNAP and Medicaid, the earned income tax credit.

But there's also, I think, a lot to be thought about and worked on about how to really focus on what we now know about those early years of life. Do childcare right, do early childhood programs right. And then I'll just toss out one other, which is that I do think that Congress in their bipartisan work on the Workforce Investment and Opportunity Act really took seriously how college—community college credentials and workforce development can fit together and there's lots to say there.

Chairman BRADY. Thank you, Ms. Golden.

Mr. Paulsen—

Mr. LARSON. Mr. Chairman, would you entertain my—me submitting to you a proposal that we have the Committee—I know it's not going to happen tomorrow. But I do think taking this Committee on the road and going to people's districts where we—that actually depict the problems that are going on would put Congress in a better light as an institution of working toward the solution, and I think you could have the same kind of witnesses, but we'd be doing it, we'd be reaching out to America, we'd be getting out beyond the Beltway.

Chairman BRADY. I'd be interested in anything that would put Congress in a better light, anybody, anywhere.

Mr. LARSON. Thank you.

Chairman BRADY. Mr. Paulsen, you're recognized.

Mr. PAULSEN. Thank you, Mr. Chairman, also for holding this hearing. And this is actually the first Committee hearing on poverty or welfare reform that's happened in a long time, and I can only imagine—I was not here in the 1990s when this debate was happening, but I was in the State level, and these debates can be very passionate and engage a lot of different challenges.

The sad reality is today that there are too many Americans that are still living in poverty and lack the right job opportunities and tools just to keep moving up the economic ladder, and the status quo should absolutely be looked at being revised, and that's because we owe it. We owe it to those folks that are most in need that get help from these programs to make sure that we're actually seeing results.

And I just really appreciate the testimony we've had here this morning. I'm not going to make a long statement, because I do want to have a chance to ask a few questions. And maybe I'll just start with Mr. Bragdon real quick.

From results we've seen around the country, what do we know about how individuals respond to financial incentives when they're put out there—do individuals respond to those incentives? How specifically do welfare benefits potentially discourage work on—when you look at that?

Mr. BRAGDON. Thank you for the question. I think that's what's so instructive about these largest-ever tracking studies in Maine and Kansas is that we have the answer to that by looking at what happened to individual behavior before the work requirement and then what happened after. And I think the spirit of your question is spot on that people respond to incentives.

It's not just enough to want to work; you also need to be nudged. And what the lesson from the work requirements and looking at individuals is, that nudge in getting people either back to work or in training—it's not just about work; it's about training or even volunteering—was transformative. For those individuals who weren't willing to meet that standard and cycle off welfare, they went back to work in record numbers.

They went into 650 different industries. Only 20 percent of them went into food service. Many started out in temp agencies and then moved into full-time employment. So the response was very dynamic to one policy change. You had this really significant response where people took what they desired, but then the incentives were in line for them to actually go back to work and increase their earnings over time.

Ms. GOLDEN. May I correct—oh, I'm sorry.

Mr. PAULSEN. In just a second. Maybe Ms. VanZant, because I appreciated your testimony earlier, too. Following up a little bit on that, given your experience with work and your personal past experience, is the problem that recipients don't get to keep all of the money they earn from work because their benefits get reduced?

Or is it also the component that some people are actually made financially worse in many respects by working because they lose some of the benefits that they have as a part of those earnings. And that's a challenge that they have to face, right? They make sort of a decision.

Ms. VANZANT. Absolutely. Absolutely. Thank you for the question. Yes, as a person goes to work, especially in the lower-wage jobs, what they'll experience is that many times their subsidies are decreasing at a much faster rate than the income that they're bringing in. And so what we typically see in our members is that same kind of knee-jerk reaction we might all have of this is just not working out for me. The math is not working out for me.

If I'm making \$8.10 an hour, which is minimum wage in Ohio, and I'm working 32 hours a week and I'm losing 50 or 60 percent of my food stamps or all of them before I even receive my first paycheck, how in the world am I supposed to piece that together? And so one of the things that we're suggesting is that we take a look at the spectrum of the safety net programs and look at how we can put some of them in place after work starts to really allow the slope of—instead of the cliff and allow it to be a much slighter slope and that the incentives are directly aligned with the types of supports that Americans need when they go back to work.

If we pull mom and dad out of the house 40, 50 hours a week because they want to work and they're in an opportunity to have a full-time job and we don't give them any supports for the two and a half children they have back at home, that's not going to bode well long-term for the family relationships that are happening.

But if we can give mom and dad the types of supports they need when they are pulled out of the house 40 to 50 hours a week in jobs that allow them to know that their kids are in a safe place, that they have after-school activities, that some of the large dollar items in their budget such as housing and childcare and utility assistance are in place that allow that slope to be much more gradual, what I think is we're going to find troves of people going back to work, because I really do believe that they want to.

And one point about the work requirements, from my own personal experience and from the thousands of members that I've worked with across the country that are low income, I don't necessarily think that mandating anything to anyone is the way to go. I believe any time that we're told that we have to do something we have an automatic human resistance to doing that even if we know it's the absolute best thing that we can do. But giving people options of things that they can do I think is very important.

Mr. PAULSEN. Thank you.

Chairman BRADY. Mr. Marchant, you're—Mrs. Black, you're recognized.

Mrs. BLACK. Thank you, Mr. Chairman. And I so appreciate the conversation that we're having in here because 47 million Americans being in poverty is unconscionable. In a country where we have the kinds of resources that we do, there is no reason to have 47 million people in poverty.

I'm going to associate myself with my colleague from Connecticut that talked about us messaging and not having solutions. We must take a look at what the solutions are, and we must put them in place and stop just talking about them.

I will also associate with what was said about one size not fitting all, because as we look at programs around this country and different programs that are working, we're ignoring really talking about those in a way that will help us to solve this problem, and

we keep turning back to the same old stuff over and over again thinking that it's going to work when it hasn't worked for all of these years.

I will tell you that I have a personal relationship with the situation where I started out and my family started out in public housing. And I know what hard work can do to put me where I am today from living in the halls of public housing to serving in the halls of Congress.

So I've given back and not in as great a way as I'd like to since I've been here in Congress, but I can tell you that I worked with a young lady getting her the opportunity to get an education, being able to get a job with that education as an LPN.

And you know what she told me after 3 months of working and she was no longer getting her check in the mail? She was frozen and couldn't go back to work because she was scared to death of not getting a paycheck, that she might lose her job and not have a paycheck to feed her four children because she was trapped in poverty. She told me her mom was on welfare, her grandmother was on welfare, it was the only thing she ever knew.

People do get trapped. And we, government, are trapping them. And so I want to thank each one of the members today, Governor Engler for talking about the necessity to have education, not just post-secondary education, but to make sure kids are getting good education in high school and to even give them an opportunity when they leave high school maybe not to go to college but to get a skill.

Look, I pay the guy that comes in to fix my refrigerator a lot of money. And those are good jobs, and we haven't done a good job in saying these are good jobs.

I want to thank you also, Ms. VanZant, for what you're doing to help with this drop-off that we know happens, this cliff and what kind of paralyzation takes place when someone knows that they're going to hit that cliff.

And then also, Mr. Bragdon, I have this article from *Forbes* that talks about—and I read this before you actually came here today—the successes in both Maine and also in Kansas of the programs.

I want to go back to you, Ms. VanZant. How is your program funded? Because you're having tremendous success. So what is the funding mechanism?

Ms. VANZANT. Actually, thank you for the question. We are self-funding. So the CareSource Foundation is actually funding the program. Because many of the things that we are doing under the umbrella of a managed—a Medicaid managed care plan are things that cannot be funded out of Medicaid. There are really strict rules around where those dollars go.

And so through the research that we have done and really looking at how overall health and wellness was not happening for the 1.5 million Americans that we have on our plan, we decided to take our own dollars and start to test this concept, that if we actually coupled looking at economic stability with the types of supports that we have been offering through Medicaid and the Medicaid exchange, that we could actually be able to move people forward at a faster pace, but in a supported faster pace. So right now we are using private dollars.



Mrs. BLACK. These are private sector dollars.

Mr. Bragdon, would you talk a little bit about how Maine's Governor came to this thought and conclusion that he needed to do something a little different to get people back to work in this particular category?

Mr. BRAGDON. Sure. Thank you for the question.

The Governor of Maine, much like yourself, grew up in very tough circumstances. He is one of 18 children and his family was homeless at age 11, and he saw firsthand what poverty and what welfare did to his siblings and to his family. He grew up in a very, very tough family environment.

And so I think, while there is a lot of rhetoric around this for a lot of individuals, it really is about their own personal life story and then how can we align policy incentives to ensure that as few people as possible have that same life story going forward.

And, as I said in my testimony, that is where I feel like the real tragedy of the failed welfare state is, that so many families are trapped in poverty for far too long.

Mrs. BLACK. And so what we see here is a private sector and a public sector solution, both of them coming together from different States and different mechanisms. But being able to find a solution.

Thank you. I yield back the balance of my time.

Chairman BRADY. Thank you.

Mr. Pascrell, you are recognized.

Mr. PASCRELL. Mr. Chairman, this is a very sad day. A good friend of ours died yesterday, he played for the Baltimore Colts, Bubba Smith. Now, how did Bubba Smith die? Bubba Smith died by getting hundreds of whacks to his head. He was a lineman, and had CTE. He has become the ninetieth NFL football player to die from CTE.

How many times does a child in poverty, who doesn't get enough to eat, doesn't get the proper health care when he doesn't get enough to eat, how is that child damaged physically, psychologically and spiritually through the years?

Our problem is, and I agree with the young lady who just spoke and the gentleman from Connecticut, that we deal in absolutes. And the world does not work that way. I believe if the Chairman could use his own talents and the talents of each person, every person on this Committee—I have a lot of faith in this Committee—and forget about where leadership is going in either party, that we could make some resolution here, if we really, really wanted to.

I have been working since I was 10 years old. So I have been working for 69 years. I love work. And the older I get, the more I love work.

Most of the people—I have lived in a city all of my life. You see, we know history, Mr. Chairman, we don't know culture. We have no idea of the person living in rural Mississippi compared to the person who lives in, as someone said, Cambridge, Massachusetts. And that is why we have to have some changes in what a minimum wage would be. The cost of living is very different in that rural area. So you can't just impose it. I understand that.

We could come to some resolution if we are at the right place, if we are at the right place.

Governor, you were a great Governor. I find it difficult to say, because you are of the other party. But you were a great Governor. You had a lot of practical solutions and you did listen to people. That is unusual around here, as you know.

The States with the worst child hunger, Mississippi, Arkansas, New Mexico and Georgia, John, these Members representing their constituent voices when they vote for SNAP cuts, so if you are a representative from those States and you see our program SNAP being cut and cut, you better pay attention because you are one of the worst child hungers in the whole country. If not the world.

Because paid family leave—child poverty in the United States is the worst among many developed countries. That is serious. How many whacks does the kid need?

And we can do all the political pontificating we want. If we are not going to try to help, nothing will get done. In fact, many people came to this Congress in 2010 not wanting to even deal with what the responsibility of the Federal Government is, and you see where that has brought us. To no resolution of anything. None.

Even in New Jersey, my State, we have a State paid leave program. So the women who used paid leave were more likely to be working a year after having a baby, and 39 percent less likely to receive public assistance. I am not making this up. That sounds in line with your principles. So why don't you support a paid leave policy, Mr. Chairman?

The Family and Medical Insurance Leave Act, H.R. 1439, sponsored by Rosa DeLauro from Connecticut, which would ensure paid family leave for all qualified workers, had 124 sponsors, not a single Member from the other party. Not that they wouldn't get on, but their leadership told them not to get on. You better not get on that bill. Just like Mr. Renacci and I, when we tried to get a transportation solution, and the leadership said, don't get on.

So while I appreciate the Speaker's desire to enact this rosy P.R. campaign to make Republicans appear more compassionate toward the poor, the record speaks for itself. I don't believe that there is one person on this panel that has less compassion than I do. Listen to what I am saying.

Chairman BRADY. Thank you, Mr. Pascrell.

I know. I apologize. Your time has expired.

Mr. PASCRELL. Thank you, Mr. Chairman.

Chairman BRADY. While we may disagree on many issues, I do agree with you about the goodness and the greatness of Bubba Smith, who grew up in Beaumont, Texas. I had the honor of running the Chamber of Commerce there for a number of years, and had an opportunity to work with him on tourism industries.

I am not sure I did bring that subject up, but—

Mr. PASCRELL. Just as the NFL deep sixed—wanted to deep six the report on concussions—CTI—we sugar coat—

Chairman BRADY. Mr. Pascrell, I understand our differences. So thank you. And I appreciate your passion.

Mr. Kelly, you are recognized.

Mr. KELLY. I thank the Chairman.

And I want to thank the panel for being here, because you were asked to come here, not just to testify but to give us solutions of what we can do.

I just think it is hard for somebody like myself, from the private sector, to look at half a century of spending, \$22 trillion. It is not that we haven't spent the money. And the money we spent, by the way, does not belong to Congress, it belongs to hard-working American taxpayers. I think they more than deserve a little bit better return on that.

Ms. VanZant, because I think your story is so relevant, for moms, for moms to get back to work, childcare is a huge issue, is it not?

Ms. VANZANT. It is.

Mr. KELLY. Okay. So in your case, what motivated you to do what you did? Because you got up and got moving. You didn't lament where you were, you just decided to turn your sights to where you wanted to be.

Ms. VANZANT. Absolutely. And so, in my situation, I had a lot of family support. We called it the baby shuffle that we did for the 4 years that it took me after I had my son to graduate from college. My parents, my in-laws, my husband and I all had car seats in our cars. And this was before the days of cell phones, and so literally there were times where we weren't exactly sure who was picking him up from where. But we were pretty sure that a family member had him.

And so we weren't able to use a day care. We couldn't afford it. And at that time, back in the mid-'90s, there weren't the types of childcare supports that there are now. Although for the families that are going back now, the cost of childcare is significantly higher than it was when I couldn't afford childcare back in the 1990s.

Mr. KELLY. Do you know what the average is now?

Ms. GOLDEN. I have it in my testimony.

Mr. KELLY. Excuse me, Ms. Golden. I appreciate you jumping in. But it is \$10,500.

We have introduced some legislation that would actually increase the pretax dollars that working families are looking at right now. That is a piece of legislation that Ms. Sanchez, myself, Senators Ayotte and Capito are working on.

And so I think that—what you said earlier, you talked about families. I would just submit that the programs that we have initiated don't keep families together. And if you look at the statistics, where we have come as a Nation in 50 years, as opposed to families working together to raise children, we have put government programs into place that actually incentivize breaking families down, not keeping them together. That, to me, is a very failed policy.

When I look at everything you were all talking about today, all of us are the sum product of families who raised us for one reason and one reason only, and for many reasons, but to be self-sustaining and be able to rely just on yourself. That's what I heard, Governor, Governor Engler, I really like the idea that you go to the States, 50 States, let them try out things and make sure what worked and what didn't work. If it works for you in Michigan, maybe it would work for somebody in Pennsylvania, maybe it would work for somebody in Idaho or Texas.

So I really do think the best laboratory is actually in the States. The only problem we have, if I am not mistaken, is that when you take a government handout, there are so many strings attached to it, you really can't do what you want to do. You are kind of hand-

cuffed to only working within the parameters of what was discussed.

So tell me in your experience, and what you are doing right now, you are talking about best practices that give American taxpayers a better return on their investment. That is all we are looking for. It is not that I want to spend any less money, I just want to see a better result for all those folks who get up every day and go out to work, sometimes mom and dad together, and sometimes they are both working two jobs.

So tell me, in the States, is that not the best way to do it? You don't need a Federal Government dictating from Washington what you need to do in Michigan or Washington or Oregon or anyplace else?

Mr. ENGLER. I totally agree. And if we couldn't give it to the Governors, I would divide it by 535 and let every Member of Congress be in charge of something, because you would all—somebody here would figure it out and the others would then follow.

But what we are trying to do with the bureaucratic, top-down approach, it is too constraining. And you just heard earlier the description in health care, they are trying to do things on wellness. Wellness is a really important prevention investment. It pays off. We think it's a big deal. That ought to be covered. We spend \$3 trillion in health care. They say \$1 trillion of that is wasted, we just don't know which trillion it is. But if you could free that up, look what we could do in terms of health care and addressing some of the issues that Congressman Pascrell raised just a moment ago.

Mr. KELLY. Ms. VanZant.

Ms. VANZANT. And I would also like to weigh in. When you look at the 80 programs on the chart that you have been referring to today, it is my experience, and I think it is the experience of a lot of low-income Americans, that they end up with a lot of people that are paid to be in their lives, to administer just one piece of the poverty puzzle. And those programs are not necessarily allowed to cooperate with other programs. There is no consistency. We have lots of rules around information sharing and lots of things that keep well-intentioned case managers, well-intentioned programs and low-income people who want to work from actually being able to make those steps moving forward, because of a lot of the rules and regulations that we have surrounding those 80 programs.

Mr. KELLY. One final point I want to go back to. A half a century and \$22 trillion later, we don't have enough good to show for what we are doing. And I think we sometimes get confused about throwing money at a problem, and that is easy, as long as it is not your money. When it is other people's money, it is easy to throw. Coming from the private sector, every penny counts. And every penny of what we put out there comes from hard-working American taxpayers.

Chairman BRADY. The gentleman's time has expired.

Mr. Renacci, you are recognized.

Mr. RENACCI. First off, I want to thank the witnesses for their testimony, and I want to thank Chairman Brady for calling this important hearing.

Like all of my colleagues who serve on this Committee, I believe that one of the keys to ending the cycle of poverty is ensuring that

individuals have access to the education and skilled training required to be on a path toward a good paying career. In some cases, that does not mean a college education. So, as my colleague, Mr. Larson, mentioned about getting out into the real world, I have actually taken, over the past 2 years, taken the time to meet with local leaders in Cleveland and Akron, Ohio, to discuss barriers which prevent northeast Ohioans who are in poverty from finding permanent employment and being self-sustainable.

I have met with the county Jobs and Family Services staff to understand how the Federal programs are working and not working. I have also met with individuals in the programs, many of which did not have their GED, let alone basic skills. I ask to submit a letter into the record, Mr. Chairman, from Summit County Executive Russ Pry.

Chairman BRADY. Without objection.

[The submission of The Honorable Jim Renacci follows:]



**COUNTY OF SUMMIT, OHIO**  
 Russell M. Pry, Executive

175 S. Main Street • Akron, Ohio 44308-1308 • 330.643.2510 • fax: 330.643.2507 • www.co.summit.oh.us

May 11, 2016

The Honorable Kevin Brady, Chairman  
 Committee on Ways and Means  
 U.S. House of Representatives  
 Washington, D.C.

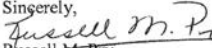
Dear Chairman Brady and Committee Members,

On behalf of the County of Summit, I write to advise you of my strong support of H.R. 2991, the "Preparing More Welfare Recipients for Work Act," "to encourage States to engage more TANF recipients in activities leading to employment and self-sufficiency, and to simplify State administration of TANF" and to request that the Committee pass this legislation at the earliest opportunity, or include the content of H.R. 2991 in a bill at a future time.

This bill demonstrates a Congressional willingness to listen to local issues identified as barriers to meeting the intent for TANF clients to find employment and self-sufficiency. It is an outstanding example of bi-partisan cooperation and good government. The "Preparing More Welfare Recipients for Work Act" would not only improve the counting of required hours of participation in work activities thereby creating a better chance of success of TANF recipients for completing their required hours, but also puts real emphasis on education as a way of improving the lives of TANF recipients. By making education a legitimate form of credit towards a TANF recipient's work requirement, this bill gives the recipients a greater chance at acquiring the education and skills necessary to find gainful employment and transition out of the TANF program. I have been actively engaged in highlighting my frustration with the participation rule that will not allow a TANF recipient's work toward getting a GED as required hours of participation. Education and training are the most important factors in a person's success in finding a job that will lead to self-sufficiency, and removing any barrier to educational attainment increases their chance of transitioning out of TANF.

I had the opportunity to meet with Congressman Jim Renacci and his staff in February of 2015 to highlight my concerns about what activities are not considered core activities and other administrative barriers to meeting the work requirement for TANF recipients. My staff and I presented the Congressman with an overview of our County's numbers and results for our TANF clients and suggestions to help people with the transition to employment. I am attaching that exhibit to this letter.

I would encourage the Committee to support the content of H.R. 2991 as a common sense improvement to the current TANF system in order to move people for TANF to employment and I commend Congressman Renacci for understanding and advocating for common sense solutions to putting people to work.

Sincerely,  
  
 Russell M. Pry  
 Summit County Executive



**Summit County Department of Job and Family Services**  
**Temporary Assistance for Needy Families (TANF)**  
**Ohio Works First (OWF)**

**February 2015**

**2,844** = Total TANF/OWF recipients in Summit County

**374** = Total **Work Eligible** TANF/OWF recipients in Summit County

**Work Eligible Individual** = An adult or minor head of household receiving OWF; or a non-recipient parent living with a child who is in receipt of OWF unless the parent is:

- A minor parent who is not a head-of household
- A non-citizen who is not eligible to receive OWF due to his or her immigration status
- A recipient of supplemental security income (SSI) benefits
- A recipient of social security disability insurance (SSDI) benefits
- A parent providing care for a disabled family member, if the disabled family member is living in the same home and there is medical documentation to support the need for the parent to remain in the home to provide care

Assistance Group (AG)	Required Core Hours Monthly	Allowable Non-Core Hours	Required Total Hours Monthly
One Work Eligible Individual (Adult) with a child(ren) <b>under age 6</b>	86	0	86
One Work Eligible Individual (Adult) with a child(ren) <b>over age 6</b>	86	43	129
Two Work Eligible Individuals	129	22	151
Two Work Eligible Individuals utilizing federally funded Child Care	215	22	237

**Work Activities**

Core Activities	Applicable Limits
Unsubsidized Employment	N/A
Subsidized Employment (SEP-Private)	N/A

Workforce Development 3/30/2015

Subsidized Employment (SEP-Public)	N/A
On the Job Training (OJT)	N/A
Work Experience Program (WEP)	Hours limited by Fair Labor Standards Act (FLSA)
Community Service Programs	N/A
Vocational Educational Training	12 month lifetime limit
Providing Child Care for a Community Service Participant	N/A
Job Search and Job Readiness	No more than 6 weeks in the preceding 12 months and no more than 4 weeks consecutive
<b>Non-Core Activities</b>	<b>Applicable Limits</b>
Job Skills Training Directly Related to Employment	N/A
Education Directly Related to Employment	Limited to individuals without a diploma or GED (no time limit)
<sup>A</sup> Secondary School Attendance( i.e. ESL class, high school and GED course)	Limited to individuals without a diploma or GED (no time limit)
Alternative Activities (i.e. parenting classes, life skills training, counseling, medical appointments, and drug or alcohol treatment)	Not Countable Toward Work Activity Participation

<sup>A</sup>In 2014 2 work eligible OWF recipients were assigned to attend GED as a Non-Core Activity

#### Education Related Deemed Hours of Participation

Activity	Applicable limits
*GED, High School, or Equivalent	-Individuals under age 20 only -Must verify and maintain satisfactory attendance -Must participate for an average of 20 hours per week

\*In 2014 67 work eligible OWF recipients were deemed as meeting participation with their GED or High School attendance



Mr. RENACCI. These individuals are all working within the current system. What they told me is the State simply does not have enough flexibility in administering TANF and that outdated workforce participation rules act as a barrier for agencies to work with TANF clients and engage in activities that would actually provide the training and education they would need to get back to work. They all emphasized we need to assure a basic education, including a basic GED.

If we want to get people out of poverty, it is the one thing I have learned from all these meetings, and into the workforce, we need to help them get their GED. You can't even join the Army without a GED or high school diploma.

In fact, according to the State of Ohio's 2016 Poverty Report, Ohioans above the age of 25 who do not have a high school diploma are twice as likely to be in poverty compared to individuals who have obtained at least a high school diploma or GED. It is clear that paving the way to at least obtain a high school diploma is an easy step. We talk about steps, we talk about things we can do. That is an easy step that Congress can take to alleviate poverty.

So I want to go back to the one thing that was said to me time and time again. If we want to get people out of poverty and back to work, we need to at a minimum get them their GED. That is not me saying that, that is all these people that I have talked with.

Does the panel agree, yes or no, a basic starting point would be to make sure TANF dollars used for work credit hours should include hours credited toward getting the individual, those individuals, their GED or high school equivalency? I will have a yes or a no.

Ms. GOLDEN. Yes, and, I mean, it is Mr. Doggett's point that, yes, TANF needs to be able to provide more education. And States need the resources, because they are squeezing down the dollars in total.

Mr. RENACCI. Does everybody—

Mr. ENGLER. Yes. The GED requirements have been upped a little bit. They are more rigorous, and I think that is a really good thing that has been accomplished. So I think the old GED was a little more dubious. But, sure.

Mr. RENACCI. But you have to admit, you can't even get a college education without your GED. You have to start there.

Ms. GOLDEN. There are pathways that will take you directly to the higher education, but TANF isn't well structured to do that either, right now.

Mr. RENACCI. Ms. VanZant.

Ms. VANZANT. I absolutely agree. For any job that is going to pay anything above minimum wage, you really do have to have that basic education. And then there needs to be additional support in the career technical ability to use TANF work requirement times to be able to do those. And a lot of those technical career options that are just above a GED or high school diploma are short-term training that can actually move a person from the minimum wage into a \$10 to \$12 an hour job with less than 6 months of education under their belt.

Mr. ENGLER. You could actually fund this using Federal dollars that are paying for remedial education in college today by stopping

that and saying to the schools, get it right before you send the kids, ill prepared, to college.

Mr. RENACCI. Well, in my district, if you just get your GED and a welding certificate, you can make up to \$60,000 to start. So I think that is—

Mr. ENGLER. Yeah, I don't disagree.

Mr. RENACCI. That is why I keep trying to get away from college education always being the answer.

Mr. ENGLER. It is not, you're right.

Mr. RENACCI. Mr. Bragdon.

Mr. BRAGDON. Yes, I would say I agree. I think it should go beyond just parents on TANF, though, to look at the kind of jobless, nondisabled adults that we were talking about receiving food stamps. As part of that work requirement, training is a piece. And I think you are spot on with the GED as the first critical step for that population as well.

Ms. GOLDEN. And States get resources that they could use, if they were choosing, in fact, to offer those opportunities for the adults that Mr. Bragdon is talking about. Unfortunately, because they haven't chosen to use it, they are not pushing as hard as they could, and so people are without those opportunities.

Mr. RENACCI. Thank you.

Dr. Davis, you are recognized.

Mr. DAVIS. Thank you very much, Mr. Chairman.

I want to thank all of the witnesses for their testimony. And I also want to thank my colleagues because I have heard many passionate, real expressions of concern, directions that will aid us to get where we need to go, as well as experiences with things that have actually worked.

Let me just mention two things that we know. One, we know that one in five children in the United States are living in poverty. We also know that the United Kingdom reduced their child poverty rate by 50 percent in a 10-year period by targeting poverty direction and by implementing specific policies to help low-income families.

I agree with all of my colleagues who have expressed a great desire that people work. I remember the Prophet; Gibran says that work is love made visible. And to me, when you work, it enhances your sense of self, your self-being. So I don't think there is anything more important. But I also remember that every slave had a job. And I believe that every person on Mr. Lewis' father's plantation worked.

Friday of last week, I flipped hamburgers at a White Castle. And I must confess that it took me a while to learn how to do the flip, that I couldn't just go in. And I waited on customers. All of this had to do with National Hamburger Week, and learning and knowing what others do.

And so work is a virtue. But I don't believe, just as Great Britain didn't believe, that work alone was enough to seriously reduce poverty, that it took some other things, such as a livable wage.

I believe every person that is able-bodied, unless they have some impairment other than adequate childcare, or something else that prevents them from being able to get to and from a job, should work. But that alone is not going to do the job.

Ms. Golden, from a more math comprehensive vantage point, based upon evidence-based research, what we have seen work, what does it really take in your estimate?

Ms. GOLDEN. I think it takes several things and you have hit on some of them. It takes, as you say, it takes more than work. One of the important ways we know that is that almost everybody on SNAP now is either working, worked last year or works next year. And most poor children are with someone working. So lots of people who are working are not able to keep their families out of poverty. So you highlighted the living wage and the regular hours.

It also requires, as you just said, addressing the barriers. It requires really paying attention to children's early years. Because those children's experience, their nutrition, their health, their parents' stress, the settings they are in are going to affect them later in life.

It requires help during those periods when people aren't doing well. Great Britain does that, did that way better than we do. And that can be through a child tax credit, it can be through TANF, it can be through nutrition. But you have to have food on the table and a stable place to live. And then the ability to move up afterward. So I think it has those pieces. It is about the jobs and it is about what the family gets.

And I just wanted to correct one fact about Mr. Bragdon's studies. He has presented the 60 percent working rate in the year after as though it were better than what you would have gotten without imposing the time limit. In fact, if you look at the SNAP program nationally, about 80 percent of adults on SNAP work in the year before or the year after. So the study doesn't prove that it got worse because people were hungry and couldn't find a job, but it doesn't prove that it got better.

So to circle back to your point, work alone at low wages isn't enough.

Mr. DAVIS. Thank you very much.

Mr. REICHERT [presiding]. Thank you, Mr. Davis.

Mrs. Noem, you are recognized.

Mrs. NOEM. Mr. Bragdon, did you want to respond to that?

Mr. BRAGDON. Yes, thank you. I want to be clear, this wasn't some made up information. This was looking at the actual Kansas Department of Labor Earnings and Hire Database for the several quarters before the work requirement went into effect and then for a full year after. And this was for 41,000 people. In Maine, it was replicated for 10,000 people.

And the facts are clear. Only one in five individuals were working before. After the work requirement, those moved off welfare, 60 percent went to work within the first year, 50 percent—

Mrs. NOEM. Did they track if they were working full time or part time?

Mr. BRAGDON. They weren't able to track the number of hours, but they were able to track wages. And those wages increased every quarter.

Ms. GOLDEN. And there wasn't a comparison group, so that makes it hard to know otherwise.

Mrs. NOEM. I will reclaim my time.

Because many of you referenced today the need for more resources, I have \$137 billion for you. I am sure that you would like to have that added into the programs to help more people. And it is through improper payments that currently happen through a lot of our programs that we arrive at that total. In fact, almost 27 percent of earned income tax credit payments are made improperly. We have, gosh, that is almost \$40 billion. Social Security income in payments, improper payments of 8 percent, that results in \$4.8 billion. Oh, it's 10 percent of Medicare fee-for-service payments that are almost \$40 billion. That makes \$137 billion that could go to meeting people who have needs, rather than to people who shouldn't be receiving those types of benefits, those that are gaining it improperly.

And I guess that is what I wanted to focus on today because it seems as though I sit here in these committees, and maybe I woke up on the wrong side of the bed today or something, but our point here is to listen to you, to have you give us information, because you have real firsthand knowledge. If we had all the answers today, we could sit here and talk to ourselves. A lot of times, I have sat here and listened to Members of Congress preaching to you. It is our opportunity to learn from you today.

So I want to learn. I have a bill that would reform the TANF program, because we have a lot of States gaming that program. They are using third-party dollars to match Federal dollars, which is allowing them to not have to spend their own funds on TANF spending. And then it also waives the work requirements. And that is very concerning to me. I think we are losing the integrity in the program, we are not helping individuals, we are not helping them by giving them work experience, which is critical to getting them out of poverty.

And that is the biggest challenge that I find in front of us, that we do have States—while I would like to block grant everything to States, we have an oversight role here as Members of Congress. When States aren't doing their jobs and are gaming our systems, we have to change the law to make sure that doesn't happen, because we need the resources in place.

Mr. Bragdon, I would like for you to speak specifically to work requirements, how that is beneficial to individuals. I would like for you to keep it a little bit encompassing as well the fact that so many times we talk about work requirements like it is a bad thing. It is not a bad thing, because we have seen it lift people out of generational poverty. And also I think all of the information and research shows us that Americans support it. It is very popular. And you have something in your written testimony that references that that I would like you to touch on.

Mr. BRAGDON. Thank you very much for the question. I think Congressman Rangel, to quote him, he said poverty doesn't work. The corollary to that is work eliminates poverty. The research is very, very clear on that. And we are not just talking about working part time. The standard for these nondisabled, childless adults was either work 20 hours a week, train 20 hours a week or volunteer 24 hours a month. And it was all about getting out into a work-like experience or training for permanent work, and that really is the key.

I also want to just quickly respond to your comment about improper payments. You know, one of the things we are seeing States really do, and this started actually in Illinois, is stepping up and checking eligibility on a more realtime basis, to make sure that those individuals who are receiving benefits still were truly eligible, so that limited resources could be directed to the truly needy.

And I think that, unfortunately, there have been a lot of Federal rule changes to encourage States to check it once and forget it almost. And what States need to do is make sure those resources are available to the truly needy and get at some of those improper payments you're talking about.

Mrs. NOEM. So I have a different type of question. I come from a State that has very low unemployment. We need a lot of workers that we are willing to train. Frankly, we have great programs that will train these workers. Why won't people move for work? Or do we need programs where money is reprogrammed to help people transition to a place where they can get a good paying job?

It seems to me people aren't as willing to do that. We advertise and advertise nationwide and can't get people to necessarily move for a good paying job.

Mr. BRAGDON. I think it is something that should really be looked at.

Mrs. NOEM. Do you think it is due to welfare programs being flawed?

Mr. BRAGDON. I think that when there are incentives not to work, we know from the research people don't. And what we need to do is have those incentives aligned.

Ms. GOLDEN. A big reason people are moving less has to do with the—

Mr. REICHERT. The gentlelady's time has expired.

Mr. Rice, you are recognized.

Mr. RICE. Thank you, Mr. Chairman and Ranking Member, for holding this hearing today on reducing poverty and increasing opportunity.

I have a little bit of experience in this. I helped to administrate a homeless shelter for 20 years in Myrtle Beach, South Carolina, where I am from. And Myrtle Beach is a really interesting spot, because it is a huge tourist destination, but it is also—it is kind of like the promised land in the Grapes of Wrath. Folks think that, if they come there, they can find a job and everything will be okay. And, you know, there are a lot of seasonal jobs there. And usually when people come in, they can find a job. But it is so expensive to make that transition that we had a lot of homeless people showing up. So we decided we would form our homeless shelter.

And what we did to encourage people to go to work is we said, you can't stay here unless you are either working or looking for work. And we put a limited amount of time on how long they could stay and then we transitioned them into, you know, more permanent transitional housing and eventually they got on their feet, and we had a lot of successes. Not always successes, but we had a lot of successes.

But ultimately—and I always tried to stay away from government money. I didn't want the strings. It made it too hard. You know, my job was to raise the money and to keep the books. And

so I always tried to do it with private funds, with golf tournaments and those types of things, to raise our own money.

But the only permanent solution to this is a job. That is it. We can sit here and—put the polka dot chart back up, please. We can sit here and talk about all these programs, but the truth is that, regardless of the fact that we, you know, everybody wants to make sure that those who need a hand up get it. But the truth is that if you rely on these government programs and you don't transition to work, you will always be in poverty. And it is likely your kids will always be in poverty and your grandkids. Transitioning to work ultimately is the only way out of that trap.

America used to be called the Land of Opportunity, you know, where everybody had the opportunity to get a job. And unfortunately, we have kind of gotten away from that by expanding our government and creating all these new restrictions on business. And we stifled our economy. We shouldn't be surprised that our economy is only growing at 1.9 percent. If we want to solve this problem, we have to get our economy growing again. And the only way to do that, in my opinion, is to make this country competitive.

That is a little off topic. But you have to recognize that it is all interrelated. We won't make America competitive by growing these programs or putting more money in them. That will not do it. You can educate people from now until doomsday. You can get everybody a Ph.D. But if, when they get out of school, there is no job for them, you haven't really accomplished much.

And for too many people coming out of college today, that is a fact. I have three sons that graduated from college in the last 10 years, and I have seen what they have gone through. And I am afraid they won't have the opportunity that I have had if we don't do something about this and get our economy going.

Now, we have very limited resources. One of the things stifling our economy is this enormous debt we have, right? Economists almost universally agree, this debt is a real problem. So we have very limited resources. And we want to use those limited resources in the best way we can to lift as many people out of poverty as we can, right?

Now who here on this panel can look at me with a straight face and tell me that that is the best way we can use our limited resources?

Ms. GOLDEN. I think I would say the best way to use our limited resources is to focus on the youngest children and young adults.

Mr. RICE. Okay, so let me ask you this, because I just asked the question. Do you think that that chart there, those 80 means-tested Federal programs, is that the best way we can use the resources?

Ms. GOLDEN. I can't see the details of the programs, but I know they include programs for veterans and the elderly and the disabled. And I would never say—

Mr. RICE. I am not going to get a straight answer out of you. I only have 45 seconds.

You know, when I first got out of—when I was running for Congress the first time, I went through this little parade in Florence, South Carolina. And the people at the end had little booths set up. I went from booth to booth just shaking people's hands. And I got

to a booth, it was called the Benefits Bank. I thought it was a bank. I didn't know what it was. I started asking, well, where is your bank? What do you do? Oh, no, no, no, we are not a bank. We help people get all the benefits they are entitled to. I said, what do you mean? He said, well, there are so many State and Federal benefits and they are so intertwined that people can't figure out what they are entitled to, so we kind of help them, direct them to everything that they are entitled to.

I told him, well, I am going to make it my job when I get in Congress to put you out of business. Because if that is the way we are doing our benefits, then that is not the most efficient way to lift people out of poverty.

I yield back.

Mr. REICHERT. Thank you, Mr. Rice.

I would like to thank you, the panel, for being here today and providing us with your testimony. And it has taken almost 3 hours now, so we appreciate your time here.

I get a second chance now to talk since they sat me in this chair. So I have just a few things I would like to—some observations I would like to make.

I was a hostage negotiator in the sheriff's office and the SWAT commander. It sounds like kind of a, you know, one of these things. But you have to know when to negotiate, right, and when to kick in the door.

I always believe there is a place where we can find agreement. It doesn't matter if you are a Democrat or a Republican. I don't care. We can find something we agree on and that is the base where we spring from to provide other solutions and ideas that we can agree on for the betterment of the country and the people that live here.

Today someone noted that this is the first hearing in 10 years on welfare reform. So even though some of us may not have agreed with whether or not this chart was, you know, the panacea to solutions to welfare reform or homelessness or education, I think we can all agree that there is need for some change, that there is always room for improvement, that no matter what program we are working on, we are always continually moving forward with new ideas.

I think you also heard everybody has a story. You have CPAs on this panel, you have businessmen and women and nurses and attorneys and doctors, and a sheriff. We all have different experiences that we shared with you. You have your experiences that you shared and those that you worked with. But we are all trying to do the right thing. We want to help people get back to work. We all care.

We agree on early education and intervention, breaking the cycle. I was the lead detective in the Green River serial murder case, if you have heard of that case in Seattle in the 1980s. We solved it in 2001. Fifty-one women were murdered. They came from homes, some of the homes like we talked about today, no education, alcohol and drug abuse, emotional, physical, and sexual abuse at home.

That is where we can make a difference, in those homes, in those children's lives. And, as Ms. Golden said, also by working with the

parents. It has to be in tandem in those cases, but early education, I think, in breaking this cycle and working toward prevention, as the Governor said, physical health, as Ms. VanZant has said, economic health and relationships is absolutely critical. Even those cops on the street have relationships with those young people on the streets and can save lives, even though we hear just the opposite in today's world. That is what police officers really want to do is help.

And I know in working with your organizations, law enforcement is closely engaged in those relationships with churches, families and other social entities.

We all agree there has to be a safety net. It is the trampoline effect that may not be working exactly right. At least that is what I heard from that safety net to the trampoline, to continue up in building your family.

I really agree with the one size doesn't fit all, and I could go into a story that describes that, but I won't.

So the bottom line is status quo is unacceptable. I heard that from the panel today, because too many people need help. There is a need for improvement and change. And we need to come together across this country to make that happen.

So, again, I thank you for indulging me a few minutes to place that thought out there. I would like to thank our Members for being here today and for the passion and compassion that they showed.

Usually, this is a little more rancorous experience, but I think we came together a little bit.

Thank you for appearing before us today. And please be advised that Members may submit written questions to be answered later in writing. Those questions and your answers will be made part of the formal hearing record.

With that, this Committee stands adjourned.

[Whereupon, at 12:46 p.m., the Committee was adjourned.]

[Submissions for the Record follow:]





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

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

**June 6, 2016**

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

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

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

**Our Nation’s Affordable Housing Needs are Vast and Growing**

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

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

**Affordable Housing Improves Lives and Contributes to Local Economies**

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

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

## AFFORDABLE RENTAL HOUSING A.C.T.I.O.N. A Call To Invest in Our Neighborhoods

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

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

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

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

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

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

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

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

### **Congress Should Expand Housing Credit Authority by at Least 50 Percent**

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

**AFFORDABLE RENTAL HOUSING**  
 **A.C.T.I.O.N.**  
 A Call To Invest in Our Neighborhoods

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

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

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

**ACTION Co-Chairs**

National Council of State Housing Agencies  
 Enterprise Community Partners

**ACTION Steering Committee Members**

Affordable Housing Tax Credit Coalition  
 Council of Affordable and Rural Housing  
 Council of Large Public Housing Authorities  
 Corporation for Supportive Housing (CSH)  
 Housing Advisory Group  
 Housing Partnership Network  
 LeadingAge  
 Local Initiatives Support Corporation  
 National Association of Home Builders  
 National Association of Housing & Redevelopment Officials  
 National Association of State & Local Equity Funds  
 National Equity Fund  
 National Housing and Rehabilitation Association  
 National Housing Conference  
 National Housing Trust  
 National Multifamily Housing Council  
 Stewards of Affordable Housing for the Future  
 Volunteers of America

For a full list of ACTION Campaign members, visit [www.rentalhousingaction.org](http://www.rentalhousingaction.org).

*Testimony Submitted for the Record*

*On behalf of*

*Catholic Charities USA,*

*before the*

*House Committee on Ways and Means*

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

*May 24, 2016*

### **Introduction**

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

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

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

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

### **Reducing Poverty and Expanding Opportunity:**

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

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

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

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

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

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

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

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

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

- 3) **Measuring and paying for successful outcomes:** One of the key aspects of improving the response to poverty is to identify programs that work and scale-up these programs to meet the needs of the larger community. Current pay-for-performance programs present opportunities, yet more work needs to be done to better understand how accurate a performance measurement is to a specific social service program. In this effort, CCUSA partners with the University of Notre Dame's Wilson Sheehan Lab for Economic Opportunities (LEO) to match top researchers with passionate leaders in social service agencies to conduct impact evaluations that identify the innovative, effective and scalable programs and policies that help people move permanently out of poverty. LEO is currently working with Catholic Charities programs to help structure impact evaluations on topics including WIC, homeless prevention, and medical respite for homeless individuals, comprehensive case management, senior housing, and community college persistence. The CCUSA network offers the infrastructure to take successful programs to scale through our national scope. The recent passage of the Evidence-Based Policymaking Commission Act is a first step in what we hope to be a fundamental shift in our Nation's ability to measure and respond to poverty.
- 4) **Improving the public private partnership in providing care for those in need:** Catholic Charities and other faith-based organizations play a vital role in supporting our nation's collective efforts to serve those in need. This partnership allows the government not only to support community-driven efforts which understand local needs and concerns but also allows faith-based organizations to leverage volunteer and charity in support of government programs. Support of the charitable tax deduction and respecting the unique contribution and mission that drives faith-based and other charitable organizations efforts allows civil society to play a robust role in identifying needs and meeting those needs in a responsible, caring and effective manner.

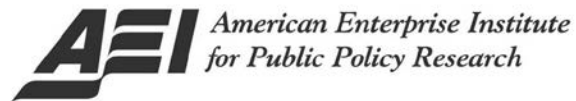
#### Conclusion

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

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







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

## Going Backward on Work

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

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

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

#### **Controversy over Welfare Reform**

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

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

#### **Conditionality**

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

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

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

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

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

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

### **Work First**

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

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

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

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

#### **Longer-Term Evidence**

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

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

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

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

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

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

#### **Problems in TANF**

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

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

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

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

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

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

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

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

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

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

#### **Beyond TANF.**

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

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

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

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

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

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

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

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

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

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

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

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

#### Optimizing Programs

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

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



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

