

United States Senate

For Immediate Release
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SENATORS ASK GAO TO INVESTIGATE WELFARE CHANGES *Policies from 2005 budget bill may tie states' hands on child care, work opportunities*

Washington, DC – U.S. Senators Max Baucus (D-Mont.), Olympia Snowe (R-Maine), Jay Rockefeller (D-W.Va.), Christopher Dodd (D-Conn.), and Tom Carper (D-Del.) today requested a Government Accountability Office (GAO) study on the effect of recent changes to Federal welfare law. In a letter to U.S. Comptroller General David Walker, the Senators expressed concern about elements of the 2005 Deficit Reduction Act that may have limited states' ability to provide child care for welfare recipients moving into the workforce, and that narrowed the activities that can be defined as "work" as well. The Senators asked Walker for a comprehensive, multiple-state look at how state welfare programs have changed as a result of the 2005 law.

"If changes from the budget bill left our welfare laws less effective, Congress needs to know that and make proper adjustments. Montana has been successful moving people from welfare to work and we want to make sure that every American has the skills and support to compete in the global economy," said Baucus.

"Understanding the impact of the DRA on the federal welfare program is essential to the long term success of our efforts to move more Americans off welfare and into the workforce," Senator Snowe said. **"We can't accurately measure the success of the Temporary Assistance for Needy Families program until we have asked and answered the relevant and important questions."**

"Under the previous law, states were allowed the flexibility to successfully move parents from welfare to work while maintaining basic support for children. I am concerned that the new restrictive changes hinder this flexibility and past progress," said Rockefeller. **"Providing inadequate funds for welfare reform and child care while imposing rigid work requirements is disturbing. As we continue to address welfare reform, we must fully understand the impact it has on our vulnerable children and families."**

"It is vitally important that we help move people from welfare to work," said Dodd. **"But you can't adequately and successfully do that if one hand is encouraging people into the workforce, while the other is taking away critically important services such as child care. It is clear we need much more information as to the impact of these changes and requirements."**

"The landmark 1996 welfare reform legislation moved people from welfare to work with great success," said Carper. **"We need to understand whether the recently passed welfare legislation will have the same impact, or whether new requirements could hinder states' ability to help families move into paying jobs and become self-sufficient."**

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The text of the Senators' letter follows here:

October 31, 2006

Mr. David Walker
Comptroller General
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Walker:

The Deficit Reduction Act of 2005 (DRA) included a reauthorization of the Temporary Assistance for Needy Families (TANF) program, the central element of this nation's welfare reform effort. Under the original welfare reform law, enacted in 1996, we saw a wholesale shift in federal welfare-to-work policies. This shift in policy gave states more flexibility to shape their programs while implementing work requirements that enabled qualified recipients to gain the skills and experiences needed to succeed in the workplace. As a result, many states implemented a "work first" approach to welfare reform, which involved an emphasis on moving recipients quickly into private sector jobs, often using freed-up funds from reduced caseloads for traditional welfare to provide supports for those families engaged in work, such as child care assistance.

The reauthorization contained in the Deficit Reduction Act involves several key changes to the prior law. It explicitly requires federal regulations to define work participation activities, rather than allowing states the flexibility to define them. It expands the work participation rate calculation to include some families in "separate state programs." In our view, the modest increase in funding for child care is insufficient and it is substantially less than what the Congressional Budget Office has estimated would be required to meet the new requirements. The reauthorization also made important changes to the "caseload reduction credit" towards the work participation rate and sanctions policy. All told, TANF reauthorization represents a significant narrowing of the previous legislation.

TANF is composed of a wide array of state approaches to reducing poverty and increasing self-sufficiency. How individual states implement the new DRA provisions will determine whether the new rules will help improve outcomes for families, and especially, children. We request that you conduct a comprehensive assessment of the effects of the DRA on state TANF policies. In particular, we would like to know:

- How are states changing their previous welfare-to-work strategies? To what extent have the new federal definitions changed the work participation activities used by states and, if so, how?
- What changes in child care policy are states making? To what extent have the availability and priority given to families in different situations (such as current TANF recipients versus former TANF recipients and families in need of child care) changed as states implement the DRA?

--1 more--

- How are states implementing the new verification system required for work participation activities and is that new system having an impact on participants work choices/options?
- How are states changing their policies concerning sanctions under TANF, including those towards sanctioned families now covered by the definition of “work-eligible” individuals?
- Are “separate state programs” being altered in response to the new law? If so, what aspects are being changed and how many families are affected and in what ways
- How has the short time-table for implementation affected state planning and programs?

We request that GAO include site visits to a representative mix of states as part of the assessment. If you have questions concerning this request, please contact Diedra Henry-Spires of Senator Baucus’ staff at [REDACTED].

Sincerely,

Max Baucus
Ranking Member
Committee on Finance

Olympia Snowe
Chair
Committee on Small Business and
Entrepreneurship

John Rockefeller
Ranking Member,
Subcommittee on Healthcare
Committee on Finance

Chris Dodd
Ranking Member, Subcommittee on
Education and Early Childhood Development
Committee on Health, Education,
Labor and Pensions

Tom Carper
Ranking Member, Subcommittee on
Federal Financial Management, Government
Information and International Security
Committee on Homeland Security
and Governmental Affairs

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