

Statement of Grant Collins

Senior Vice President, Workforce Development Practice Area for the Fedcap Group

Good afternoon, Chairman Smith, Chairman LaHood, Ranking Member Davis, and distinguished Members of the Subcommittee. Thank you for inviting me to testify on Restoring the Work Requirement to Lift Americans Out of Poverty.

I lead Workforce Development for the Fedcap Group, a company dedicated to improving the economic well-being of those with barriers to employment. I am pleased to be here today, as I wish to offer a few insights from my current role and my former role as the Deputy Director of the Office of Family Assistance, the federal agency that oversees the Temporary Assistance for Needy Families (TANF) program. It was our office that drafted the TANF regulations as a result of the passage of the Deficit Reduction Act of 2005.

In particular, I am here to outline some of the current loopholes that impact the program, to provide some insights regarding the approaches we took in 2005 to strengthen TANF, and to share some recommendations.

Work requirements were a key part of welfare reform in 1996. States must keep at least 50 percent of adults participating in activities like employment, job search, or vocational training. States receive credit toward meeting the 50 percent work rate if they reduce caseloads over time. For example, if a state had an adult caseload of 10,000 in 1997, and reduced it by 5,000 by 2002, its 2003 work participation requirement would have been zero.

Currently, states have utilized a few ways to meet the work requirement that do little to further the objectives of the TANF program. To meet the work participation rate: (1) Some states move selected cases from TANF into “solely state-funded” programs, which are not subject to TANF rules; (2) Others solely state fund enough cases removed from the TANF program each month to meet their own work requirement; and (3), states increase their rates by adding working families from other programs, which are given small amounts of TANF cash assistance in order to count.

While these practices are allowable, they fail to address those with real barriers and need for assistance. In FY 2021, 57 percent of adult TANF cases had zero hours in any work activity for the entire year.

Another key provision of welfare reform is what is called maintenance-of-effort or MOE requirements. MOE makes sure that states continue to invest their own money in the program. The goals of the work and MOE requirements were to solidify the federal-state partnership, and that both parties were financially invested in helping families become self-sufficient.

While the federal government provides actual cash, currently, many more states use “eligible TANF expenditures” to meet MOE requirements rather than actual spending on TANF work activities and supports. For example, a state may decide to provide a scholarship fund for low-income families out of their education department. That expenditure may then qualify as state MOE if it is reported as meeting a TANF purpose, even though the scholarships may not go to TANF recipients.

While this practice is also allowable, if overused, it weakens the federal-state partnership, as states have little “skin in the game” when it comes to moving more of the caseload into activities that lead to sustainable employment.

These are only some of the ways around work and MOE requirements.

It is important to address the full array of current work and MOE requirement loopholes if the goal is to realize more moving into work.

The Bush administration reauthorization sought to strengthen the work requirement and the federal-state partnership. Our reforms initially focused on universal engagement, partial credits, and a higher participation rate. The overall approach was to have as many people as possible participate, improving their readiness for work for most of the time they were on assistance.

The Deficit Reduction Act of 2005 (DRA) defined work activities, required that activities be supervised, and required that states address their internal controls via a work verification plan. We placed an emphasis on healthy marriage and responsible fatherhood by providing grants to states and programs.

We took over 5,000 public comments and met with all 50 states, DC, and territories, as we conducted ten listening sessions to hear from them directly regarding reauthorization, before drafting the final rules. We met with leadership from the American Public Human Services Association (APHSA), the National Conference of State Legislatures (NCSL), the National Association of Counties (NACO), and other groups as a part of the consultation process, along with many other advocacy groups and other stakeholders.

Specifically, we recalibrated the base year for the caseload reduction credit from 1996 to 2005. Far too many states effectively had no work requirement to meet due to the dramatic decline in the caseloads since the mid-1990's, and caseload declines had begun to stall around 2002. States were highly successful at getting people to work in those early years and our policy efforts sought to extend those results by strengthening the work requirement. The Bush reform efforts also continued high levels of support for childcare through the Child Care and Development Fund (CCDF).

The next reauthorization can strengthen work requirements by recalibrating the base year for the credit on a bi-annual basis.

MOE spending can be more directly tied to efforts that reward work and retention, and other work-focused benefits and supports.

More can be done to help those on the caseload, including those with health claims, so they can engage in wellness and other health stabilization activities.

Defining work activities to include evidence-based parenting education, pre-apprenticeships, and apprenticeships can help more families be ready for jobs in the new economy.

States could be further incentivized to focus on outcomes such as job entry, job retention, and earnings increases through enactment of a new high-performance bonus. This could provide an impetus for states to continue to work with those who are employed, to further improve their economic mobility.

Overall, states should be applauded for their efforts at getting people into work. Under new reforms, our nation's social safety net can become the economic trampoline for thousands of Americans who can succeed in work and exit poverty.

Thank you, Chairman Smith, Chairman LaHood and Ranking Member Davis, for the opportunity to testify. I look forward to answering any questions you might have.