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WRITTEN STATEMENT OF
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GOVERNOR ON WELFARE
ON BEHALF OF THE NATIONAL GOVERNORS ASSOCIATION

BEFORE THE SENATE FINANCE COMMITTEE
ON WELFARE REFORM REAUTHORIZATION

APRIL 10, 2002

Mr. Chairman, Senator Grassley, and Members of the Committee:

Thank you for the opportunity to testify today on the reauthorization of welfare reform. We are here today on behalf of the National Governors Association (NGA) as well as our home states of Michigan and Vermont.

Six years ago, we came to you as a bipartisan group of Governors and asked for the opportunity to make broad, nationwide changes to a flawed welfare system. You gave us that opportunity through a bipartisan agreement forged among Governors, Congress, and the Administration called the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), more commonly referred to as welfare reform. This agreement gave us, as Governors, the opportunity to develop innovative approaches to helping low-income families work toward self-sufficiency through a system based on work requirements and time limits.

We thank you for the opportunity to make these sweeping changes and for devolving the authority to administer welfare programs so that we could make decisions at the state and local level. We are here today to renew the bipartisan federal-state partnership that was forged in 1996 and to give you our recommendations for how we can work together toward the next stage of welfare reform. The agreement to enact federal welfare reform was built on a strong bipartisan basis, and we strongly urge the committee to make a commitment to once again reach a bipartisan consensus on how to reauthorize this law.

Governors are proud of the success we've achieved in welfare reform. As a result of the changes we've made in our states, unprecedented numbers of single women with children have moved into the workforce. Welfare caseloads are down by over 50 percent nationwide. Poverty rates are at their lowest in years. The focus of welfare systems has been transformed from check-cutting to comprehensive employment and support with an emphasis on job placement and retention. Fewer individuals are dependent on cash payments and yet a greater number of families are benefiting from programs to help them enter the workforce, stay employed, advance in their jobs, and improve their overall family well-being.

We recognize, however, that the job of helping families attain long-term self-sufficiency is far from over and that many challenges remain. The nation operated under the Aid to Families with Dependent Children (AFDC) program for more than 60 years. Over time, this program grew less effective as families became more reliant on public assistance. In just a few short years of operating Temporary Assistance for Needy Families (TANF) programs, states have dramatically changed their system of public assistance—yet it still very much a program in development. We urge the committee to build on the success that has been achieved thus far and to reject any proposals that would alter the course that states have followed in implementing welfare reform.

NGA Policy on Welfare Reform

At the NGA Winter Meeting, the Governors adopted a policy making specific recommendations for the reauthorization of welfare reform. We will highlight a few of these recommendations and we encourage you to review the complete written policy as well. A copy of the NGA policy is attached and we ask that it be submitted for the record.

We will highlight policy recommendations in three specific areas: flexibility, funding, and program alignment.

Flexibility

The flexibility of the TANF block grant was the cornerstone of the 1996 reforms. The four broad statutory purposes for TANF provide states with significant flexibility to develop and implement innovative approaches to providing assistance to low-income families. This flexibility has allowed 50 different states and territories to operate 50 different programs—and even greater than that—it gave states the ability to allow local communities to develop their own unique approaches to addressing families’ needs at the community level. This flexibility has provided states the ability to use TANF funds for a broad range of services and programs designed to improve the well-being of low-income families.

In addition to the work-based services such as job placement, retention, and advancement assistance, states use the flexibility within TANF for work supports such as child care and transportation, education and training programs, substance abuse and mental health treatment, after-school

programs and teen pregnancy prevention efforts, and family counseling and fatherhood programs—just to name a few. This flexibility must be maintained in reauthorization.

Emphasis on work should continue. One area where state flexibility is critical is within work requirements. Governors believe that the emphasis on work should continue to be paramount in welfare reform. This emphasis on work began years before federal welfare reform was enacted in 1996 through the dozens of waivers requested by Governors that allowed states to develop innovative welfare-to-work initiatives. States continue to build on their proven success of promoting work—as well as retention and advancement strategies—and urge the federal government to build on this success as well.

While states may now know more about what helps prepare individuals for work and succeed in the workplace, the importance of work has not shifted and should continue in reauthorization. Governors support the notion that TANF clients should be engaged in work preparation or employment activities but believe that states should have greater flexibility to define what counts as a work activity. As states work with families on a more individualized basis, many states are finding that a combination of activities on a limited basis, such as work, job training, education, and substance abuse treatment, leads to the greatest success for some individuals. We believe the federal government should recognize the success of these tailored approaches to addressing an individual's needs.

In addition, we believe that states that were afforded flexibility through waivers should have the option to continue or renew these waivers under TANF reauthorization. Restricting this flexibility could greatly curtail the progress made in some states' welfare reform initiatives.

While we have not yet reached a consensus on the specific provisions of the pending proposed changes to the work requirements, we will each speak briefly on how these proposals would impact our individual states. In addition, NGA, jointly with the American Public Human Services Association (APHSA), recently conducted a survey of states to learn more about the potential implications the proposed work requirements would have on current welfare reform systems. Close to 50 states have responded to this survey, and we ask that the document summarizing the results be submitted for the record.

Family formation. We appreciate the approach taken by the Administration to encourage—rather than mandate—state innovation related to family formation. States should continue to have the flexibility to decide how to best develop innovative approaches to strengthening families—through marriage promotion, teen pregnancy prevention, and/or fatherhood initiatives—within the context of their own unique state welfare reform initiatives. Governors would oppose any proposals that would use set-asides to mandate the use of TANF funds for any specific purposes, and we appreciate that the Administration also rejected these proposals.

Other key areas of flexibility. A number of provisions included in pending reauthorization proposals demonstrate the recognition in Congress and within the Administration that the flexibility afforded to states must continue.

Specifically, we support:

- The provision included in the Administration’s proposal that would eliminate the restriction on the use of carry-over TANF funds.
- The provision included in the Administration’s proposal that would provide states the ability to maintain rainy-day funds.
- The provision included in the Administration’s proposal providing states the ability to continue the transfer of funds from TANF to the Social Services Block Grant and the Child Care Development Block Grant (CCDBG).

We also appreciate the inclusion in some proposals’ provisions that would provide states the option to serve legal immigrants with TANF funds.

Funding

We appreciate the Administration’s recognition of the need for continued funding for the TANF block grant. Welfare is no longer simply about providing cash payments to poor families. While we are proud of the significant decline in the welfare caseloads, the untold story is about the significant federal and state resources that are now dedicated to non-cash assistance for low-income families such as child care and transportation assistance—assistance designed to keep individuals working and to prevent their return to the cash caseload. The continued investment from the federal

government is imperative to our ability to sustain this new construct of delivering services to broad populations of low-income families. NGA policy calls for an inflationary adjustment in the TANF block grant. Without an increase, the continued reduction in the real dollar value of the TANF block grant could cause states to shift their focus away from the non-cash assistance services that directly related to the success of welfare reform.

TANF supplemental grants, contingency fund. We also support provisions in the Administration's proposal that would continue funding for both the TANF supplemental grants and the TANF contingency fund. We encourage the committee to consider making changes to the existing contingency fund so that it becomes a viable option for states in times of economic downturn.

Bonuses. We encourage the committee to consider the importance of investing in bonuses as a means to encourage and reward positive outcomes in welfare reform. Governors support the continuation of funding for bonuses and believe that bonuses, rather than penalties, are an effective tool for the federal government to use to recognize state innovation and progress toward achieving the goals of the welfare reform law.

Child care. It is imperative that the federal government continue to recognize child care as a key component of a family's ability to succeed in their transition from welfare to work. Despite significant increases in both state and federal investments in child care, many states continue to face an unmet need for child care subsidies. States must continue to have the ability to use TANF funds both directly on child care and through the transferability to CCDBG. We also believe that funding for child care should continue to be a priority for the federal government.

Program Alignment

States' ability to coordinate federal programs that serve families in need is critical to the next stage of welfare reform. With the advent of welfare reform, states are working to create a more comprehensive system of supports for families. Yet too many barriers exist in federal law that prevent or complicate this coordination.

Food stamps. One example of a federal program where we believe states should have greater flexibility is the Food Stamp Program. While we recognize that the Food Stamp Program is not

within the jurisdiction of this committee, food stamp benefits are often a key support for families as they move toward self-sufficiency and are directly related to the continued success in welfare reform. Despite significant progress in welfare reform, which has provided Governors the ability to develop innovative approaches through the TANF block grant, rules for administering the Food Stamp Program remain prescriptive and inflexible. We encourage members of this committee to work toward reform of the food stamp program. A number of significant changes have been proposed in the nutrition title of the pending farm bill, and we urge your support for these reforms.

Other key programs and expanded waiver authority. A number of other programs are increasingly interconnected with welfare reform initiatives in states, such as child welfare, child support, housing, Medicaid and the Workforce Investment Act. We appreciate the Administration's recognition of the need to break down these barriers to coordination by proposing expanded waiver authority for states. We look forward to working with the committee to develop the most effective ways to eliminate barriers to, and to create incentives for, greater coordination of related programs. We believe states' ability for greater coordination will ultimately lead to an improved system of delivering assistance to our citizens.

Thank you for the opportunity to testify today. We look forward to working with you to renew the historic, bipartisan partnership as we move to the next stage of welfare reform.