

Testimony of Clarence H. Carter
Commissioner, Tennessee Department of Human Services
Hearing of the House Ways and Means Subcommittee on Work and Welfare
On Reclaiming TANF Non-Assistance Dollars to Lift Americans Out of Poverty
July 12, 2023

Chairman LaHood, Ranking Member Davis, and Members of the Ways and Means Subcommittee on Work and Welfare, thank you for the opportunity to testify on potential reforms to the Temporary Assistance for Needy Families (TANF) program specifically and on the broader safety net in general.

My name is Clarence H. Carter. I currently serve as Commissioner of the Tennessee Department of Human Services (TDHS) in the administration of Governor Bill Lee. Tennessee is my last stop in a 32-year career in the administration of public safety net programs and agencies at the federal, state and local levels of government. During that career I have had the blessing and good fortune of serving two presidents, four governors and a mayor in this - my life's purpose and passion.

My career predates the welfare reform of 1996. In 1994, as Commissioner of the Virginia Department of Social Service, I led the development and execution of its 1115 Wavier Demonstration which provided the framework for the state's welfare reform approach: the Virginia Initiative for Employment Not Welfare (VIEW)¹. As such, I have been intimately involved with the intention, design, and implementation of the TANF program since its inception.

I harken back to the excitement and anticipation that accompanied the new opportunities associated with what President Clinton famously described as "ending welfare as we know it." I remember how one of our county agencies installed a bell in the office and every time a public assistance consumer got employment, they would enthusiastically ring the bell. I recount a personal experience when I questioned a consumer about her experience with the new program. She said to me, "When they told me I would have to work, I was scared." She had been unemployed since the birth of her child 15 years prior, and as such had serious concerns about her ability to successfully rejoin the workforce. She recounted how her case manager believed in her and helped her to find a job. She went on to say, "Do you know what I did with my first paycheck? I took my kids out for pizza!" She began to cry. Finally, she said, "Mr. Carter, at the beginning I was afraid but now I know I will never be on welfare again because I know I can do this."

I share those reflections because it is that very inspiration, hope, and vision that drives me every day in this work. Our system of public supports should be about freeing people to act in their own best interest, not making them wards of an ever-expanding and complex public assistance system. It is in that spirit I offer this testimony.

The TANF program, which is the backbone component of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, was built on two fundamentally important principles: work for receipt of benefits and time limits. Work is fundamental because any job that is legal, moral, and ethical

¹ <https://rga.lis.virginia.gov/Published/1999/HD46/PDF>

(and its attendant earnings) creates a pathway beyond dependency. Time limits are necessary to create a sense of urgency for both the consumer and government agencies to create a life beyond the scraps from the public assistance table. Mere subsistence is not enough. Individuals need hope and the ability to determine their own destiny.

While those twin pillars are as important today as they were 27 years ago, and there have been many successes, we have fallen far short of the lofty goals envisioned at the signing of the legislation. That is why the work of the Subcommittee is so important and I am proud and honored to lend my years of experience and service to your efforts.

I would like to focus particularly on what we are currently doing in Tennessee, but before I do - I want to share some of my experiences heading this program at the federal level. In the previous Administration, I served as Director of the Office of Family Assistance, the program office within the U.S. Department of Health and Human Services tasked with administering TANF. Upon arrival in 2017, we saw that there was a significant unexpended balance of TANF funds nationwide (in excess of \$5 billion). We encouraged states to use their unexpended balances to demonstrate ways to grow capacity to reduce dependency of their consumers served through the TANF program. Unfortunately, our encouragements fell flat.

What became clear is that states would need not only a letter of encouragement from the federal government, but a mechanism and additional funding to do so.

It was that understanding that guided us to craft a budget proposal that would provide waiver authority (beyond TANF) and additional funding to support the proposed demonstrations. That budget proposal made it into the last two president's budgets (FY2020 & FY2021). I have attached those budget proposals to my written testimony.

Little did I realize that the next stop in my professional journey would afford me the opportunity to put into practice what I had encouraged states to do during my time at the Office of Family Assistance.

Of the \$5 billion of unexpended TANF monies nationwide, Tennessee had the largest amount with an excess of more than \$700 million. The state had appropriately been getting publicly excoriated for its failure to spend down this surplus which had accumulated over many years. It was not that there weren't eligible families, it was that previous administrations had not been very creative beyond cash assistance in seeking innovative solutions to meet the economic, social and developmental challenges of our consumers.

This brings us to what we are doing with TANF in Governor Lee's Administration, which I believe provides a broad blueprint for safety net reform. Importantly when addressing this surplus, the Governor and Legislature resisted the urge to simply get the unexpended balance out the door to reduce the public pressure. Instead, in conjunction with our Department of Human Services, they designed and executed legislation that would serve families in need and mandate a forced spending mechanism. Over time this mechanism reduces the unexpended balance to a rainy-day fund not to exceed \$191 million (the amount equal to one year of the state's annual TANF block grant award). The second part of the legislation, and most impactful for the Committee, is the authorization of seven large-scale demonstrations aimed at helping families overcome the challenges they face. The legislation was approved without opposition in both chambers of the Tennessee legislature and signed into law by Governor Lee in 2021.

The objectives of the three-year demonstrations are to test unique community-designed, collaborative models for building the economic, social and developmental capacity of TANF eligible families to reduce their dependency on public supports. The seven pilots are testing a wide range of interventions from

remediation of the draconian benefits cliff, to strengthening families by focusing on more intentionally engaging fathers and leveraging and aligning existing programmatic resources to make system navigation more efficient. The results of the demonstrations over the next three years will provide insights into how we will refine our overall TANF model.

Another important component of the legislation is its emphasis on evaluation. It was the stated desire of the Governor and Legislature to learn what works and is most effective. To accomplish this, TDHS engaged an evaluation firm to design randomized controlled trials (RCTs) - the gold standard in scientific evaluation. Interestingly, the \$5 million we spent on our evaluation partner was deemed an ineligible TANF expense by the Office of Family Assistance, and as such had to be funded solely by state dollars. This is an area the Committee may wish to examine in subsequent hearings and future legislation. Allowing states to evaluate their TANF related programs with Federal TANF funds would help to ensure the efficacy of our interventions and improve the lives and experiences of the families we serve.

Tennessee's TANF Opportunity Act provides the foundation for a comprehensive reform of our state's safety net, one that is dedicated to growing capacity to reduce dependency for all Tennesseans. Our efforts in Tennessee work within the confines of existing bureaucracy of TANF law, regulation and policy, and by virtue of that are limited to TANF-eligible families. We would like to propose a bolder vision for the future.

In a chapter titled "A Safety Net for the Future: Overcoming the Root Causes of Poverty"² included in [American Renewal](#), a policy volume published by the American Enterprise Institute, AEI fellows Angela Rachidi, Matt Weidinger, and Scott Winship propose a series of reforms to current safety net programs. Key takeaways from their chapter include:

- The 1996 welfare reform reduced poverty dramatically by putting millions of poor Americans on a path to self-sufficiency, but policymakers have since increased the number of Americans receiving unconditional transfers, often from programs not covered by welfare reforms.
- Policymakers should recast safety net programs to better encourage work and marriage, thereby addressing the key underlying causes of long-term poverty and public dependency.
- Policy should also encourage state governments to promote upward mobility by allowing them to innovate with program design and holding states financially accountable to achieve the aims of antipoverty programs.

I wholeheartedly agree with these findings and feel they provide a helpful outline for future reforms in the TANF arena.

It is clear that we find ourselves at an important crossroads in the history of TANF and our nation's safety net. The work that this Subcommittee is engaged in is vital and can positively impact the lives of millions of Americans. I believe that the interventions we have undertaken in Tennessee offer a framework that can launch the next generation of safety net reform.

In closing, I want to thank you again for the opportunity to share this testimony, and I applaud your courage to embark upon this necessary journey. I can state unequivocally that under the leadership of Governor Bill Lee, Tennessee is dedicated to partnering with you in this effort.

² <https://www.americanrenewalbook.com/a-safety-net-for-the-future-overcoming-the-root-causes-of-poverty/>