

**WELFARE REFORM—VIEWS OF INTERESTED
ORGANIZATIONS**

HEARING
BEFORE THE
COMMITTEE ON FINANCE
UNITED STATES SENATE
ONE HUNDRED FOURTH CONGRESS

FIRST SESSION

MARCH 29, 1995



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CONTENTS

OPENING STATEMENTS

	Page
Chafee, Hon. John H., a U.S. Senator from Rhode Island	1
Moynihan, Hon. Daniel Patrick, a U.S. Senator from New York	2
Rockefeller, Hon. John D., IV, a U.S. Senator from West Virginia	38

PUBLIC WITNESSES

Cook, Hon. Mario, former U.S. Senator from Florida, and chairman of the board, Goodwill Industries-Manasota, FL	3
Carleson, Robert B., senior fellow, Free Congress Research and Education Foundation, San Diego, California	5
Michelman, Kate, president, National Abortion and Reproductive Rights Action League, Washington, DC	7
McGeady, Sister Mary Rose, D.C., president and chief executive officer, Covenant House, New York, NY	9
Roberts, Reverend Donald L., president and chief executive officer, Goodwill Industries-Manasota, Inc., Sarasota, FL	11
Rowe, Audrey, executive vice president, National Urban League, New York, NY	13
Young, Penny L., director of legislation and public policy, Concerned Women for America, Washington, DC	15
Bateman, Bishop Merrill J., Ph.D., presiding Bishop of the Church of Jesus Christ of Latter-Day Saints, Salt Lake City, Utah, accompanied by Mr. McMahon, managing director, Welfare Services Program	38
Carr, John L., secretary, Department of Social Development and World Peace, United States Catholic Conference, Washington, DC	41
Cross, Terry L., executive director, National Indian Child Welfare Association, Portland, OR	43
Ferrara, Peter J., J.D., senior fellow, National Center for Policy Analysis, Washington, DC	45
Liederman, David S., chief executive officer, Child Welfare League of America, Washington, DC	47
Richardson, Gwenevere Daye, co-founder, Minority Mainstream, Houston, TX	49

ALPHABETICAL LISTING AND APPENDIX MATERIAL SUBMITTED

Bateman, Bishop Merrill J., Ph.D.:	
Testimony	38
Prepared statement	59
Carleson, Robert B.:	
Testimony	5
Prepared statement	62
Carr, John L.:	
Testimony	41
Prepared statement	66
Chafee, Hon. John H.:	
Opening statement	1
Cook, Hon. Mario:	
Testimony	3
Cross, Terry L.:	
Testimony	43
Prepared statement	68

IV

	Page
Ferrara, Peter J., J.D.:	
Testimony	45
Prepared statement	74
Liederman, David S.:	
Testimony	47
Prepared statement	82
McGeady, Sister Mary Rose, D.C.:	
Testimony	9
Prepared statement	91
Michelman, Kate:	
Testimony	7
Prepared statement	92
Moynihan, Hon. Daniel Patrick:	
Testimony	2
Richardson, Gwenevere Daye:	
Testimony	49
Prepared statement	98
Roberts, Reverend Donald L.:	
Testimony	11
Prepared statement	100
Rockefeller, Hon. John D., IV:	
Opening statement	38
Rowe, Audrey:	
Testimony	13
Prepared statement	113
Young, Penny L.:	
Testimony	15
Prepared statement	115

COMMUNICATIONS

American Academy of Pediatrics	119
Child Exclusion Task Force	121
National Task Force on Violence Against Women	123
Parents for Justice	129

WELFARE REFORM—VIEWS OF INTERESTED ORGANIZATIONS

WEDNESDAY, MARCH 29, 1995

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, DC.

The hearing was convened, pursuant to recess, at 9:30 a.m., in room SD-215, Dirksen Senate Office Building, Hon. John H. Chafee, presiding.

Also present: Senators Grassley, Hatch, Simpson, D'Amato, Moy-nihan, Rockefeller, Breaux, Conrad, Graham, and Moseley-Braun.

OPENING STATEMENT OF HON. JOHN H. CHAFEE, A U.S. SENATOR FROM RHODE ISLAND

Senator CHAFEE. The Committee on Finance will please come to order. We are going to hear today the views of interested organizations on welfare reform. I am pleased that we are having this hearing this morning, and I am presiding in the absence of Senator Packwood, the Chairman, who could not be here, but is following these hearings with the greatest of interest.

One of the things that most concerns me about the action that has taken place in the House of Representatives on welfare reform is that it seems to have lost sight of what it seems to me are our goals are on welfare reform.

Instead of focusing on employability, how to reduce out-of-wedlock births, how to get at the knot of intergenerational welfare dependency, the focus, instead, seems to be entirely on how to save money and give the States maximum flexibility.

These are important issues, but I am not sure—in fact, I am quite sure—they should not be the driving force in reform of the welfare system. So, I am glad today to hear the issues discussed that we will be hearing.

It seems to me the most important tool to have when you are trying to solve a social problem such as the one facing us with AFDC is an ideology, a philosophy.

Unfortunately, we have waited so long to really address the problems of poor families that the problem has taken on, I think we can clearly say, crisis proportions. We have skyrocketing rates of teen pregnancy and out-of-wedlock births, more and more incidence of violence in our schools, and swollen foster care rolls, just to name a few problems.

Now, I do not want to be gloomy about all this, but I do think we are in the midst of a social crisis. What concerns me is that when we are trying to develop an ideology in a time of social crisis the solutions tend to be extreme in one philosophic direction or the

other. I believe it important that we not allow ourselves to be carried away in that fashion. I think, indeed, we should take bold action, but that action should be deliberate and informed.

So, I am particularly pleased that we have with us this morning these distinguished scholars, whom I understand have different views on how to solve the problem, but who each come with an ideology based on knowledge and research of the issues at hand.

So, I welcome each of them and look forward to the testimony. Also, I look forward to an opening statement by the distinguished Ranking Member, the senior Senator from New York, Senator Moynihan.

**OPENING STATEMENT OF HON. DANIEL PATRICK MOYNIHAN,
A U.S. SENATOR FROM NEW YORK**

Senator MOYNIHAN. Thank you, Mr. Chairman. May I just endorse everything you have said most emphatically, and comment briefly that this will be the last of the welfare hearings this year, unless the Chairman decides to schedule more.

So, we would do well to return to first principles, as the Chairman has suggested. And I think he would agree that the first principle of welfare is that we provide for the children.

We will be hearing today from the United States Catholic Conference which, two weeks ago, put out a remarkable statement on welfare, beginning with a strong endorsement of change.

The bishops said, "We are not defenders of the welfare status quo, which sometimes relies on bureaucratic approaches, discourages work, and breaks up families. It is children who pay the greatest price for the failures of the current system. Genuine welfare reform is a moral imperative."

But the conference did not stop there, for its main point was that children must be protected. "For we cannot support reform that will make it more difficult for poor children to grow into productive individuals. We cannot support reform that destroys the structures, ends entitlements, and eliminates resources that have provided an essential safety net for vulnerable children, or permit States to reduce their commitments in this area."

Harkening back to a yet earlier age, I would cite the Hippocratic Oath. Its first principle states, "First, do no harm." On that note, I thank the Chair. I look forward to our distinguished witnesses.

Senator CHAFEE. All right. Fine. Thank you, Senator Moynihan.

Now, would the first panel please come up and take seats? Come right up. Ms. Michelman, Sister McGeady, Reverend Roberts, Audrey Rowe, and Penny Young. Now, former Senator—well, never former. Once a Senator, always a Senator. Once a colonel, always a colonel. Senator Cook is here and he is going to introduce Reverend Roberts. So, Senator Cook, why do you not proceed?

Senator COOK. I am going to sit right here.

Senator CHAFEE. Fine. You sit right there. The others, will you not take a seat? Ms. Michelman, just take any seat right there. That will be fine.

STATEMENT OF HON. MARLO COOK, FORMER U.S. SENATOR FROM FLORIDA, AND CHAIRMAN OF THE BOARD, GOODWILL INDUSTRIES-MANASOTA, FL

Senator COOK. Thank you, Mr. Chairman, Senator Moynihan. It is nice to be up here, although it is much nicer to be home and getting ready to play golf, I have to be honest with you.

I am here as a volunteer. I am chairman of the board of Goodwill Industries-Manasota, which are four counties in southwest Florida. We are a non-sectarian organization. We are the 7-11 of human services, as we call it.

We have given you a little pamphlet that shows you what most of our operations look like. If Goodwill were a public corporation we would be 392nd on the Fortune 500, and that is about \$1 billion.

In our organization, gentlemen, through the efforts of Dr. Roberts, when you walk in the door you become a client. We find that in State Governments—and I would like to talk much longer, but I will not—it does not work that easily.

In State Governments, if you walk in, it takes 3-6 months to determine your eligibility to receive benefits. With us, we can put you to work as soon as you walk in the door. If we do not put you to work, we start our analysis immediately.

We have to tell you that we did an analysis at Goodwill, at our board's request to find out how much it cost us to become a part of securing funds from State Governments and Federal Government, and we found that it cost us \$1.50 to get \$1.00. So, we decided we did not want to be a part of that program anymore and we stopped.

In our 12 locations in the four counties in Southwest Florida, through our department stores, as we call them, the goods of which we pay nothing for, we produced last year \$4,438,000. With the money we received from gifts and straight-out contributions, we had more than \$5 million.

We are here to say that, as a 501(c)(3)—and we owe our 501(c)(3) to the Federal Government because if we did not have it and you took it away we would then have to be a private company, we would then have to have stockholders to pay dividends to, and we would have the Federal and the State Government to pay taxes to, and, therefore, it would seriously diminish what we would have to utilize for putting people to work—we want to borrow \$10 million from the Federal Government. We want to borrow it so that we can maximize what we are presently doing in the State of Florida and in the State of Louisiana.

As you may or may not know, Goodwills are self-contained organizations, almost like franchises. We have what we call Community Training Centers in all of our locations to put people to work. We first put them to work for Goodwill, we then train them in relation to many of the people that we have discussed as to how we can put them to work.

I am presently in negotiations with the Sarasota Memorial Hospital, the largest employer in Sarasota County. We are finding out, because of their turnover, how many people they need, the services they need, and we train them and we hope to become the employer of first instance.

I have to say to both of you gentlemen that I am kind of a product of a Federal program myself. Had it not been for the GI Bill of Rights I doubt that I would have had 4 years in college, that I would have had 3 years in law school. I doubt that I would have had the facilities later on to have five delightful children, who now have nine degrees amongst them.

So, what we want to say to you is, we would kind of like to pay you back. We would like to maximize our services and we would like to put people to work as if we were at that maximum and we could do it now.

Under our present system we can earn enough money in 3 years to build another facility to train people. That would take us some 28 or 30 years to get where we want to go.

By the way, we also—and Reverend Roberts will expound on this—want to borrow it from you so that we can pay you back, but we would like, if you will set any kind of standards, to get credit for the people we put back to work.

So, we call it Loan to Grant. If we perform, then we get the credit for it. We feel that, being in two States, that we also give you a wonderful opportunity to try what you are heading for, if I read the papers correctly, and that is State grants, because once you decide to give this money in grants, each State is going to have its own program, each State is going to do it its way. And we feel that we would like to give you the impetus of a demonstration program to show you how we have succeeded since 1987.

With that, I would like to introduce to you Dr. Donald Roberts, who spent his undergraduate work at Lamarr in Texas, and then went on to Duke University. He has had three churches in North Carolina, three churches in Texas, and since the early 1970's has devoted himself to Goodwill.

It is kind of tough to keep up with him. If it were up to him, if we found every facility in the United States that did not have a Goodwill, he would want to move in.

We feel that by putting people to work for us, first, moving them into the work force as we have done over the years in our program, we have a program for success. We want to offer that program to you. If we fail, we want to pay you back.

Senator CHAFEE. Well, thank you very much, Senator Cook. What I am going to do is take the witnesses in order here. I know you undoubtedly have further commitments, Senator Cook, so if you wanted to excuse yourself that would be perfectly acceptable.

Now, do either Senator Grassley or Senator Breaux have a statement that either of you gentlemen wanted to make?

Senator GRASSLEY. I do not.

Senator CHAFEE. You do not.

Senator BREAUX. No, Mr. Chairman.

Senator CHAFEE. And Senator Breaux, likewise. All right. Fine. Now, let me just outline what we are going to do here today. We have 12 witnesses. It has been my experience in observing panels, always try and get in the first panel because that goes a long time, and then the second panel gets short shrift. So, we are going to try and make certain that second panel, a very distinguished panel, has its share of time. So, in order to do that, we are going to have to move right along with the first panel, not cutting anybody off,

but we have got to move. So we will take them in order as listed in the schedule and just about the way you are seated there.

Your statements are all going to be in the record. We will restrict you to 5 minutes. Please do that. We are not going to guillotine anybody who goes over, but we kind of like to stick to the 5 minutes. You can see the light.

Mr. Carleson, you are first.

**STATEMENT OF ROBERT B. CARLESON, SENIOR FELLOW,
FREE CONGRESS RESEARCH AND EDUCATION FOUNDATION,
SAN DIEGO, CALIFORNIA**

Mr. CARLESON. Yes. Thank you, Mr. Chairman, members of the Senate Finance Committee.

It is very interesting. One of the first times—probably the first time I ever testified before this committee—was on February 2, 1972. I had the great privilege of sitting at this table with Governor Ronald Reagan when he testified before Congress, the only time he testified before Congress while he was Governor of the State of California.

At that time I was his welfare director and I was the main person responsible to him for creating and implementing the California Welfare Reform of 1971 and 1972.

I will quickly indicate that I did not come from a welfare background, I had actually been trained in public administration and had been a city manager in two cities in Southern California, so I came at it from the practical standpoint.

We had found that the welfare system was completely out of control. The policies were so broadened that in California the truly needy—in other words, the people that the system was designed to help, those, who through no fault of their own had nowhere else to turn but the government to meet their basic needs—had not received a benefit increase in 13 years. That was not just Ronald Reagan. Eight years of Pat Brown there were no increases and he was a liberal Democrat, and for the first 4 years of Ronald Reagan there were no increases.

The main reason for this is, the money had been spread so thinly over many millions of people—or in the case of California, hundreds of thousands of people—who were really not in need but had been made eligible, either through broad eligibility requirements and so forth.

I would quickly say that I am going to skip over what was in my statement, but one point I want to make is in my statement. Back in the 1960's when people were saying, we have got to make welfare pay, so let us deduct every month \$30 plus one-third of the gross income, and this will induce people on welfare to go to work. I would have voted for that in the 1960's—1967, it was. But it did not work. In fact, it had the opposite effect.

The fact was, very few, or an insignificant number of welfare recipients went to work as a result of that work incentive, but it made millions more people eligible for welfare. This is one of the reasons for the heavy increases in the late 1960's and the early 1970's.

In 1981, when I became Special Assistant to the President for Policy Development in the first Reagan term, we had the big 1981

Welfare Reform, and it came through this committee and it went through the House as part of the Gramm-Latta.

In that we cut back severely the 30 and one-third so that it was only good for the first 4 months after you would go to work. When the dust cleared, all my conservative economic friends called me and said, what have you done? These people are all going to quit work because of the high marginal tax rate. I said, no, it is my experience they will not.

Well, they did not. Two years later the Triangle Research Institute in North Carolina did a major study on what happened to those people. They did not quit work, they did not come back on the welfare rolls, and they were, in effect, free of the system. The reason I am bringing that up is, it is back again.

Senator CHAFEE. I must say, could you just explain a bit the 30 and one-third, how does that work? Or any variation of it.

Mr. CARLESON. All right. I hope this is not out of my 5 minutes.

Senator CHAFEE. No, we will give you a little extra time.

Mr. CARLESON. All right. When I became welfare director in California I was on a task force in 1970 and 1971. I looked at the mess. There were two problems that related to eligibility.

One, was the work-related expense deduction which was adopted, I guess, sometime in the very early 1960's so that people, if they went to work and they were on welfare, they would not be worse off.

That had been expanded so much administratively by the Department of HEW and by the States that there was tremendous abuse in that system. Well, we could tighten that up as welfare director.

But there was another law that was passed by Congress in 1967 which said, as a further incentive for people to go to work, we will deduct the first \$30 a month, plus one-third of the gross income, and that is in addition to the work-related expenses.

Now, I would have voted for that because I would say that reduces the marginal tax rate. It did not work; it had the opposite effect. That was shown, as you will see in my paper, by a big study that was done in the State of Michigan.

Now, I found that H.R. 3500, at the start of last year—which was actually the House Republican bill at the start of last year—would have reinstated that; not only reinstated it on a permanent basis, but would have increased it to \$200 a month plus 50 percent of the gross income.

It has been my experience that would have caused a tremendous explosion in the welfare rolls and would have been a very costly thing and put many more people into dependence.

I see that the yellow light is on. I have to say, what I have been calling for for 20 some years are clean block grants to the States. Now, by clean, I mean do not put restrictions in there any more than you put in requirements. Let the money go directly from the Treasury Department to the States. Give broad goals as to what you want to attain, such as reducing illegitimacy, not giving cash grants directly to children, some of the other goals, but do not try to spell them out specifically.

Let the States, through State laws, spell them out specifically. Have annual or bi-annual audits so that we will make sure that

the money is spent properly, and then get the Federal bureaucrats out of the way.

If you do that you will not be replacing Federal bureaucrats with State bureaucrats, the State bureaucrats are already there. They are there doing most of their work in dealing with the Federal bureaucracy.

I am convinced that the Governors, who are elected by the same people that elect Senators and the members of the House of Representatives, members of the State Legislatures, are going to do as good a job, if not a better job, than the Federal bureaucrats who are the ones who really write the regulations that implement the laws that you pass.

Thank you, sir.

Senator CHAFEE. Well, thank you very much, Mr. Carleson.

[The prepared statement of Mr. Carleson appears in the appendix.]

Senator CHAFEE. Ms. Michelman, whom many of you know and have known over the years. We are very glad you are here and look forward to your testimony.

STATEMENT OF KATE MICHELMAN, PRESIDENT, NATIONAL ABORTION AND REPRODUCTIVE RIGHTS ACTION LEAGUE, WASHINGTON, DC

Ms. MICHELMAN. Thank you, Mr. Chairman. Thank you very much for inviting me. I appreciate very much the opportunity to talk about this very important issue.

I am president of the National Abortion and Reproductive Rights Action League which, since 1969, has promoted reproductive choices and freedom and dignity for women and their families.

Welfare reform is an enormously complex issue that requires innovative thinking and a willingness to reject quick fixes that are harmful to women and their families, and to the Nation as a whole.

I want, today, to focus on one critical aspect of welfare reform: ensuring that welfare reform policy and programs enable women to take personal responsibility for their own lives, protect the security of their families, and build stronger futures.

Welfare reform must help women realize a future in which they are economically self-sufficient, their families can thrive, and their potential can be realized. Unless we work toward that goal, we will continue to see the consequences of society's neglect, more women and children living in poverty, and more malnourished, neglected, and poorly educated children.

However, the debate so far has ignored these issues and centered instead on policies that I believe would punish women for their reproductive choices and for the high number of out-of-wedlock births.

There are too many out-of-wedlock births, there are too many unplanned pregnancies. But policies that consign women and children to poverty by cutting off assistance, curtailing their options, and punishing them for their choices will simply rob women of their futures and cost the Nation dearly.

Welfare reform must create opportunities for women to envision a life off public assistance. It must provide women with the tools to take control of their lives, build their self-confidence, learn job

skills, seek employment opportunities, and have access to family planning, prenatal care, and child care.

When we invest in women's social development through education and health care we enable them to make responsible, informed decisions about childbearing and their reproductive lives.

A very important way that women do, indeed, take responsibility for their own lives and their families' futures is through making reproductive choices. Whether that choice is to use birth control, to have a child, or to terminate a pregnancy, that choice is made out of a desire to be successful mothers and a caring provider.

I know this very personally, as a woman whose husband walked away from our family and was forced to depend on public assistance. The sole support of three small daughters, I was forced onto welfare to save my family.

At that same time, I discovered that I was pregnant. After very, very deep soul-searching, I chose to have an abortion. Another woman in my position might have decided to continue her pregnancy.

That woman and her children should not be punished because she makes that choice today, as she would be under the House welfare reform plan. It is just as wrong to force a woman to have an abortion she may not want as it is to deny that same woman access to an abortion she may, indeed, need.

There is an urgent and compelling need for welfare reform to improve women's access to health care, including family planning, contraception, and abortion services. Today in America 60 percent—60 percent—of all pregnancies are unintended and unplanned. Among low-income women, fully three-quarters of all pregnancies are unplanned.

It is not hard to see some of the reasons why. Less than half of women who live in poverty are covered by Medicaid and funding for the Federal Family Planning Program was reduced by two-thirds between 1980 and 1990, when inflation is taken into account. Access to safe, affordable, and effective contraceptive care must be a cornerstone of welfare reform. It will help make abortion less necessary and it is sound fiscal policy.

It is important for us to know that every government dollar spent on contraceptive services saves an average of \$4.40 in medical, welfare, and other costs of unintended pregnancies and childbirth.

Addressing the Nation's epidemic of teenage pregnancy is also absolutely critical. Our Nation's teens finally must learn about preventing pregnancy and having access to contraception and abortion. They must understand the risks and responsibility of sexual activity and parenthood. We must educate them better. Teenaged girls with poor academic skills are five times more likely to become mothers by the age of 16, as are teens with average or above-average skills.

Above all, if teens are to postpone sexual activity and pregnancy we must help them develop self-respect and see the potential for a successful future. Frankly, traditional sex education will not work with teenagers who believe that their future holds nothing but hopelessness and despair.

Meaningful welfare reform and compassionate government policies will help reduce the high number of teenage and unplanned pregnancies, move women and children out of poverty, and enable women to take control of their lives.

I was very fortunate to have been able to overcome that crisis in my life, to get off welfare, and to rebuild my family, for whom I was the sole support. I had no support from my husband. That is another issue we could spend 10 hours talking about.

Senator CHAFEE. Well, we spent 10 hours yesterday.

Ms. MICHELMAN. I know. All right. Then we will not talk about that today.

Senator CHAFEE. All right. Now, Ms. Michelman—

Ms. MICHELMAN. Let me, if I may.

Senator CHAFEE. Please.

Ms. MICHELMAN. That is what most women who receive public assistance seek to achieve for themselves and their families. I ask you to help women attain economic independence and to reject punitive policies that destroy women's dignity and jeopardize their health and the well-being of their children by focusing on their education and health. Thank you.

Senator CHAFEE. Thank you very much, Ms. Michelman.

[The prepared statement of Ms. Michelman appears in the appendix.]

Senator CHAFEE. Now, next we have Sister Mary Rose McGeady, president and chief executive officer of the Covenant House in New York City.

STATEMENT OF SISTER MARY ROSE McGEADY, D.C., PRESIDENT AND CHIEF EXECUTIVE OFFICER, COVENANT HOUSE, NEW YORK, NY

Sister MCGEADY. Mr. Chairman and Senators, thank you very much for the opportunity to address this committee this morning as you begin your deliberations on welfare reform.

I believe this is the single most important issue before our country, affecting the lives of millions of our neediest children.

I am the president of Covenant House, the largest privately-funded shelter program for homeless kids, runaway, and throwaway teenagers in this country. We have programs in seven States and have just begun one here in the District of Columbia.

During 1994, we served over 41,000 youth, 5,000 of them pregnant, and mothering teenagers with their babies. I am also a Daughter of Charity and have spent 45 years of my life serving poor children. I live in the Bedford-Stuyvesant section of Brooklyn where many of these poor families live. What I tell you today reflects my own experience and that of the thousands of families with whom I have worked.

The national debate on welfare reform is extremely troublesome to me because of the tone of that debate, which is so punitive; troublesome because I see the growing feelings of frustration in this country which result in a negative attitude toward helping the poor. Poor people are not evil, they are just poor.

We desperately need a realistic approach to reform. It is our collective duty to help these families and to protect and nurture their

children. There must be a partnership among all of us, government, business, the churches, social agencies, and communities.

The young men and women who come to our Covenant Houses have suffered terribly as a result of abuse, drugs, and violence. They are under-nurtured, under-educated, and unprepared for life on their own, but they want to make it the American way.

Our approach is to offer each young person who comes to us job training, a real job, day care for their babies if they need it, and strong counseling toward personal responsibility. I am happy to tell you, our system works.

The task of finding a job is an enormous undertaking for our youth. They only succeed with the help of our staff and volunteers and the generosity of 600 businesses which offer a job to our kids. Not all these jobs, however, pay enough to pay rent, buy food and clothes, and support a family.

Moreover, Senators, you and I know that there is not a job out there for everyone who is willing to work, especially for those who are untrained and unskilled. There must be some bridge to help people get from welfare to work. There simply must be an emphasis on training and on support for those who are able and who want to work but who need help to find a job and keep a job, the ultimate goal of welfare.

It is also essential to address teenage pregnancy, which is at the heart of the welfare debate and grows out of a culture of poverty, violence, and lack of hope in a real future. The delay of gratification for greater and more moral rewards in life holds little value for teenagers who fear death by guns and whose experience leads them to an attitude of, live now, for tomorrow you may be dead.

Pregnant teenagers who choose to have their children want to do what is right for them, but they need help. Any change in the current welfare program which discourages these pregnant young women from having their babies and encourages them to have an abortion is morally unacceptable.

Clearly, we cannot punish the babies because of the actions of their mothers and fathers, but we will be punishing them if we do not help their parents achieve true independence. Essential help in the short run is what will make the difference in the long run.

As Americans we must challenge ourselves. Have we truly done enough as parents, churches, and governments to teach values and responsibility? Let me say loud and clear, Senators, that I believe it is the role of the Federal Government and the role of our State and local governments to offer hope to all our citizens, particularly the most vulnerable.

I believe that we will be judged on what we do for the least among us. The Federal Government must, and should be, the ultimate protector of poor children and families and preserve entitlement.

The young people in Covenant House and the families in my neighborhood are not hearing a message of hope from our government today. They do not believe the State and local government will somehow be more efficient and more compassionate in helping them. That is simply not their experience. Already they see reductions in the services they depend on from their cities and States.

What they do hear, is that the little they have is about to be taken away from them.

In conclusion, Senators, the American people would be wrong to think that young people have no options but welfare. Unfortunately, I see every day firsthand the alternatives that these youth are offered: drugs, crime, and prostitution.

In the short-term, they can make big dollars in these activities and they, and we, pay a terrible price in human life in violence, homelessness, and in prisons. There is no quick solution. We know it, we all face it. We must have the courage, and you must have the political courage, to fix the system in a careful, thoughtful way.

Ladies and gentlemen, you must not, you cannot abandon these children. The Federal Government should not abdicate responsibility by merely transferring all of it to the States. While it may sound like the perfect solution, it is not. It would not be right and just. So, please think long and hard about how you fix the system.

You must provide assurance that protects millions of children who are depending on you. We need welfare reform which will offer services to support and train our youth, put them to work, and help them to support their own families. We must give them hope for a future, a real chance to grasp the American dream. Thank you.

Senator CHAFEE. Thank you very much, Sister, for that excellent testimony.

[The prepared statement of Sister McGeady appears in the appendix.]

Senator CHAFEE. And now Reverend Donald L. Roberts, who was introduced by Senator Cook. Reverend Roberts?

STATEMENT OF THE REVEREND DONALD L. ROBERTS, PRESIDENT AND CHIEF EXECUTIVE OFFICER, GOODWILL INDUSTRIES-MANASOTA, INC., SARASOTA, FLA

Reverend ROBERTS. Mr. Chairman, Mr. Moynihan, members of the committee, thank you for your invitation to be here today, and thanks to Senator Cook for his mellifluous introduction.

Imagine, if you will, an international business with almost \$1 billion of annual earnings, employing 60,000 full-time employees, generating an annual payroll of almost a half a billion dollars, making the American people the following proposition: we will dedicate our total labor force of 60,000 and its annual payroll of half a billion dollars to hire, support, train, and place chronically unemployed welfare recipients nobody else will hire.

Such a business already exists. It is called Goodwill Industries. We are an old friend that you only think you know. Goodwill Industries began in 1902. It was founded by the Reverend Dr. Edgar Helms, a Methodist clergyman, who struck upon a radical notion for his day and for ours.

His experiences among the poor immigrants of South Boston taught him the truth of an age-old idea, that the best way to help people help themselves was not charity, but a chance.

Upon that singular value, Goodwill Industries was born. Ninety-three years later the debate about that value has finally taken center stage here on the Hill and at the White House. Through all these years Goodwill Industries has created jobs, payrolls, work ex-

perience, and placements for chronically unemployed people who needed only a hand up rather than a handout.

First, to quote Tip O'Neill, it was the Irish and other immigrants who saw the signs on all the businesses in 1902 saying, "No Irish Need Apply." Then following World War II, Goodwill Industries took up the task of creating jobs, and work experience, and placements for persons with disabilities.

Then nearing the passage of the Americans With Disabilities Act, Goodwill's national focus shifted to those needing welfare-to-work assistance. Today, Goodwill Industries is the Nation's largest private sector not-for-profit provider of vocational services for chronically unemployed welfare recipients.

The majority of Goodwill's funding comes not from taxes, or the United Way, or from bake sales, but from the sales of the shirts donated off the backs of the American people through Goodwill's convenient donation drive-throughs.

Goodwill Industries is an old friend you only thought you knew. But I do not come here representing those almost 190 autonomous Goodwill Industries that forms Goodwill nationally because that is not my area of responsibility.

I come before you representing the two Goodwills for which I do have responsibility, one in Congressman Dan Miller's Florida district, and the other in Congressman Jimmy Hayes' district in Louisiana.

I come before you to share with you our local Goodwill's innovation in job creation, work experience, and placement services we proudly call the "Job Connection," the picture of which you have before you.

The Job Connection began as an experimental idea in Bradenton, FL in 1987. The idea, based upon 85 years of Goodwill's operating a donated goods business with a social purpose was simply this: location, location, location equals good donation, which equals good sales, equals many jobs, which equals many placements of chronically unemployed people onto full-time competitive employment.

Basing the idea for the Job Connection on that solid business research, our Goodwill Industries board of directors authorized a second mortgage on our existing building and we purchased an existing building on the busiest street in the best location we could find in Manatee County.

Our business plan indicated that the location chosen was convenient for Goodwill's three main target customers: our donors of usable discards, our insatiable thrift store shoppers—we cannot meet customer demand—and our welfare-to-work customers needing jobs, work experience, and placement into unsubsidized competitive employment.

Since 1987 we have expanded and refined our network of convenient Job Connections into 15 neighborhood centers in Florida. In 1990 we replicated the Job Connection model into an area never served by Goodwill Industries, Lafayette, Louisiana. We sent Mrs. Sandra Pergon, the chief executive of our Lafayette Missionary Project there, and she is with us today.

We did this to prove to ourselves and to others the effectiveness and replicability of the business and job creation placement model that we call the Job Connection.

Last year, those combined programs in Sarasota, Bradenton, FL, and Lafayette, Louisiana gave full-time employment for some 200 people, while graduating 400 people from our payroll onto the competitive payrolls of employers in our community.

In our strategic plan for the 21st century our volunteer boards in Sarasota, Bradenton, and Lafayette, Louisiana determined the need to do the following: to fully expand our network of Job Connections to full, assigned market penetration to demonstrate the financial viability of the Job Connection prototype to other Goodwills, to governments, and to foundations, and to demonstrate to government the potential of partnerships with Goodwill Industries and other 501(c)(3)s.

Mr. Chairman, Senator Cook and I are here today asking your consideration and counsel for our request for a \$10 million welfare-to-work demonstration project, Loan to Grant. Our business plan indicates that this amount will fully capitalize to full market penetration our network of Job Connections in Dan Miller's and Jimmy Hayes' districts. This \$10 million investment in Job Connections will double our capacity to give employment, training, and placement for persons in our market area and it will demonstrate to the other autonomous Goodwill Industries and other 501(c)(3)s around the United States the capacity to use good business practices and private sector initiatives supported by local volunteer boards of directors to create business activities, jobs, and placements that will move people from dependency to work-related experiences.

What does this Job Connection do if expanded nationally? Inside, you will find a document and it talks about this. What this does, if we could capitalize this nationally it would create 100,000 jobs, it will create an annual payroll of almost \$2 billion, fully funded by the sale of the shirts donated off the backs of the American people, and it will place over 200,000 welfare people onto the payrolls of other employers without one further dime of government support.

Once these things are capitalized they become the 7-11 of human services, fully funded by the donations of the people in that community.

Senator CHAFEE. I would ask you to wind up if you would, now.

Reverend ROBERTS. We appreciate the opportunity to come before you to lay before you this private sector initiative. We are pleased that we have been able to replicate it in two States and we ask your consideration and counsel where to go next. Thank you.

Senator CHAFEE. Thank you very much, Reverend Roberts. We appreciate that testimony.

[The prepared statement of Reverend Roberts appears in the appendix.]

Senator CHAFEE. Now we will hear from Ms. Audrey Rowe, executive vice president of the National Urban League of New York City. Ms. Rowe, we welcome you.

**STATEMENT OF AUDREY ROWE, EXECUTIVE VICE PRESIDENT,
NATIONAL URBAN LEAGUE, NEW YORK, NY**

Ms. ROWE. Thank you, Mr. Chairman, members of the committee. As Executive Vice President of the National Urban League, I appreciate the opportunity to offer the National Urban League's

perspective on what we believe should be the ultimate goal of reforming our social welfare system and what steps we, as a Nation, should undertake to achieve that goal.

The National Urban League brings to this debate its rich history of 85 years of experience through its network of affiliates working to overcome poverty, racial discrimination, and lack of decent paying jobs. We are a non-partisan, national social service and civil rights organization with 113 affiliates in 34 States.

We recognize the need to reform welfare. We believe that the welfare reform debate is fundamentally an economic self-sufficiency issue. Therefore, it is crucial that approaches to reform integrate welfare and workforce policies. The public policy debate must be about preparing and enabling all citizens to participate productively in a changing global economy.

As a former Commissioner of Social Services, both here in Washington, DC and most recently in Connecticut under Governor Lowell Weicker, who is a former member of this very distinguished body, I can say that we believe firmly that we must link the employment and the welfare debates; both are about workforce development.

As an administrator of welfare programs, through the years I have always felt that our population, as it related to employment and training programs administered by other agencies, were considered damaged goods. They were not aggressively trained and marketed so that the jobs that they could achieve, jobs that paid a decent living wage, were within their reach.

It is important, therefore, that we bring together both the Finance Committee and the Labor and Human Resources Committee to talk about our policies as they relate to workforce development.

Only the welfare Jobs Program focused its attention on preparing welfare recipients for employment, and often those programs were under-financed and we were not able to provide the services that were necessary to ensure the training and the placement.

In addition to bringing this debate together, we also feel that there need to be some guiding principles as you move forward in fashioning a welfare reform policy. In Connecticut I was responsible for designing our welfare reform initiative and developing guiding policies which helped us to orient our staffs.

If we are changing our policies and directions, we also have to worry about re-engineering our systems. I think the Congressional Budget Office report on the ability of States to quickly move forward and embrace these changes is actually on the mark.

We also think that any welfare reform strategy has to have a job creation strategy as a part of it, and perhaps a job creation strategy that includes rebuilding the infrastructure of many of our communities.

We need to create incentives for States, public sector, and private sector organizations to design real job creation activities. Not just work activities, but real jobs that pay living wages.

In Connecticut, I was very pleased to be a part of designing a subsidized Jobs Program which provided subsidies to employers for 6 months if they committed that they would hire the individual at the end of that six months.

What this individual was able to get was the training, and the employer was able to get a worker who could help him achieve his business goals, who arrived with their health insurance and expenditures an employer did not have to make in that first 6 months, but then had to pick up.

The second component was a bonus for recipients who went out and found their own jobs. And, I will say, we were very surprised that in the beginning a majority of the individuals or the participants in the programs were individuals who went out and found their own jobs. They had something to offer an employer when they walked through the door.

Over the past 21 months, this program has employed over 5,000 people; clearly, not to scale, but it has the ability to be brought to scale. We also think that the entitlement nature of our program is essential if we are to ensure that basic human needs are met.

If we move to block grants we must have standards, standards as they relate to work activities, and standards as they relate to job placement, and certainly job retention. Having someone cycle in and out of a job because they are ill-prepared is not a good welfare strategy.

We need to be able to provide transitional services and measure the States' ability to do that. We need minimal standards across all States so that everyone does not race for the bottom, to the least expensive program.

Finally, we need to train our workers. Our workers have focused over the years on making individuals eligible for the program. Now we are saying, work is important. Our workers need the training so that they can refocus their thinking and recreate an environment that says, when you apply in this program, you are applying for a job.

The National Urban League stands ready to work with you and members of the Committee, as well as members of the Labor and Human Resources Committee, to fashion a system of economic self-sufficiency that incorporates these concerns.

Thank you very much.

Senator CHAFEE. Thank you very much, Ms. Rowe. I appreciate your testimony.

[The prepared statement of Ms. Rowe appears in the appendix.]

Senator CHAFEE. Now Ms. Penny L. Young, director of Legislation and Public Policy of Concerned Women for America. I am glad you are with us, Ms. Young.

STATEMENT OF PENNY L. YOUNG, DIRECTOR OF LEGISLATION AND PUBLIC POLICY, CONCERNED WOMEN FOR AMERICA, WASHINGTON, DC

Ms. YOUNG. Thank you, gentlemen, for the opportunity to address you today. I am Penny Young, director of Legislation for Concerned Women for America, and I am addressing you today on behalf of Dr. Beverly LaHaye, the president of CWA, and also our over 600,000 members nationwide.

Concerned Women for America represents women who strongly support efforts to reform our current welfare system, for it is a system that has created the culture of illegitimacy that has wrecked the lives of millions of women and children.

I appear before you today not only as a representative of CWA, but also as someone who is personally concerned for Americans trapped by dependency on welfare, especially young people. I spend time weekly as a volunteer for a group called Urban Young Life, and also Strategies to Elevate People here in inner-city Washington.

I have come to know and love many of these children personally. The devastating effects of welfare in their lives is clear. Fathers are nowhere to be found in these children's lives because the government has paid them not to be there. We now have a generation of children who have never experienced a traditional two-parent home.

According to researcher Deborah Dawson, children without fathers, especially young boys, suffer greatly and profoundly in many ways. They are more likely to stay poor, to have behavioral problems, to commit suicide, to become sexually active as teens, to use drugs, to have learning problems, and to either participate in, or become a victim of, crime.

Finally, children in the welfare system are three times more likely to stay on welfare than other children when they become adults. Thus, we have the bitter cycle of welfare dependency and hopelessness. It is the current system that is punishing children, not the reform efforts to end the culture of illegitimacy.

Although these statistics paint a grim picture of a cultural crisis in America, there is still hope. America does not have to continue down the same path. Concerned Women for America believes that Congress' first priority should be to break the cycle of welfare dependency.

CWA proposes a two-pronged approach to this overwhelming problem. First, the government must step back and then allow citizens to step forward. To begin, CWA applauds the House of Representatives for its passage of the Personal Responsibility Act. The Federal Government must cap the growth of welfare and other spending.

CWA supports the so-called family cap, in which government stops encouraging out-of-wedlock childbirth and subsidizing irresponsible choices. The provision to end cash incentives to unmarried teen mothers and cap additional benefits to mothers having additional children while on welfare is necessary to break the cycle of dependency. This cycle has devastated families and children and discouraged marriage and self-restraint.

Funds should, instead, be sent to the States as block grants to be used in a morally, sound, and wise manner. Block grants can be used for specific services such as adoption services, abstinence education, maternity homes, and to aid individual situations which are best understood at the State level and where accountability is more possible. CWA opposes government funding for abortion.

CWA also strongly supports paternity establishment as a requirement for receiving welfare funds, with only a few exceptions allowed. Although this provision has been watered down greatly in H.R. 4, CWA would recommend a Senate amendment to restore the original language. Paternity has not been established for nearly 30 percent of the children on the welfare rolls.

Society must demand that fathers shoulder the responsibility for their children. Uncle Sam's meager attempts at fatherhood have only created a society in which young men escape their responsibility as father and breadwinner and too often enter a world of joblessness, drug use, and crime. Restoring fatherhood in this country is good for children and for women who often struggle to raise their children alone.

Finally, as the foundation to a healthy future, governments should work to encourage marriage, not undermine it. Welfare has transformed marriage from a legal institution designed to protect and nurture children into a decision that penalizes low-income parents. However, marriage is the best legal institution to protect and nurture men, women, and children. Government should offer an incentive to marriage, tax credits to parents.

Now, the second part of reform, after the government steps back, it is time to give the freedom and incentive for private citizens, churches, and community groups to step forward and take on the responsibility of combatting poverty.

As individuals, CWA volunteers throughout the country are involved in helping families in crisis. They work through churches, societies, and one on one, for it is the churches and the loving volunteers that are America's best weapon against out-of-wedlock pregnancy and family disintegration.

The Federal dole has discourage people in crisis from turning to sources that can offer not only cash assistance, but also moral accountability. It is far easier to turn to government to receive a no questions asked check than to turn to the moral authority for assistance.

Welfare has kept people from turning to church-run charity that holds people accountable and encourages responsible behavior in the future. Children need relationships, not just a handout.

Senator CHAFEE. Thank you very much, Ms. Young, for that testimony.

[The prepared statement of Ms. Young appears in the appendix.]

Senator CHAFEE. I just want to ask a quick question to each of the panelists. Just answer it briefly.

In the House bill, as I understand it, there is a provision that would deny support for children born to those on welfare. I want to know whether you think that works as a discouragement or not.

Mr. Carleson?

Mr. CARLESON. Mr. Chairman, members of the panel—

Senator CHAFEE. Just give us a rapid answer, if you would, please.

Mr. CARLESON. All right. Well, first of all, I think there are a lot of good principles that are in that bill, things that if they are handled properly and they are looked at properly and done at the State level, and debates can be had at the State level, you can do it. But I would take all of those out of the bill. I would take out the restriction against the cash grant directly to the teenage pregnant mothers—

Senator CHAFEE. In other words, that does not give the Governors the flexibility that they are all asking for.

Mr. CARLESON. That is right. I think that a lot of the things that are in there, things that should be looked at and done, that those debates should take place in the State capitals.

Senator CHAFEE. I see. Fine. I want to poll everybody here.

Ms. Michelman, please.

Ms. MICHELMAN. The simple answer is, no, it is not going to discourage young women from having children. They do not have children in order to gain more public assistance. That is a myth. I do not understand why we keep buying into that myth. It could, in fact, encourage some women to have abortions they may not want.

And, as I said in my testimony, it is as wrong for women to be forced into having an abortion they may not want as it is to deny women access to an abortion they may need, Senator. So, I think the whole premise is wrong and it is a punitive policy.

Senator CHAFEE. Fine. Thank you very much.

Sister Mary Rose?

Sister MCGEADY. My answer is no also. I also agree that poor women do not have babies for money, they have babies because they want them. I do not see the provision as deterring further pregnancies.

Senator CHAFEE. Reverend Roberts?

Reverend ROBERTS. In this specific case, I agree, the answer is, no. In the general case, I find that human beings do tend to do things that are consistent with their own best economic policies.

Senator CHAFEE. Ms. Rowe?

Ms. ROWE. Clearly, the answer for us is no. I think the evidence thus far in the States where you do have that policy in existence has not demonstrated that it has a deterrent effect.

Senator CHAFEE. Ms. Young?

Ms. YOUNG. The answer for us is, yes. I believe that this will encourage people to turn, instead of to the Federal Government for meeting their needs, to people that can really help them and to outside organizations.

Senator CHAFEE. Fine. Thank you very much.

Now, the words "breaking the cycle of poverty" come up frequently in the discussions, and I think every single one of us supports that. Let me present you with the following situation, and tell me how we should handle it.

The situation is an inner city. A seventh grade group of students who are from single parent homes—the mother is the single parent in nearly every instance—and they are obviously low-income, by definition. I presume that that would fit the profile.

If you analyzed a class you would find that there would be drop-outs, that the girls would present a far greater chance for teenage pregnancies than another class of perhaps those where their parents were at home and the welfare situation was not there. The boys have, I presume, a higher chance of getting involved with crime, drugs, and all those difficulties.

Now, what do we do? What do we do now to prevent this cycle of poverty that inevitably is going to come about, it seems to me, from the profile of this group of young seventh graders? We can save them perhaps, but I am not sure how. How, Mr. Carleson?

Mr. CARLESON. Senator Chafee, I hope you can hear me out for just a second. I have heard hearings before this committee the last

several weeks. My old friend, James Q. Wilson—I went through school with him. He is a friend of Senator Moynihan's. None of us has the answer. Senator Moynihan does not have it, James Wilson does not have it, I do not have it. I do not know of anyone who really has the answer to your question, sir.

That is why I am saying that one of the best things about these block grants to the States is, we can watch these 50 States try to solve these problems and they will do it in different ways. Some of them are going to work, and some of them are not going to work. But the ones that work will be copied by the States where it does not work.

Senator CHAFEE. Ms. Michelman.

Ms. MICHELMAN. Senator, I agree that we do not have the silver bullet answer here, but I do know that, if you look at the variables affecting those teenagers' lives, hopelessness and despair is around them everywhere.

Each of us talked about the importance of zooming in on these kids to build life skills, job training, build self-esteem, enable them to believe that there really is a future out there that warrants their delay of sexual activity and pregnancy, job creation opportunities, meaningful jobs that give them a sense that they can, indeed, be economically self-sufficient.

If we do not create hope, options, a program for them and the ability and the tools for them to take advantage of those options, they will continue to replicate or repeat the cycle of poverty.

So, it is a complex set of interventions that we have to engage in. One, is believing in the human potential of these individual teenagers and developing that human potential, and then offering them their options.

Senator CHAFEE. Sister Mary Rose?

Sister MCGEADY. The two things that are not on your list that need to be on your list if we are going to make a difference are a father and a job.

Senator CHAFEE. Yes, but we cannot provide that father.

Sister MCGEADY. No. But it is going to take time. It is a gradual approach. Maybe you cannot change this family if you keep all of those variables just like they are. But if we can begin to provide a meaningful job for the boys in this situation so that there is some hope for them to live out some values of getting married and having a family, then we can begin to turn it around. But it is going to take time. It is not going to happen overnight.

Senator CHAFEE. All right. Thank you, Sister.

Reverend Roberts?

Reverend ROBERTS. My answer is a fairly simple one, and that is to give that son a mamma to be proud of. I say that by telling you a quick story that we shared over—

Senator CHAFEE. My time is up here and I have got a group to go. So, make the story short, if you would, please.

Reverend ROBERTS. The story simply is, one of our employees who had been on welfare all of her life came to Goodwill Industries in Lafayette, Louisiana and has a job, and went through a very angry period, which is very typical. But she commented this last week that the thing she was most proud of is that her children are now proud of her because she was working. That is my answer.

Senator CHAFEE. Ms. Rowe?

Ms. ROWE. Senator, I think we need to invest in youth after-school programs and programs in the community where young people have caring adults in their lives, where they can get reinforcement from these programs in the instructional learning that takes place.

Many of us sitting in this room are successful because we had places to go, we had role models and people to relate to, and we had nurturing environments. We need to create that in our communities while we are finding ways to identify jobs and fathers for many of these young people.

Senator CHAFEE. Thank you.

Ms. Young?

Ms. YOUNG. Well, first, I would say that the Federal Government cannot create hope. That comes from outside the government. What you can do is work to reduce illegitimacy that traps so many of these children.

Research by Dr. Richard Freeman of Harvard University showed that black inner-city youth who have religious values are 47 percent less likely to drop out of school, 54 percent less likely to use drugs, 50 percent less likely to engage in crime, and much less likely to become sexually active. That is the hope.

Senator CHAFEE. Fine. Well, thank you very much.

Now, in order of appearance, Senator Moynihan, Senator Grassley, Senator Breaux, Senator Conrad, Senator Rockefeller, Senator Graham.

Senator MOYNIHAN. Thank you, Mr. Chairman. I would say to Ms. Young that what Freeman found in his work was sort of a good Methodist prescription. I think Dr. Helms would have agreed.

Dr. Roberts, again, we cannot get into this at this moment, but your request is a perfectly reasonable one. It is endorsed by Senator Cook. Senator Breaux has been working in areas with this in mind and we heard you.

I would like to ask the panel a question in the same manner that Senator Chafee did. The proposal we have from the House takes away the national entitlement of children for support that was provided under Title 4(A) of the Social Security Act in 1935, the Aid to Dependent Children Program, which was changed in 1939, to Aid to Families with Dependent Children.

There has been since that time an effort to distinguish between what is national and what is local. In this morning's Washington Post, David Browder cites Richard Nathan. I am sure Dr. Carleson knows Dick Nathan, who worked with Governor Rockefeller, and then came down to work with President Nixon.

He says, "The Nixon Administration sought to decentralize responsibility for services like education, job training, community development, and law enforcement, for which conditions and needs vary among communities and where local decision making was felt to be especially important."

He continues saying, "But it sought further centralization of safety net programs where "national action ensures that benefits are uniform throughout the country and not subject to the shifting political winds of 50 State legislatures."

As Nathan notes, when Nixon tried in vain to persuade Congress to enact a national system of uniform cash welfare payments, he argued it would empower individual recipients and be cheaper to administer.

Ronald Reagan, as Governor of California, fought the Nixon plan. Ronald Reagan fought the Nixon plan, the Urban League fought the Nixon plan. As you know, Ms. Rowe, they opposed it.

So, you had left and right. When you are caught between left and right the only way to go is down, and that is what happened.

In what time I have could I ask, do you think we should retain the entitlement status of Aid to Dependent Children?

Mr. CARLESON. No, sir. I feel very strongly. You know I was there in 1972—

Senator MOYNIHAN. You were, sir.

Mr. CARLESON [continuing]. With Mr. Reagan, and we did fight that plan. It is interesting that Mr. Haldeman, in his book, said that President Nixon really was not for it, he was just using it as a way to get votes for the next election. But I do not know how true that is.

Senator MOYNIHAN. Yes or no.

Mr. CARLESON. But in any event, no. The thing is, people are different. When Senator Chafee asked that question—

Senator MOYNIHAN. Your answer is no.

Mr. CARLESON. The answer is no.

Senator MOYNIHAN. I have got 20 seconds.

Ms. Michelman?

Ms. MICHELMAN. I think block grants—let me say I worry—

Senator MOYNIHAN. Entitlements, we are talking about.

Ms. MICHELMAN. Entitlements. We have to be sure that there is a uniform concern nationwide for those most in need.

Senator MOYNIHAN. Uniform concern or uniform standards?

Ms. MICHELMAN. Standards.

Senator MOYNIHAN. Standards.

Sister Mary?

Sister MCGEADY. My answer is, yes. I think the Federal Government has a responsibility to protect all children, and one of the simplest ways to do it is through an entitlement.

Senator MOYNIHAN. Thank you.

Reverend Roberts?

Reverend ROBERTS. My answer is, no.

Senator MOYNIHAN. That is a no.

Senator CHAFEE. The question was, should we have entitlements or not?

Senator MOYNIHAN. Yes. Should Title 4(A)—

Senator CHAFEE. So the answer, yes, means for entitlements.

Senator MOYNIHAN. Keep the present entitlement.

Ms. Rowe?

Ms. ROWE. Yes, we think it is a matter of national interest that we maintain the entitlement nature of these programs.

Senator MOYNIHAN. Ms. Young?

Ms. YOUNG. No. Washington does not have the monopoly on compassion. Let the States take care of it.

Senator MOYNIHAN. But is there not a case to provide a uniform provision for children?

Ms. ROWE. Yes. Absolutely.

Ms. YOUNG. Yes. Yes, indeed.

Mr. CARLESON. No. We could argue this.

Senator MOYNIHAN. Anybody who went to school with Jim Wilson is a contrarian from—[Laughter.]

Senator MOYNIHAN. Thank you, Mr. Chairman.

Senator CHAFEE. Well, you have got more time here. Keep going.

Senator MOYNIHAN. Well, I just want to make the point, what an extraordinary proposal we are dealing with. There was a time when a Republican President could propose a guaranteed national income and the Urban League would say it was not enough, and Mr. Reagan and others would say it was too much, and so we got nothing. Here we are, 20 years later, not much wiser but certainly sadder.

Thank you, Mr. Chairman.

Senator CHAFEE. Senator Grassley.

Senator GRASSLEY. Following up on that, the four of you who said that we should maintain the entitlement, I want to know whether or not you agree with the President when, in the State of the Union message this year or last he stated that a teenaged mother should not be able to maintain her own household. In other words, she should be under supervision in a group home environment or in one of the parents' homes, for support and leadership at this very crucial time in her life.

I want to know if you agree with the President on that point. Just in case you disagree with the President, then I want to know how far from 18 years down do you go to allow somebody to set up their own household. Would you go to the point of the two 10-year-old mothers in South Carolina last year that gave birth to a baby?

Ms. ROWE. Well, I can certainly speak to it. Not only do I agree with the President, but I proposed legislation in my first term as Commissioner of Social Services in Connecticut to achieve just that, to ensure that young women lived in supervised living situations.

The reason I did it was due to the experience of talking to young women who were not in supervised living situations and the experiences that they had, being preyed upon by older, primarily males, having their benefits taken from them. They needed the protection of a supervised living situation and we passed that.

Senator GRASSLEY. So that would be anybody under 18 years of age.

Ms. ROWE. Absolutely.

Senator GRASSLEY. Yes, Sister?

Sister MCGEADY. I would agree that there should be a supervised environment for pregnant or mothering teens under 18. We have hundreds of them in our Covenant Houses. We find that they are responsive to the counseling and direction that we give them. We certainly teach abstinence and it is very rare that one of these teenaged girls has a second baby under our supervision. We feel they need direction and guidance.

Senator Grassley.

Ms. Michelman?

Ms. MICHELMAN. I would agree, they do need supervision and guidance. I think you cannot answer it generally; every situation is different. But I think we all agree they need supervision and

guidance. I certainly do not believe that two 10-year-olds who had babies, which is tragic, should be left on their own, obviously. These are very complicated issues and I do not think there is a quick fix.

Senator GRASSLEY. All right.

I assume the other two who are for block grants agree with that point. All right. I think we have a consensus then among this panel that we should not give support for people under 18 years of age setting up their own household, or at least being in a non-supervised position.

Ms. MICHELMAN. I would say, Senator, I think there could be some exceptions to that. I would not accept that a 17-year-old who may be in a very difficult home situation necessarily cannot be supported to—

Senator GRASSLEY. I am not saying that either. But you would say they should be in a group home environment or someplace where they get some supervision.

Ms. MICHELMAN. They need support and guidance.

Senator GRASSLEY. All right. We have had decades of where there has been that entitlement. So, we are talking about at least modifying the entitlement to that extent.

On the point you made, Ms. Young, about the Freeman research, how do you see that impacting upon welfare reform as a matter of Federal Government policy?

Ms. YOUNG. Well, I think any Federal Government policy needs to attack the root cause of the problem and not—

Senator GRASSLEY. Well, we cannot teach religion at the Federal level.

Ms. YOUNG. No, sir. And I am not recommending that by any stretch of the imagination. That can only come from outside the government. That is exactly my point. I think any Federal policy must attack the root cause, often of children being trapped in the system, and that is out-of-wedlock birth.

Then outside organizations need to work. Dr. Marvin Olasky, from the University of Texas, quoted social reformers of the 1900's that said, "True philanthropy must take into account spiritual, as well as physical, needs." That cannot come from the Federal Government, it needs to come from outside of it.

Senator GRASSLEY. Yes.

Following up on that, Sister Mary Rose, would you tell me how the government might be able to support churches and the charitable community in their efforts to teach values and responsibilities, which obviously you believe very strongly in and I compliment you for that.

Sister MCGEADY. Well, I believe that if we do not teach values and responsibility we are not going to succeed in this effort. I am not sure that the Federal Government has to be the one that helps churches do that, but that the local communities have to support the kinds of teaching in our schools that will restore a values orientation to our kids.

Senator GRASSLEY. All right.

To follow-up on that, for clarification—and I do not disagree with anything you say—but we are here trying to get a connection between the Federal Government's roles or the State Government's

roles in welfare reform and the importance of teaching values, as you say. How can the Federal Government be supportive of that effort, as you have seen it from your perspective?

Sister MCGEADY. Well, the Federal Government funds a lot of programs in this country. If those programs can be encouraged to take a values orientation in the work that they do, I think that is the way it will happen.

Senator GRASSLEY. Mr. Carleson, as my last question, what do you consider to be the main detriment for continuing Federal control over welfare programs?

Mr. CARLESON. The fact that each individual family has a different reason for being in need, it is just like medicine, like a doctor. Any doctor cannot prescribe things from Washington, or even from Sacramento in California.

If you are going to really find out what is wrong with that family you are going to have to look at them individually, and you can only do that at the local level. The Federal job is to get out of the way, move it to the States, and then if I were at the State level in California, I, in turn, would turn most of it over to the counties.

Senator GRASSLEY. Thank you, Mr. Chairman.

Senator CHAFEE. Thank you, Senator.

Senator Breaux?

Senator BREAU. Thank you, Mr. Chairman. I thank the panel for their testimony. I am only sorry that former Senator Marlo Cook did not stay with the panel. I wanted to question him on the benefits of living in South Florida.

The argument, to a certain extent, in many of the forums we work on, is whether we are for block grants or not. I think that really is the wrong argument.

The problem is big enough for both of us to be involved in solving it, both the Federal Government and the States working together. I think it is really foolish to argue about who gets the problem, we both should be involved in trying to construct a solution to a problem that clearly, I think neither the Federal Government nor the States can do alone.

I mean, some of the arguments I have heard on block grants are, yes, we want block grants but we are going to require work; we want block grants but we are going to require education and training; we want block grants but we are going to require entitlements; we want block grants, do not tell us what to do, but send us the money. I mean, the real argument should be, how do we work together to try to find the correct solution to the problem?

Let me ask Ms. Michelman, and maybe Ms. Young, to respond to a question I have. If anybody else has a thought on it, I would appreciate it.

In the House-passed bill, one of the provisions, as I understand it, cuts off assistance to babies, children, who are born to teenage unwed mothers. Some argue that that provision that takes away any financial assistance encourages that teenaged mother to consider the option of abortion more than she would consider it if the money were still coming to that child.

I am trying to figure out whether that is a realistic concern or not and would like your thoughts on it. Ms. Michelman?

Ms. MICHELMAN. Well, I do not believe that women of any age have children to achieve a monetary gain, first of all. Women have children or decide not to have children for a lot of other reasons. But here is how it looks. The proposed policy by the House, as it currently establishes, does not support women's full reproductive choices. It denies women who need health care through the government the access to abortion. If she chooses to have a child, then it denies here funding and support for that child. It is a crazy policy. I do not know what it is based on.

The fact is, some women could be encouraged—some, not all, and I do not think even a large number, to be honest, but there could be some—by a policy of denial of support for a child to choose abortion she may not want because she cannot figure out how in the world, if she had this child, if there is no support, how she is going to pay for that child.

Maybe she needs that support for awhile to get herself back together, like I needed when I was on welfare. I needed time to get myself back together, to figure out a way personally, how I was going to work and take care of three tiny, little children. I knew that welfare was there. I knew it was my only way out. I needed that time.

If that woman is facing a decision about whether or not to have a child and she does not see any support there to give her time to both have the child and also get herself back together and get a job and be able to be self-sufficient, she may choose an abortion she may not want. That, as I said, is as wrong as forcing women into childbearing she may not want, or denying women access to abortion she may need. Both policies are wrong.

Senator BREAUX. Thank you.

Ms. Young?

Ms. YOUNG. Well, to begin with, let us be clear. The House version terminates funds for a woman under the age of 18; when she turns 18 she is still eligible.

Senator BREAUX. I am talking about the teenagers.

Ms. YOUNG. All right. We have already established that most of us think these women should remain in their own current homes or be in joint homes, not be off on their own. Secondly, what they are terminating is just cash, it is not medical care, not necessarily food stamps.

Senator BREAUX. Well, I understand all that.

Ms. YOUNG. Well, I think that is important.

Senator BREAUX. But the specific point, does it encourage it or not, in your opinion?

Ms. YOUNG. Well, I do not. There is absolutely no proof of that. It is emotional blackmail to say that I will not have my child if you do not give me money.

Senator BREAUX. Sister, do you have a comment on that?

Sister MCGEADY. Yes. I believe that these girls will be forced into abortions. I know hundreds of them and if there is no assistance for them then I think they will be. They will use abortion as an easy way out.

Senator BREAUX. Let me ask a question about Goodwill, because I am familiar with it. They are doing a sensational job, in my opinion. The question, it seems, we are arguing about more education,

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more training, more education, 2 years before somebody can find a job.

I think that if private organizations become more involved in getting people on welfare into the work force we will do a lot better job, and I would compliment Goodwill, and America Works, and a lot of others.

Is your experience that you can get these people into the work force quickly? Are there jobs out there we can find for people almost regardless of how much training they have had? Can I get a little comment on that?

Mr. CARLESON. Yes, sir. Senator, on average it takes us approximately 90 days to get a person from being not able to work to being into their first level of employment. Then we support them over time to make sure that they stay there. Our effectiveness rate is about 85 percent, I believe. So, there are tens of thousands of jobs going on, every employer is needing help, lots of them are out there. No problems getting people jobs.

Senator CHAFEE. Now, gentlemen, we have a roll call vote. My suggestion would be, if agreeable to Senator Conrad, that you go ahead and proceed with your five minutes of questions and at the conclusion of that I think all of us will have to go and vote.

If Senator Rockefeller, perhaps, could go over now, as I will be going, and I presume others, and Senator Graham, and then when you return you can start right off, following Senator Conrad.

Senator CONRAD. Thank you, Mr. Chairman. Ms. Young says, get government out, private charity will pick up and fill the gap. Sister Mary Rose, in your judgment, since you run a major charity, is that realistic?

Sister MCGEADY. Well, the reality is that private charity is doing an enormous job in this country, but I do not think it can do it all, and it certainly cannot do it all alone. Even in our own agency where we do not have any kind of public money paying for our kids, we find ourselves reaching the end of our capacity.

We served 41,000 kids this year and it is very difficult for us to keep expanding to meet the need, but the need is absolutely enormous. I would like to see every charity, even those who need some government assistance, able to move in and to work with these kids, to job train them, to help them find jobs, to do exactly what we are doing. We wish we could do it all, but we cannot.

Senator CONRAD. How do you diagnose this problem of children having children? I think all of us see this development, the really dramatic increases in children having children, and we are all terribly concerned about that. You are somebody that has dealt with literally hundreds of people in that circumstance. Why do you think it is happening?

Sister MCGEADY. Well, I think that our young people have not bought into the idea of delay of gratification. We have taught our kids over the years, sex is what you do after you are married, and have your children. A lot of these teenagers, especially poor kids, they do not see the delay of gratification.

Senator BREAUX. Do you think television plays a role?

Sister MCGEADY. Television certainly does not help the situation. There are a lot of things on television that glorify sex and kids find it very difficult to say no. Nobody is preaching abstinence to them,

nobody is telling them to delay gratification because, if you delay gratification then you are going to get a good education, you are going to get a good job, you are going to have a nice wedding someday, you are going to have your own home. This is not the dream of poor kids. The dream of poor kids is survival.

Senator BREAU. And when you talk to them and when you counsel them and you tell us that when they are under your guidance very few of them have a second child, what is it that you are saying to them that is having that effect? What is it that you are doing for them?

Sister MCGEADY. We are saying to them, take good care of yourself. You make the right choices, and we are going to help you make those right choices. You stay with us. We are going to get you job-trained, we are going to get you a first job that is going to be a decent job, you are going to have benefits, you are going to have health care. We work hard with 600 employers to hire our kids and give them that good job, to give them those benefits, and to really give kids a real chance.

Once they see that and they see kids around them that have these good jobs that are making it, that have \$2,000 saved up, they are almost ready to go independent, that gives our kids hope.

It gives them confidence in themselves, it gives them the ability to stick with a job, to get up at 6:00 o'clock in the morning and get to work. They have a counselor who is constantly saying to them, you are doing well, you are doing well, do not spoil it now, do not have another baby before you are ready to be a parent, all those kinds of things. They are all a part.

Senator BREAU. Those are really the messages that they need to hear.

Ms. Rowe, you wanted to respond?

Ms. ROWE. Yes. I just wanted to add that there is another feature that the program provides, and that is a caring adult who is providing support, nurturing, and guidance.

I think the recent report on the Quantum Program in Philadelphia—the 100 young people who were a part of that program—found that the caring involvement of adults in those young people's lives reduced the number of pregnancies and increased the number of young people who graduated from school and went on to college.

So, that is another feature that we sometimes forget as we think about how we structure these programs. Young people need caring, nurturing, supportive adults in their lives.

Sister MCGEADY. And I second that.

Senator BREAU. Ms. Michelman, what would have happened in your circumstance if you were in a circumstance where you had three children, your husband leaves the family, you had no other support, apparently, what would have happened if you had not had welfare available?

Ms. MICHELMAN. It was such a terrible experience. My family would have been split up. I would not have been able to care for my children. My family would have been destroyed.

And the reason I chose to have an abortion was not that I did not feel that that developing fetus did not have moral weight and I had a responsibility to it, but I could not meet the responsibilities of my three very little, tiny children—I happen to have had three

children in three years; they were very tiny—and meet another child's needs as well. I could not do it.

Another woman might have made a different decision but, without that support, I would have completely fallen apart and I would not have been able to keep my family together and slowly, but steadily and deliberately, rebuild my life.

Senator BREAUX. How long were you on support?

Ms. MICHELMAN. I think about 2 years. Here I am, sitting here before a Senate panel. I think there is a stereotype about who these women are out there on welfare. I may not fit that stereotype, and I think it is an important message, that many women find themselves in circumstances they never thought they would be in, never planned for. The government's approach should be, as Sister says, and many of us here have said, to be compassionate and helpful.

Senator BREAUX. I have got to go vote.

Ms. MICHELMAN. Anyway, you had better go.

Senator CONRAD. Thank you all. The committee will stand in recess for about 5 minutes.

[Brief recess.]

Senator CHAFEE. I am anxious to conclude this panel if possible because, as I mentioned before, we have another panel. Senator Conrad, I believe, completed his questions so we have got Senators Rockefeller and Graham.

Senator MOYNIHAN. Senator Rockefeller had no questions.

Senator CHAFEE. All right. So we have got Senators Graham and Simpson. Did I see Senator Simpson out there? It is not the question, will he come back, but is he back?

We now introduce Senator Simpson. [Laughter.]

Senator SIMPSON. Thank you so much. Yes. Stage left. Oh, yes. Now, where were we? So it is my moment? Good to see you, Mr. Chairman. I have read the testimony. I regret that I did not get here for all of it.

But the Chairman did it to me yesterday and I chaired a hearing for three hours, and now Senator Chafee, I see, is pressed into service by the Chairman. The loyal steady one is Senator Moynihan, who appears at his post whether Senator Chafee or I are doing the work.

Anyway, I was interested in the testimony of Ms. Young, and I think ~~Kent~~ Conrad spoke of that. Government should get out of the way, then churches will step forward to provide real hope for the poor and the neglected, as they have always done. Then Sister commented that they are pretty heavily involved now.

If Congress really did get out of the way with, say, a dramatic reduction, 50 percent, how would the churches fill that gap?

Ms. YOUNG. Well, to begin with, Senator, the government is not getting totally out of the way. What we are talking about is block grants and we are talking about reducing and targeting a group of people that are hugely at risk.

I want to first address it and say that no one is saying that women purposely have children to get these funds, but we cannot deny the fact that there is a huge crisis of illegitimacy going. In Washington, DC alone there is about a 69 percent illegitimacy rate, and that is tragic. There is an overwhelming amount of evidence

that there is a connection between the government policies that are put forward and the crisis that is going on.

In addition to that, I want to say that the story that we just heard from Ms. Michelman is tragic, by why isn't anyone talking about the father that was involved in this, and the fathers that are involved in all these children's lives? What women want is for men to be held accountable and a government policy that allows men to sire children and walk away is absolutely hurtful to women.

Senator SIMPSON. Well, we had a hearing on that yesterday. It was very productive, very worthwhile. Indeed, that is a subject matter that we intend to address. But it is my experience in dealing with immigration and refugees in the last years that whatever we saw in the early 1980's with regard to outreach and so on is now shriveled, and what you have is what I described as compassion fatigue. You may not agree with the term, but I can see it in the country.

I think it is because of a distortion of things that were once very beautiful and very sacred, like the Sanctuary Movement, which was distorted because those people were not fleeing persecution, they were simply illegal, undocumented workers.

So they said, well, wait, that is not what sanctuary was all about. Sanctuary is for people who really are fleeing and their lives are threatened. They have come through three countries to get here. Well, if they were really fleeing the first country, that is where they should have stopped.

So, I see a distortion in things, and that the churches are not going to come forward and fill the gaps because they are absolutely exhausted, both emotionally, physically, and financially.

Ms. YOUNG. Well, Senator, I disagree completely. I appreciate your statement on that, but I believe historically that churches, individuals, have risen to the occasion and I think that they will do that again.

Furthermore, I would go further and say that people do not feel needed in this because they think—although they think wrongly—that the government is handling the situation, but they are not, they are exasperating the situation and hurting families. So, I disagree completely with that.

Senator SIMPSON. Well, all right. You can. But wrong. No. [Laughter.]

Now, I would like to ask Ms. Michelman. I have enjoyed working with you for many years in many situations. You state this Life Option program, and then of course you refer to the "I Have a Future" program.

I have visited with Dr. Henry Foster. I think he is a very able and remarkable man, and personally very committed. What he has done is not just talk about it, he has done something. He has taught abstinence.

It worked in that housing development where there was one unplanned pregnancy; in a similar housing development there were some 50 or 60. Of course, he is being pilloried for whatever. Maybe there are other things. We want to look at those, see what those are. But the issue of how many abortions did he perform, to me, is nothing.

The issue is not about abortion. If you are a gynecologist/obstetrician, you perform abortions. That is your professional duty. But you talked about that, Life Options and the illegitimacy ratio.

Could you just give me a little more explanation of that? I do not think you explained that illegitimacy ratio. What is that? Then the Life Option program, if you could just briefly cover that.

If what Dr. Henry Foster is doing is so effective, how come there are so few of those programs, if they are that successful and they are so few in number?

Ms. MICHELMAN. Well, to that question specifically, Senator, there are a lot of programs around the country, Life Skills, Life Options, various approaches, some of which are really productive in that train teenagers in developing skills that they can market for themselves and translate into self-sufficiency and economic independence by enabling them to get jobs.

Some of the programs are terrible, frankly. Some do not work well at all. In fact, Narral is going to publish a report that goes State-by-State, program-by-program very soon that looks at the good programs and looks at those that are not very productive.

Dr. Foster's program is one that has been proven for some teens to work very well in building their self-esteem, building their skills, translating those skills into hope.

That helps them delay sexual activity, or certainly delay pregnancy, which is our goal, and that does teach abstinence, as well as informs teens that if you are going to become sexually active, you have a responsibility to protect yourself against disease and against a pregnancy that you cannot, or may not, be able to advance successfully. So, I think that there are programs like that and I think there should be more of them. The investment in human potential, as I said in my statement.

In terms of the illegitimacy ratio, could I just, on a personal note here, say I have such a problem with the word "illegitimacy." This is just a personal thing. I would just take the opportunity here to say the idea of a child being born and being called illegitimate just drives me crazy. Out of wedlock, all right, maybe. But illegitimate always has bothered me. So, I would just take this opportunity to say, it is horrible to consider a child illegitimate.

In any case, the illegitimate ratio, what concerns me about the approach that is being discussed is that you give States an incentive to reduce the out-of-wedlock numbers in births and that is accompanying with reducing abortions.

I must tell you, with all due respect to some of our States out there, I worry about what that will translate into, what kind of punitive policies, coercive policies, whether it denies women access to abortion when clinics are under siege already in terms of violence, or whether it denies them access to family planning, or prenatal care, or support for a child being born, it is not, I think, the best way to go about this reform that is so necessary. So giving the States a bounty on out-of-wedlock births or on reproductive policy is, I think, dangerous.

Senator SIMPSON. Mr. Chairman, thank you very much.

Senator CHAFEE. Thank you.

Senator Graham?

Senator GRAHAM. Thank you, Mr. Chairman. I wish to commend this panel for their excellent statements and incisive comments as to how to deal with this very difficult issue.

I am struck with the sense that we are approaching this matter as if it was an either/or situation, that it either had to be national entitlements directed at individuals or block grants and State flexibility.

I come out of a State Government background, have a high level of feeling for the compassion and competence of State Governments, and do not feel that Washington has any command over those qualities.

However, I am concerned about the issues of the protection of young children in a world where we know that there will be economic cycles and that those cycles do not run at the same pace in every region of the country.

I was Governor of Florida in the early 1980's and we had a fairly serious economic downturn in my State and other States in the Southeast. If, at that point in time, we had a fixed block grant to provide these services while the demand was escalating, as more young people and their families were falling into the safety net of eligibility, it would have put us in great stress.

So, I think that the ability to have a national program which can respond to economic changes, particularly those that have regional variations, has served us well. I am going to ask a question in just a moment.

Now, within that, it seems to me that we could provide for a greater degree of programmatic flexibility so that, in fact, States would be dissuaded from trying innovative things if they felt what had happened, if two or three years from now there is a recession in my State and the demand grows to do the basic things, I am going to be reticent to try innovative initiatives which might then be beached because I am no longer able to support them, since all the money I've got has got to go to meet the absolute survival requirements.

I also would feel that within that flexibility to States you could have a Federal relationship expressed in performance rather than process terms if the Federal Government says, here are the things we want to accomplish. We want to reduce the number of young people who are having babies out of wedlock, we want to increase the number of people who have skills of employment, we want to increase the capacity to provide linkages between skilled persons and competitive private sector employment places.

Now, having sort of sketched out that general outline of where we might have as an alternative to the either/or debate, I would be interested in your comments.

Mr. CARLESON. I was almost going to call you Governor, Senator.

Senator CHAFEE. That will not hurt his feelings.

Mr. CARLESON. You were a Governor, too, sir.

First of all, the idea that the States have to worry about a recession or something like that, and with a fixed block grant they are not going to be able to make it, and so forth, I think that is a false argument. I am not claiming you are making it.

As a matter of fact, that concerned many Governors for many years. We have been able to show the Governors that with a finite

block grant and with the Federal Government getting out of the way and making all of the rules of saying who is eligible and who is not eligible, and with the ability to roll over part of that block grant, or any of that block grant into the next year, it is possible for States to set up, in effect, their own rainy day funds.

An interesting thing. Here is a chart that shows the welfare rolls since 1960. I think each of you have one. You will notice—this is the 1960's—the welfare rolls are taking off like a shot. They were virtually out of control. I think Senator Moynihan remembers those days.

This is when I became welfare director of the State of California and we found that our truly needy people were not receiving adequate benefits because too much money was going to people who were not in need.

So, we tightened our eligibility requirements at the high end of the recipient spectrum and we were able to reduce our welfare rolls. Well, then Governor Nelson Rockefeller of New York started to follow the same thing, and we got the national rolls leveled. Then, on a State-by-State basis, more States started to do it.

But this is the secret. In 1975 when we had a recession we were able to handle that recession because we tightened up the eligibility in the meantime. Later on, after Reagan came into office, we tightened up again with the 1981 welfare reforms. This reduced the rolls, but we were able to handle the recession of 1982 and 1983, and you will notice it stayed relatively stable. But look what happens after the 1988 reforms.

Now, the 1988 reforms were passed by a 98 to one vote by this House of Congress. And I think there was only one Senator who voted against it, so it was bipartisan. I am not talking on a partisan basis.

But I warned at that time, and I think that Senator warned, that that was going to cause a tremendous increase in the welfare rolls. That is exactly what happened. It has gone up 3.2 million people, at least till 1993, and we do not even know what 1994 is yet. So, please, do not try to "build" on the 1988 reforms. Now is the time to go to the clean block grants.

And I agree with everybody who says we should not tell the States how to do it. We should not tell them, do not send the money to teenaged mothers, we should not tell them to cap the families and so forth. We should let those debates go on at the State level.

And I think you are right, you can put some general goals in there. You can say you want to reduce illegitimacy, you want people to work, and list all of the good things that you want to have done, and then say you expect the States, through their laws, through their Governors, to solve the problem, and then have an annual audit to find out where the money went. I think you are going to find that you will fulfill the promise that the President made to end welfare as we know it.

Senator GRAHAM. Mr. Chairman, if the other members, almost on a yes or no basis, could indicate if they think that the things that I outlined can—

Senator CHAFEE. All right. My concern here, as I have said before, is we have another panel which we have not gotten to. So, if

you would answer Senator Graham's question yes or no, we would appreciate it.

Ms. Michelman? Senator, go ahead.

Senator GRAHAM. Well, the question was the one I asked. Do we have an alternative other than the status quo or a complete revolution through unfettered block grants?

Ms. MICHELMAN. Yes.

Sister MCGEADY. I would rather see a collaborative, flexible program between States and the Federal Government.

Reverend ROBERTS. Yes.

Ms. ROWE. I would agree with the Sister, a collaborative, flexible program.

Ms. YOUNG. You have had 30 years to make the system work. It is a complete, diabolical demise for the American family and you have got to start over with something different. You cannot defend it.

Senator CHAFEE. All right.

Senator D'Amato?

Senator D'AMATO. Thank you, Mr. Chairman.

I do not think that there is any big debate about workfare, not welfare, as that broad term applies to able-bodied adults without dependent children. I think that is 100 percent. I mean, that is something that is long overdue.

It seems to me that is something that we really can do, since we can agree and collectively all get behind and support and push and create incentives for States to undertake that kind of activity.

If we cannot get able-bodied recipients who do not have children, young males in particular, into some kind of mainstream, then what chance do we have as it relates to the much, much more difficult problem which we all kind of skirt about, because I do not think there is an easy answer, which Sister Mary Rose touches on, which is children having children.

I mean, I do not have the answer. But anyone who suggests that we just duck it or not focus in on it, are they really saying that we are satisfied with the present system or that more of the same is going to be successful? It seems to me that, really, this is a very difficult problem. So, how do we deal with the problem?

It is immense, it is growing, and it is creating a situation with respect to unwanted children with little hope who turn to the streets in many cases for safety because they are safer in that hostile environment than they may be wherever their home might be, or whatever they call it. So, how do we deal with it? The present system has failed. Will the panel agree that the present system has failed?

Sister MCGEADY. Yes.

Ms. MICHELMAN. Yes.

Mr. CARLESON. Yes.

Senator D'AMATO. Should we continue doing business as usual? Well, Reverend Roberts, you said no. What would you do? What would you advise us to do to deal with this problem of children having children? How do we deal with this; do we just let it go and say we cannot do anything? We understand the results of that. Is that acceptable? So, what would you do?

Reverend ROBERTS. In the short term you have to take care of the children. In the long term you have to deal with what I see is the economic reality that as people's incomes go up the birth rate in that family goes down. And if you want to deal with it you have got to deal with it, in my opinion, as an economic issue. You have got to take care of today's children while you are educating tomorrow's parent.

Senator D'AMATO. Well, let me give you a hypothetical. A 13-year-old young girl is living in the following circumstance. She lives with her mother. The mother may have a chronic alcohol problem. She is 13 years old. Her mom has been on welfare, it is the only thing she knows. She is living in a ghetto, maybe in a public housing project. What do we do?

What are the chances of that young lady not becoming pregnant? I mean, what do we do? I hear all these platitudes. I am not critical of you, just of what I hear in general. How do we attempt to cut down the likelihood that this young lady is going to find herself pregnant?

Mr. CARLESON. Senator, I think you have to look at it. The reason the answer is not evident is because those of us who have worked in this field for 20 some odd years still do not know the answer to your question. But I will tell you what I do know.

What I do know is, you cannot generalize. You are going to have to look at each individual girl. We are not talking about women, these are children, these are girls. You are going to have to look at each individual family. The problem is, you cannot do that with a general policy set in Washington because it does not work that way.

I guess the truth is, none of us knows exactly, each case is different. I have said it several times, but that is why I feel so strongly that clean block grants to the State—by clean I mean no rules, but audits, reports, general goals—is the way to solve this problem.

I would have loved to have had a clean block grant when I was welfare director for the State of California in 1971. We could have helped a lot more people and we would have kept the costs down. The Governors today, all the new Governors, are calling for clean block grants. We have never had so many Governors calling for it. Please, I think we ought to let them do the job.

Senator D'AMATO. Thank you.

Senator CHAFEE. All right. Fine.

Do you have a quick answer, Sister Mary Rose?

Sister MCGEADY. Yes. I would just like to say to Senator D'Amato that I think everybody who touches teenagers has a responsibility to really make it a priority to try to instill values in them. I have a concern that so many churches have kind of given up on the kids, they feel they cannot reach them and they do not know how. But I think we need a renewed effort in the schools, in the churches, and in everybody who touches teenagers to really try to turn the situation around by values inculcation.

Senator CHAFEE. All right. I am sorry to cut anybody off, but we have three other Senators, and then I want to get to that panel.

Senator Moseley-Braun?

Senator MOSELEY-BRAUN. Thank you very much, Mr. Chairman. I apologize, I was in another committee earlier and so I did not get

a chance to hear the witnesses' testimony, but I did look at the summary of it.

I am interested in pursuing a line that Senator Graham kind of started regarding block grants—whether or not there was a middle ground. Certainly I think we would all agree that this welfare system is broken, it needs to be fixed, we need to have reform. I really do not think there is much controversy about that.

The question becomes, of course, how do we do that? I believe that the statement that was made earlier that we need to pursue a flexible, collaborative approach really is the key. We need to structure a partnership. Again, Senator Graham was trying to get at, what kind of partnership, how should this approach be defined.

So, I would have two questions, I guess. One, is if you have some additional thoughts about how to define the parameters of the program and two what should the Federal Government do other than send money to the States? Should the local governments be involved; at what level should that partnership exist and function?

Then as much to the point, and particularly for this panel, I would like to ask what role you see the private sector playing in this partnership. The charities that have already stepped up to help will probably be required to do even more if we go forward in the direction that we have headed.

Will the private sector actors, the charities, be able to make up for the difference, and how do you see private sector involvement in developing the flexible, collaborative approaches about which you spoke?

Ms. ROWE. Let me begin by just commenting to the first part of your question. Actually, you have two former welfare administrators on here and I think we approach the administration of the program quite differently. I believe that we have an opportunity to simplify many of the rules and provide coordination between the various programs.

It makes no sense to have different rules in our Food Stamps and our AFDC programs as we determine eligibility. It takes a lot of staff time and resources to try and work through that and welfare administrators have been calling for years for a simplification of that process because that would allow us to be more creative, more flexible, and devote more resources to preparing people to go to work.

I also think it would allow us to work more effectively with the private sector. Quite often some of the rules get in the way of the private sector being able to be effective and efficient in training, as well as placing, many of the clients which we contract for them to serve.

I think the other is, in terms of a collaboration, we need to be very clear as to what the outcomes are that we are looking for, what are the performance requirements that we want to see?

Just as we hold our contractors accountable for performance requirements and outcomes and pay them based on that, we need to have some very clear agreements between the Federal Government and State Government as to what the minimal standards are that we will require, and we must ensure that no child will suffer as a result of any of the changes we make. We need a guaranteed

safety net for all of our children, and then from that we can work through some of the other programmatic changes.

When I was commissioner of Social Services in Connecticut, we created a welfare reform initiative. It is an experiment. We are trying different approaches; California, all the States are trying approaches.

We need to continue to have that kind of flexibility, but it has to be monitored and we have to have a way of evaluating the outcomes. We cannot wait 5 years to determine whether or not a particular approach works because we may have adversely affected a whole generation of children during that time. So, I think there is room, but we have got to have some minimal standards.

Senator MOSELEY-BRAUN. Sister?

Sister MCGEADY. I would like to see some incentives for employers. I think unless we can involve the business community in welfare reform it is not going to work, because we are saying that 95 percent of the answer is jobs, good jobs that pay enough for people to support a family.

I can say, we have been successful in recruiting people from the business community to collaborate with Covenant House and to offer our kids entry-level jobs. It gives them hope, it gives them a chance at the future.

But without that kind of courting of business, and maybe even tax incentives for businesses to hire the poor, especially to hire people right off welfare, I think we are going to have a hard time getting enough jobs to really employ our people successfully.

Senator MOSELEY-BRAUN. Kate?

Ms. MICHELMAN. Just one quick contribution. Whatever the collaborative, innovative effort which I think we all agree needs to happen here, it needs to be a comprehensive, integrated approach which has education, health care, job training, and job opportunities as its goal.

You have to invest—and I am particularly thinking about women and then support for children—in the potential for women to be self-sufficient by investing in their development. But that has to be accompanied by access to health care, including comprehensive reproductive health care, because reproduction is at the center of women's lives.

Reverend ROBERTS. Senator, I would suggest that, looking at the issue of collaboration, one thing that Congress might see is the resource that is sitting under our noses in the not-for-profit sector, but not as we traditionally view it.

We need to see the not-for-profit sector as the research and development arm of the culture that is out there on the front line identifying the issue and developing the strategies that work, but certainly does not have the capacities with bake sale revenues to solve the problems once the issue has been identified and the strategies developed.

The collaboration could be at the point of investing in the not-for-profit sector to do its role in issue identification and strategic development, and then fully funding those outside of the not-for-profit sector through other ongoing operating support. We have done that. One hundred years ago it was the not-for-profit sector that developed the college system in this country and then government

took that over. One hundred years ago it was the not-for-profit who began the hospitals.

Senator CHAFEE. We have got to move on now to Senator Hatch. I am sorry to interrupt, but I am mindful of the next panel and we want to give them a fair shot.

Senator Hatch?

Senator HATCH. Well, thank you, Mr. Chairman.

I just want to welcome you all here and thank you for your testimony. It has been very interesting. One last comment. I am concerned about cutting off children. I believe the Governors will do a better job than we can do. I think you are right, Mr. Carleson.

And with regard to pro-life, pro-choice points of view, I just have to counsel that if we in the pro-life side of this equation are going to want to have children born we ought to provide some means whereby they are helped. I do not think you can cut off those who are the least capable of taking care of themselves.

So, I do have some problems there. On the other hand, I understand the goal here is to try to reduce illegitimacy and total dependency in our society. So, there have to be some tough decisions made. I just wish I knew exactly how to do it. But this panel has been very helpful in a lot of ways, so I appreciate it. That is all the time I will take.

Senator CHAFEE. Good. I want to express my thanks to each on the panel. Ms. Michelman.

Ms. MICHELMAN. Thank you.

Senator CHAFEE. Fine. Thank you.

Could the next panel please come forward? All right. If we could move right forward with this panel. Just take your seats. We will sort people out. Just take a seat.

Again, if everybody could be quiet, please, so we could move with this panel. I want to thank you all for coming. I apologize for keeping you waiting. I guess you saw that we had a very high turnout here of Senators asking questions.

Senator Hatch, would you like to introduce Bishop Bateman?

Senator HATCH. I would, Mr. Chairman. Thank you so much. I would like to introduce Bishop Merrill J. Bateman, who holds a Ph.D., but who is the Presiding Bishop of the Church of Jesus Christ of Latter-Day Saints, which is a worldwide church, one of the fastest growing in the world, and which has a remarkable welfare program. It may be the only church in the world with an completely unpaid ministry and missionary system.

I think we are very happy to have you here, Bishop Bateman, as well as all the other witnesses here this day. I think we can learn an awful lot from the Mormon Church welfare program and I hope everybody will listen carefully to what he has to say.

Senator CHAFEE. All right. Fine. After that fine introduction, Senator Rockefeller, do you have a statement you wanted to make in connection with this panel?

Senator ROCKEFELLER. I really did. Is that all right?

Senator CHAFEE. Fine, if it is brief.

Senator ROCKEFELLER. It is brief.

Senator CHAFEE. It is your opening statement, as it were.

Senator ROCKEFELLER. It is my opening statement which, in fact, was going to be my exchange with the first panel.

Senator CHAFEE. All right. You go ahead.

Senator ROCKEFELLER. So I am really playing by the rules here.

**STATEMENT OF HON. JOHN D. ROCKEFELLER IV, A U.S.
SENATOR FROM WEST VIRGINIA**

Senator ROCKEFELLER. I just want to express generally a concern. It was my impression as we began these hearings, and I noticed with a lot of relief, that both parties and all sides of the debate had a terrific commitment to protecting children. There just did not seem to be any question about that at all.

Recently now, I am reading some things which worry me. I feel, in a sense, like I have to be more protective of children even than at the beginning. Therefore, I want to emphasize that I still believe that our guiding principle in welfare reform, Mr. Chairman, should be "do no harm to children." That should be the guiding principle as we consider what to do about their parents, and other things.

I think, again, we have to keep in mind that two out of every three people on welfare are children and that they are not working, they are not married, they are simply, maybe, going to grade school, trying to cope with a very tough life.

So, I believe that the fundamental test for each element of welfare reform as we move it through this committee will be in answering two questions. One, does it expect parents—that is, the adults—to take personal responsibility for their lives and their children through work, through child support, and other standards?

Second, does it protect the vulnerable, innocent children born into very poor households through absolutely no fault of their own, just as I was born into a very prosperous household through absolutely no fault of my own. These children have their whole future ahead of them.

I believe in work. I am willing to say it should be required of all parents and adults. But punitive measures that save money but put children at grave risk of becoming hungry, homeless, or more despairing than they are, or neglected, do not pass what I think are the basic tests of this committee, which is a combination of compassion, tolerance, rigor, and toughness. I hope that punitive measures towards children will not be a part of what this committee passes out. I will stop there.

Senator CHAFEE. All right. That is a very good statement. We appreciate it.

Now, Bishop Bateman, if you might, please.

STATEMENT OF BISHOP MERRILL J. BATEMAN, Ph.D., PRESIDING BISHOP OF THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS, SALT LAKE CITY, UTAH, ACCOMPANIED BY MR. McMAHON, MANAGING DIRECTOR, WELFARE SERVICES PROGRAM

Bishop Bateman. Yes. Thank you, Mr. Chairman, committee members.

My name is Merrill J. Bateman. I am the Presiding Bishop of the Church of Jesus Christ of Latter-Day Saints. I have with me Mr. McMullin, who is the managing director of our Welfare Services Program.

I am pleased to be here. There was some debate on our part, I think, in terms of whether we would come or not. But we think that we have some experience in an area where there may be some value to sharing with you what we are doing and what lessons we have learned.

Now, from the very beginning when the church was organized in 1830 there have been basic fundamental principles with regard to taking care of each other as a Christian church. We, today, number about nine million people, of which about five million are in the United States.

Up through the middle part of the Depression, although we had what we considered to be a welfare program, it was not formalized in the sense of basic strategy in terms of maintaining it.

When the leaders of the church in the mid-1930's saw about 25 percent of their people unemployed, saw families not only facing economic hardships but spiritual deterioration because of the relationship between economic well-being and spiritual well-being, they determined that they would do something about it in terms of formalizing our welfare efforts. So, in the mid-1930's that came into being.

As they thought about the principles upon which it would be based they turned to the basic fundamental principles that were inherent within the religion. They realized, for instance, that a society that does not promote thrift, industry, work, jobs, self-reliance, and provident living, will not be able to take care of its average citizen, let alone those who are disadvantaged.

It also realized that a society that borrowed from the future to pay for today's costs would eventually pass on to its children and its grandchildren financial bondage. They also understood that a society that eliminates most of its moral sanctions and agrees to pay for the results not only faces moral bankruptcy, but also economic ruin.

So, with those principles in mind and recognizing the family as the basic unit, recognizing the role of the father and the mother in terms of taking care of the children who come into the family, they tried to put together a system that would work, a system that recognized that the primary responsibility for the welfare of people is the individual himself, then the family, both immediate and extended, particularly when they are adults, and finally that we would supplement what the family and the individual could not do.

We also recognized that the dignity of a person is maintained when you allow and help him to take care of himself. So, one of the tenets was that people, where possible, should work in exchange for the help they receive.

And, although that is not always possible—particularly in terms of children—there still should be that safety net provided to help those who are not in that position.

So, on the basis of encouraging people to work, realizing that there were some preventive steps that could be taken to help prevent welfare needs, such as encouraging people to get an education, encouraging people to get skills so they could be employable, doing those types of things would set up a system that would minimize the need to help people, although there would still be many people who would fall through the cracks and need a safety net. So, the

system that was established was one that was based primarily on temporary assistance, but I will come back to that in a moment.

Our average family or individuals on welfare are on for about 4 months, although I worked with a family a few years ago that was there for 2, 3, 4, 5 years as a mother, head of a family, three children. We finally helped her to the point where the children finished high school, went on to college, they have now graduated, forming their own families. But the intent is not to be there to have them a ward of the church, but to help them; 90 to 95 percent of the effort is run at the local level, the funds are gathered by local bishops, the needs are assessed by the local bishops, with a group of women that help him, and together they assess the needs of and assist the family. So, 90-95 percent of it is at the local level.

A production system has been put in place. We have now many farms that produce their own food. We have food processing facilities that process the food, dairies, meat operations. We have 100 employment centers across the United States. Last year they placed 35,000 people in jobs. Encouragement is for the father to be in the home, to take care of his children and his wife.

Finally, there is a rehabilitative portion. We recognize there will be people who will not get an education up front, and so cash assistance is available. Each member of the church is asked to abstain from two meals each month and to donate a generous contribution to the church to help take care of the poor. That, last year, generated enough funds for us to help about 150,000 families, totalling something in the neighborhood of 600,000-700,000 people that we were able to help.

We also believe that those who are disadvantaged mentally or physically should, where possible, be allowed to work. We have work shelters that we help them with. Last year we placed 1,500 people who are considered totally unemployable in positions. Our record is that after 12 months, 85 percent of them are still working.

In addition to trying to provide for our own people, we have about 15 percent of what we produce and funds available that we use for non-members.

We have a major humanitarian service. In the last 10 years we have had 1,200 projects in 114 countries, ranging from water projects to bring potable water to villages in Africa to poultry projects in Asia, to various projects in South America.

The purpose of this is, as we grow, to build within our own society a system that will provide a safety net and yet use the family as the basic unit for taking care of the needs of the people. Thank you very much.

Senator CHAFEE. Thank you very much, Bishop Bateman.

[The prepared statement of Bishop Bateman appears in the appendix.]

Senator CHAFEE. Mr. John L. Carr, Secretary, Department of Social Development and World Peace, U.S. Catholic Conference. Mr. Carr, glad you are here.

STATEMENT OF JOHN L. CARR, SECRETARY, DEPARTMENT OF SOCIAL DEVELOPMENT AND WORLD PEACE, UNITED STATES CATHOLIC CONFERENCE, WASHINGTON, DC

Mr. CARR. Thank you, Mr. Chairman and members of the committee. You have my written statement, which I will summarize.

Our testimony today is taken from a statement adopted two weeks ago by unanimous vote of the 50 bishops who serve on the Administrative Board of the Catholic Bishops' Conference. I want to thank Senator Moynihan for opening the hearings this morning and his gracious words about that statement and delivering part of my testimony.

For the Catholic bishops, the measure of reform is whether it will enhance the lives and dignity of poor children and their families. The goal of reform ought to be to promote decent work and reduce dependency, not simply cut budgets and programs. The target of reform ought to be poverty, not poor families. The virtues that ought to guide this debate are modesty, civility, hope, and a concern for the vulnerable.

The bishops draw their direction from Catholic moral principles, not ideological or political agendas. No institution is more committed the values of human life and human dignity, family and work, sexual responsibility, and social justice.

Poor families are not an abstract issue for us. They are in our shelters and soup kitchens, our parishes and Catholic Charities agencies. As the largest non-public provider of human services to poor families, serving more than 10 million people in 1993, we know all too well the failures of the current system, the potential and limitations of private charity, and the ways in which lives are diminished by dependency and poverty.

We strongly support genuine welfare reform, which strengthens families, encourages, productive work, and protects vulnerable children. We are not defenders of the status quo; it hurts children.

However, we oppose abandonment of the Federal Government's necessary role in helping families overcome poverty. The bishops believe genuine welfare reform is both a moral imperative and an urgent national priority. We believe welfare reform needs to be comprehensive in analysis, but targeted and flexible in its implementation.

Increased accountability and incentives should be tailored to a particular family's needs, not one size fits all requirements. Top down reform with rigid national rules cannot meet the needs of a population as diverse as poor families. However, simply shifting responsibility without adequate resources, standards, and accountability could leave America's poor children worse off.

First, we believe welfare reform should protect human life and human dignity, relying more on incentives than harsh penalties. We oppose proposals which deny benefits to children because of their mother's age, marital status, or dependence on welfare.

Whatever their intent, these provisions are likely to encourage abortion, especially in those States which pay for abortions, but not for assistance to these children. In seeking to change the behavior of parents, these provisions would hurt children and some unborn children would pay with their lives.

Our church works every day against sexual irresponsibility and the out-of-wedlock births which come with it. We run programs that work. For us, this is a matter of moral consistency. Our faith requires us to protect the lives and dignity of vulnerable children, born and unborn.

Second, welfare reform should strengthen family life. We support stronger child support enforcement and policies to keep families together and fathers involved, and a halt to tax and welfare policies which penalize marriage. Our society must discourage adolescent sexual activity and teen pregnancy with at least as much urgency as we bring to discouraging smoking and substance abuse among our young.

Reform must encourage and reward work. Rigid rules and arbitrary timelines are no substitute for real jobs and decent wages.

Fourth, real reform will preserve a safety net for the vulnerable. We will support more effective and responsive partnerships, but we cannot support reform that destroys the structures, ends entitlements, or eliminates resources that have provided an essential safety net for vulnerable children, or permit States to reduce their commitment in this area.

Also, we cannot support punitive approaches that target immigrants, even legal residents, and take away the minimum benefits they now receive.

Six, reform should build public-private partnerships and make investments to overcome poverty. We believe a reformed welfare system should rely more fully on the skill of community institutions, however, religious efforts to serve those in need are being severely stretched.

We can serve with greater efficiency, effectiveness, and dignity. States can shape programs to meet local realities, but poverty has national dimensions that require Federal commitment and national standards, safeguards, and protections.

Moving people off welfare will be neither easy, nor inexpensive. Simply cutting resources and transferring responsibility is not genuine reform. We must resist the temptation to see poor women, minority families or immigrants, as either passive victims or easy scapegoats for our society's difficulties.

We hope this welfare reform debate will be a time for civil dialogue, more focused on the needs and potential of poor families than on the search for partisan advantage. The Catholic community is ready, willing, and able to help share with you some of the problems of the status quo and some directions for future policy. We invite you and your colleagues to come to our family centers, our transitional shelters, and children's homes. We will try to show you how political rhetoric matches up against human reality. Thank you.

Senator CHAFEE. Thank you very much for a fine statement.

[The prepared statement of Mr. Carr appears in the appendix.]

Senator CHAFEE. Terry L. Cross, executive director, National Indian Child Welfare Association, Portland, Oregon, as they say.

STATEMENT OF TERRY L. CROSS, EXECUTIVE DIRECTOR, NATIONAL INDIAN CHILD WELFARE ASSOCIATION, PORTLAND, OR

Mr. CROSS. Right. Yes. My name is Terry Cross. I direct the National Indian Child Welfare Association. I am also an enrolled member of the Seneca Nation of Indians.

I am here because of the welfare reform debate and the opportunity that that presents to support the healing of our Indian Nations across the country, healing from decades of poverty and substance abuse, and years of dependency.

But I did not come to tell you about all of the problems of the Indian people. That is well-documented and some of that is written out in my written testimony. But what I really want to tell you about is what is right in Indian communities, what is working, and what that tells us about welfare reform.

Over the last two decades, we have had several improvements. In the area of health care, life expectancy of Indian people has grown dramatically, over 10 years longer life expectancy now than 20 years ago. Our infant mortality rate has been cut by double digits.

In the area of higher education we have more Indian people involved in higher education at this time than any point in our history. Across the Nation, our child welfare service providers are better trained, having higher degrees than State services.

In Head Start and child care we now have had 25 years of experience in working with pre-school children in 516 Indian Head Start classrooms around the country, with thousands of Indian children graduating out of those programs each year.

Just a couple of years ago I had the opportunity to hire one of the graduates of that program, who is now doing child abuse prevention and substance abuse prevention in Indian communities.

Under tribal child welfare, and assuming that responsibility, a study in 1988 showed that when tribes take over their own services there are fewer out of home placements, there are shorter placements, and the placements are in less restrictive environments.

In the area of substance abuse, almost everyone knows that Indian people have the highest rate of alcoholism of any group in the country, but few people know that we also have the highest rate of abstinence, the highest rate of sobriety of any ethnic group in this country. We are healing, we are moving forward.

There are other advances in housing, in libraries, in museums, and in development of business. Why do I bring these things to the table, because they are not in the area of welfare reform?

Well, they represent three main principles that Indian people are bringing to the table for the discussion: tribal control; access to resources; responsibility. The greatest of these is responsibility. People do not solve problems for which they are not responsible.

We are asking that we share in that responsibility. To that end, we are proposing a 3 percent set-aside for Indian direct tribal funding under these programs if there are block grants, and if there are not block grants, then access to those funds through changes in legislation.

Currently, we are not eligible, for instance, for reimbursement for foster care at the Federal level. Indian tribes were left out of

the Title 20 block grants in 1981, and that needs to be corrected. So, we are asking that we have full access, just as any other population.

Indian tribes are the only jurisdictions in the country not eligible for Title 20 block grants and not eligible to get direct reimbursement for foster care under 4E.

Well, what I am talking about in giving responsibility to tribal communities does not mean that the Federal Government does not have a responsibility. It, in fact, has a trust responsibility with Indian people.

The role of the Federal Government is to do some of those things which other jurisdictions cannot do, to trade data, to do research, information exchange, technical assistance, and to protect the rights of people to access these programs, and especially for Indian people's right to access the Indian Child Welfare Act that protects our children.

I encourage you to remember that if there are no jobs in the place then there needs to be some economic development that is connected to this. We have a 40-50 percent jobless rate, mostly because there are no jobs out there.

Also, I would encourage you to remember that on Indian reservations there is virtually no non-profit sector, there is no tax base, there is no business community to pick up the slack when other people do not do it.

It is a Federal trust responsibility. These notions are built on the government-to-government relationship that has been in force in our Indian policy since the Nixon Administration, and reinforced by every President since.

I just, very briefly, wanted to relate a story that happened to me in the beginning of my career. I was sitting with an elder who was doctor mask carver in our tribe, and he was telling about our healing ways.

And I said, are you teaching anyone to do carve these masks to do these healing ways? And he said, no. I said, why not? He said, there isn't anybody ready. That was troubling to me. I said, what if you die? This knowledge goes with you. He was quiet a long time and he said, I might die, but knowledge does not die. I was not satisfied with that. I did not know what he meant.

But he went on to say, do you suppose we were always smart enough to know that we had the answers? Answers come from visions and dreams and the hard work that comes with learning and getting ready to do these things.

Gentlemen, Indian people are getting ready and we have our dreams and we have our visions, and we want your partnership in healing our communities. That is what I came here to tell you. Thank you.

Senator CHAFEE. Well, thank you very much, Mr. Cross. That was a powerful statement. We appreciate your coming here. You came from Portland, Oregon.

Mr. CROSS. Yes.

[The prepared statement of Mr. Cross appears in the appendix.]

Senator CHAFEE. Mr. Ferrara, Senior Fellow, National Center for Policy Analysis.

**STATEMENT OF PETER J. FERRARA, J.D., SENIOR FELLOW,
NATIONAL CENTER FOR POLICY ANALYSIS, WASHINGTON, DC**

Dr. FERRARA. Thank you, Mr. Chairman.

The failure of the current system is palpable. Federal, State, and local governments spend about \$350 billion per year on 79 means-tested programs aimed at assisting the poor.

This is about 20 percent more than we now spend on national defense. Yet today's poverty rate of 15.1 percent is higher than the 14.7 percent rate in 1966 when the War on Poverty began.

Even worse, the welfare system has caused the work ethic of the lowest income groups to collapse and family breakup and illegitimacy to soar. In 1960, nearly two-thirds of households in the lowest one-fifth of the income distribution were headed by persons who worked.

By 1991, this had declined to around one-third, with only 11 percent of the heads of households working full-time, year-round. Moreover, out-of-wedlock births have soared. I do not need to cite you the statistics on this.

In fact, a distinguished member of your own panel was the first person in the Nation 30 years ago to suggest that what has happened might, in fact, happen. So, you are all quite familiar with that.

This collapse of work and family, in turn, has bred urban decay, crime, drug addiction, and numerous other social afflictions. This social tragedy is the direct result of our current welfare system. It rewards people for not working by giving them numerous benefits and penalizes people who return to work by taking away the benefits.

The system rewards illegitimacy and family breakup by paying generous rewards for having children out of wedlock, and penalizes marriage by taking away the benefits from women who marry working men.

So, we have a system here that rewards counterproductive behavior that leads to poverty and penalizes productive behavior that leads people out of poverty, and we see that those things over the past 30 years have exactly been the result.

We need block grants as the fundamental basis of reform here, primarily for two reasons. First of all, this system needs to be thoroughly reformed from the bottom up. It is a complete failure. We need to start over. Block grants, with broad discretion, are a great way to start over.

Second, we should have the State Governments do this because they know best what the problems are at the local level, and we know, after 30 years, that Washington does not have the answers.

So, now let us let the people who know the best about the circumstances at the local level be the ones who take the lead in reforming the system. I think the best way to do this, I would submit, are the block grants that were suggested by Bob Carleson on the last panel.

What might States do with this discretion? If I was Governor of a State what I would do is I would have a system to replace welfare with work or a welfare safety net with a work safety net.

I would have a system where there is no cash to people, no AFDC, no food stamps, no public housing, but there would be a

place where, if you went early in the morning, you would be assured of work that day, you would be assured of being paid for work that day, and if you needed more money you could come back tomorrow and you would be paid for another day's work. We could supplement that with the Earned Income Tax Credit and vouchers for health insurance and child care as well. That would be a sound safety net.

But look at the difference in incentives. We no longer are under that kind of system and paying people for not working, we only pay them for working. We no longer penalize them for working, they can only get money by working.

We no longer pay people for illegitimacy or having children out of wedlock, we only pay for work. We no longer penalize them if they marry someone who works by taking away the benefits. So, it changes all the incentives.

I want to contrast this with the alternative approach, which seems to be a cut-them-off approach, which both side of the aisle seem to have supported at one point or another. Cut them off after 2 years, cut them off after 5 years, cut them off if they are below a certain age, cut them off if they are legal aliens.

I think this is a very poorly thought out approach, I would submit, because the cut-them-off approach does nothing to eliminate the bad incentives we are talking about until you cut them off, and at that point they are still in need.

What happens after the 2 years and the mother is still there with the three children and says, well, we still do not have food, we still do not have housing, and we still do not have clothing, and we are going to camp out on the City Hall steps until you do something. It is not going to be 2 years and you are out, it is going to be 2 years and here is some more, because we have not solved the problem.

So, I would submit that the work-oriented approach that I hope would be implemented through the block grants would be a way out of this. There would still be a safety net for everybody but it would be a work safety net and it would change all the incentives. I submit that that might be a basis for a bipartisan approach on this issue.

If I could go into more detail on this I would show how this is somewhat similar to the proposal that was submitted to this committee, I believe, by the Aggressive Policy Institute. I think several members of the last panel emphasized the need for work instead of welfare. I think this is the way a work safety net, rather than a welfare safety net, is a way out of the current system.

Just one brief thing I want to say. At the NCPA we also support a proposal called Taxpayer Choice. Under that proposal taxpayers would have the right to receive a dollar-for-dollar tax credit for contributions to a private charity up to 40 percent of their income taxes.

To the extent they took that in any State, the block grant to that State would be reduced commensurately so there would be no net loss to the Federal Government, but what it would do is create a competition between the private charities and the public sector in each State, with the taxpayers being the ultimate people to decide where those funds go.

If they do not believe the State is doing a good job with the block grant funds, they would have the ability effectively with these tax credits to shift the funds to private charities that they thought were being effective, and this would create a competition that would help everyone and it would be the ultimate check on the block grant. So, I would commend that to you as another proposal, and I would be glad to discuss that further in questions and answers. Thank you.

Senator CHAFEE. Thank you very much. Just on that final point, the 100 percent credit that you mentioned for gifts to charity, could that be a gift to the symphony, or to the museum, or would it be a gift to a Salvation Army type of organization?

Dr. FERRARA. No. It would have to be to a group that was focused on assisting low-income people.

Senator CHAFEE. All right. Fine.

[The prepared statement of Dr. Ferrara appears in the appendix.]

Senator CHAFEE. Mr. David Liederman, chief executive officer, Child Welfare League of America.

Mr. Liederman?

STATEMENT OF DAVID S. LIEDERMAN, CHIEF EXECUTIVE OFFICER, CHILD WELFARE LEAGUE OF AMERICA, WASHINGTON, DC

Mr. LIEDERMAN. Thank you, Mr. Chairman. Mr. Chairman, Senator Moynihan, members of the committee, I am happy to be here to represent 800 public and non-profit child welfare agencies that work with over two million abused and neglected children and their families.

The first question you asked was, what should be the ultimate goal of welfare reform? Welfare reform should lift kids out of poverty and get folks permanently off of public assistance. Both of these elements are essential.

The committee moved in that direction back in 1988 when you passed the Family Support Act. The Family Support Act, while not perfect, sought to move recipients from welfare to work. It provided job training and some child care. It provided some other support services. The goal of the Family Support Act was to get people permanently off of welfare. We know that it is not easy.

Every study has indicated that even when you have highly motivated recipients it is not easy to move them from welfare to work. We know that the Family Support Act was not fully funded. We know that many States did not want to provide the match that they needed to provide to implement the program in their own States.

I would suggest, contrary to what Mr. Carleson said in the prior panel, that it was not because of the Family Support Act that we had increased case loads. It was because of something called a recession that we had which increased case loads around the country, and that was a contributing factor, I believe, as to why the States did not want to put up the match.

The Family Support Act also retained the AFDC entitlement, a 60-year commitment to our poor children, and the only way to

guarantee that poor children in this country will get the help that they need.

Now compare that to the Personal Responsibility Act passed by the House last week which goes in the opposite direction. It is not about investing in people; it cuts support for impoverished children and families. It is about saving money for tax cuts.

The House bill says this to recipients: "Here is the deal. We will take away your safety net but we will not help you find a job. Instead we will give you want ads in the newspaper; you go out and find your own job. But here is the deal. We are making you more independent and we are going to make you more responsible by taking away all of your benefits."

It is something like tying someone's hands behind their back and sending them into the ring and telling them to take on the heavy-weight champion of the world.

It also demonizes 15- and 16-year-old girls. If one would listen to the rhetoric during the debate in the House, it was like 15- and 16-year-old young girls in this country are responsible for everything that is wrong in the United States of America. It is like saying that 15- and 16-year-olds have caused every single problem that we have.

I have never heard anything like it blaming young women who are trying to get their lives together for everything that is wrong and, going further, not providing any kind of programs that would prevent teen pregnancy, not helping the girls who are already teen moms become good parents, not helping them to finish school, and not helping them to prepare themselves to get into the work force. It does not help families get off welfare. Basically what it does is it just faults kids for all of the problems of society.

Probably the only kid in America who would be helped is Macaulay Culkin, who stars in the movie "Richie Rich" and who would see his taxes go down on his multi-million dollar income if the House bill passed.

The current Congressional debate, I think, misses the mark. It is not that welfare has failed in this country, it is that we have got an under-financed program. There is not one State in the country that meets 75 percent of the poverty level; most of the States in the country provide less than 50 percent of the poverty level for welfare recipients.

We believe that for welfare reform to be successful it needs to be carried out in the context of a broader national neighborhood strategy. You cannot reform welfare in a vacuum.

When you talk about reducing the cycle of poverty, which you talked about on the last panel, the only way you are going to do that is to do welfare reform in the context of a neighborhood strategy.

You have got to support local leadership. You have got to work with the churches. You have got to improve the schools. You have got to provide some affordable housing. You have got to do things that are really going to make a difference in people's lives.

Let me just say, Mr. Chairman, that one of the things in the bill in the House that is probably the most offensive is that it would use kids as human guinea pigs. We are talking about starting a national behavior modification experiment on a grand scale without

any evidence that anything we are suggesting works. Without any evidence that withholding money is going to make any difference in out-of-wedlock births. Without any evidence that family caps are going to make any difference.

For God's sake, nearly half the States have waivers. Let us look at New Jersey and have independent evaluation of the New Jersey experiment and see whether or not a family cap would actually make any difference before we start a national experiment without any idea as to whether or not these programs would work.

Finally, one final point. I know my time is up, but I want to pick up on something Senator Rockefeller said. Included in the Personal Responsibility Act is a block grant called the Child Protection Block Grant.

It takes away the entitlement to abused and neglected kids; it takes away all the protections for abused and neglected kids. It is probably the most outrageous part of the Personal Responsibility Act. More kids will need foster care because of the Personal Responsibility Act if it passes the Senate as it passed the House.

I urge you, Mr. Chairman, I urge the members of the committee, to make sure that we do not destroy the child welfare system in this country which is going to be called on even more to meet the needs of children who are vulnerable in the United States. Thank you.

Senator CHAFEE. Well, thank you very much, Mr. Liederman. That was a very strong statement. It is helpful, on the back of your statement you have the specific recommendations, which I found useful.

[The prepared statement of Mr. Liederman appears in the appendix.]

Senator CHAFEE. Gwenevere Daye Richardson, co-founder, Minority Mainstream, from Houston, Texas. We welcome you. I guess next to Mr. Cross, you are the long-distance traveler to get here, so we appreciate your coming.

STATEMENT OF GWENEVERE DAYE RICHARDSON, CO-FOUNDER, MINORITY MAINSTREAM, HOUSTON, TX

Ms. RICHARDSON. Thank you for having me. As you said, my name is Gwen Daye Richardson, and I am a board member and secretary for a national lobbying grassroots organization called Minority Mainstream.

I am also editor and part owner of a national magazine called "National Minority Politics," and we did our February issue on welfare. We called it "Welfare's Destructive Path." So, that might give you an idea where I am coming from.

I come before the Senate Finance Committee to discuss our group's ideas on welfare reform and what we think welfare should be. We heard several Senators talk about it as an entitlement. We also heard Senator Simpson talk about compassion fatigue.

We believe that entitlement is the wrong word for welfare. We believe that that is where we have made the mistake. Welfare should be, not an entitlement, but a contract between the recipient and his or her country.

In other words, in exchange for receiving a welfare payment the person who receives it says to the country, in exchange for your

helping me out of this crisis I will either, A) work, or B) change my behavior, or C) vow to make more prudent life decisions. We do not believe this is anything harsh, we believe that is where we have made the mistake.

We have treated welfare as a give-away rather than as an agreement. There really has been no responsibility on the part of the person receiving welfare, only on the taxpayers to continue to fund the system.

We also believe work should be a requirement, not after a 2-year period, but immediately. The reason for that, I will give you a personal experience as an employer, as a person who has actually employed chronic welfare recipients. And I am talking more about people who are chronically on the system as opposed to people who are short-term.

Not only have I had this experience, but my family, who has a number of businesses, has had this same experience, and also other people I know in other States have had the same experience.

Surveys of business owners will tell you that the most important thing about an employee is not their skills, necessarily, or even their job training, but their attitude. That is where we run into a problem.

I can state, from my experience, that in our attempts to employ chronic welfare recipients, in most cases, it has been a disaster, and that is because of the attitude.

The attitude has been that, as soon as an obstacle arises, that the person should not work that out, but they should quit. The welfare system produces an attitude that, why should I put up with having to be at work on time when I can make as much or more money on welfare?

There is also a problem, the lack of understanding about proper work attire, leaving personal problems at home where they belong, that conflicts with peers should be worked out, that your boss is your boss, not your friend. In other words, the welfare system basically makes people who are on it chronically unemployable at the taxpayers' expense.

Government-sponsored job training programs are not the answer. They are too expensive, too susceptible to fraud, and generally ineffective in teaching people what they need to know about the work world.

The shortest distance between two points is a straight line and since welfare recipients are potential employees they should be as close to the potential employer as possible, not taken through a series of hand-holding exercises.

A company called America Works, which has been mentioned, and also Goodwill Industries—which I am glad to know hires people; I have donated to them but I did not know that my donation was going toward work. As a result of that, I will donate even more—provide 4–6 weeks or 90 days of training on these problems, like attitudes. They have the right idea.

I would also like to mention, children have been talked about a lot, but I do not want to see poverty used as an excuse for undermining parenting. That is what we have seen in the welfare system.

I will end with a personal anecdote. I was lucky; I was not raised poor. I was not raised rich, but my parents had jobs and means. But my husband was raised in a very poverty-stricken environment, 12 children, no father in the home, there were three women—his mother, his grandmother, and his great-grandmother—that raised those children. They were raised in a rural environment and knew nothing about welfare. They were picking cotton at the age of 7 years old in Texas.

But they had a work ethic. The government was not telling his grandmother, mother, and great-grandmother how to raise their children. Out of those 12 children, they all, except one who ended up on welfare later on, are all productive human beings.

So, I would not like to see the government use poverty—which does not mean you are a bad parent, it just means that you do not have that much money—use that as an excuse for interfering with parents. Yes, we do need to have a safety net, but work ethic is the best road out of poverty, not a government handout.

[The prepared statement of Ms. Richardson appears in the appendix.]

Senator CHAFEE. Well, that is very, very inspiring testimony, in particular your anecdote at the end there of your husband's situation, Ms. Richardson.

Let me just ask one question. I guess this might go to Mr. Carr. One of the great concerns I have—and it is not just restricted to me, I think all of us here are concerned—is this tremendous increase in teenage pregnancy and births out of wedlock. Whatever the statistics are, 70 percent of the births in some of our cities are now out of wedlock.

What do you think—and I am asking you somewhat in your capacity as spokesman for the Catholic church on this—in connection with family planning? I am not going to use the word abortion, I am talking about family planning so that these youngsters can have better instruction on how not to get pregnant. Encouraging abstinence, sure, but certainly hopeful that they will not become pregnant. What is the attitude? I guess you are a spokesman for the church on this. Could you please?

Mr. CARR. Well, the first thing I would say about that is that the rise in out-of-wedlock births is not confined just to the poor, it is a matter in our whole society, not just the down-and-out, it is the rich and famous and it is the rest of us.

I think we would say that the problem is not the lack of availability of contraceptives, this society is awash with contraceptives. Some places they have them in our schools, other places they are available everywhere. It has been said, and it is glib, and I think it is true, the best contraceptive is a good education and a sense of hope.

Sister Mary Rose said earlier, many of these kids are having babies, not because they do not want babies, but because they do. In their lives, that child is, in some ways, the only source of love, the only hope for the future. It is a trap in many respects. But we need a moral revolution, not just more contraceptives.

Senator CHAFEE. Well, I agree with all that. I am not disputing that. It seems to me these things are a package of requirements, education, some sense of self-esteem, as Ms. Michelman was talk-

ing about. Hopefully the various inner-city programs that we have will do part of these things. But are you ruling out family planning clinics and saying, no, we do not want those around?

Mr. CARR. Yes. Obviously abortion is a different issue than family planning. We are not supporters of family planning clinics.

Senator CHAFEE. You are not supporters.

Mr. CARR. We are not. But we do not require everybody in society—

Senator CHAFEE. You oppose it, to put it that way.

Mr. CARR. We do not think they are the solution, candidly.

Senator CHAFEE. I am not suggesting they are the solution. I am not suggesting anything is the solution. Again, I believe it is a package of assists that we have got to have here. I have looked on it, and maybe inaccurately, that part of it is family planning and that would involve instruction on contraceptives.

Mr. CARR. The Catholic church is not going to insist that the rest of society follow our teaching on birth control. However, we do think, frankly, that the way to hold down on out-of-wedlock births involves a lot more than the making of contraceptives available.

Senator CHAFEE. Yes. All right. Thank you very much. I apologize to the panel that I have to go. It has been an exciting experience to have heard you.

Senator MOYNIHAN, YOU ARE NEXT. I will leave you the gavel, and you and Senator Hatch may continue.

Senator MOYNIHAN. Mr. Chairman, Bishop Bateman has done us the great honor of coming. I see our colleague from Utah is here, and perhaps you would like to begin.

Senator HATCH. Well, thank you, Senator Moynihan. I really appreciate that.

I appreciate having all of you testify here today because this question involves an awful lot of important issues. I think all of you have had important things to say here today.

Let me just take a few seconds with Dr. Bateman, who is a dear friend, and I think a great Christian leader in this country. One thing I would just like to kind of have you talk about is, how long has this Mormon Church welfare program been in existence; is it just a short-term thing, or is it a long-term thing, and a demonstration project or one that you count on working through day in, day out? What have you done through times of war, times of peace, times of recession, times of depression?

Bishop BATEMAN. It is a program that has been highly formalized for 60 years now, so it has a long period of history. It started in the Depression, during the toughest of times, went through the war. It has been in a number of recessions and in 1980-1981 came close to another Depression, although I suspect we would not categorize it that way. But, one of the things that we have done, is we are committed to riding through the cycles, to being able to provide when demand goes up because of hard economic times.

In that regard we set aside strategic reserves. We asked each of the families to put away some reserves, but, in addition, the church does as well. We have reserve farms that are actually on the tax rolls, producing and paying taxes, both in terms of property taxes and in terms of profit, corporate taxes.

But if there is a time that the welfare system needed those reserve farms, some of those could be brought in to help produce additional food for the members and non-members that we serve. We have production facilities that are not fully utilized. We would ramp them up and use them to a higher degree.

So, it is not a program that started 2 years ago, or 5 years ago, or 10 years ago, it is now formalized at least for 60 years. It is getting stronger and stronger as time goes on in terms of more and more facilities, more and more resources with which to work. The people themselves are becoming stronger in terms of their commitment, I believe, to their donations. They not only donate money, they donate time.

Senator HATCH. Well, let me just ask you a couple of other questions. The Mormon Church administers this welfare program that involves, literally, thousands of people, millions of people, who donate hundreds of millions of dollars for the care of the poor.

To say that Mormons fast for 24 hours 1 day a month, the first Sunday of every month, and they donate the equivalent of what it would have cost them and their family members—

Bishop BATEMAN. Or more.

Senator HATCH. [continuing]. To live or work.

How does the church organization ensure that the assistance gets to those who really need it and that it is not eaten up by a bureaucracy?

Bishop BATEMAN. I think one of the key aspects of our program is that 90–95 percent of the funds are gathered and dispersed at the local level by a local bishop who has responsibility for approximately 150–200 families. He has able-bodied men and women working with him, trying to assess people's needs and determine when people do not have enough to take care of themselves.

So you have at the local level these people who volunteer their time. A bishop, even though he has a full-time job, probably spends in the neighborhood of 25 hours a week helping in this way. Other people who assist him may spend 10–15 hours a week. The bulk of the society spends at least 1–2 hours a week helping. So, it is a major community effort where there is a sense of community, of taking care of each other.

Senator HATCH. And that is all voluntary.

Bishop BATEMAN. And that is all voluntary.

Senator HATCH. Without compensation.

Bishop BATEMAN. Without compensation.

Senator HATCH. Let me just ask one other question to you, and that is this. I happen to know a lot about this, being a member of the church.

Senator MOYNIHAN. I was under the impression that you might.

Senator HATCH. Not as much as Elder Bateman. But if I could ask one last question, Senator Moynihan.

Senator MOYNIHAN. Please, sir.

Senator HATCH. The LDS church has run a successful welfare program since the Depression, so that is a long-term program. They have had a lot of experience, through good times and bad, through Depression and recessions, through wartime and peacetime. Now, based on the totality of your experience, what principles would you

suggest should be embodied in any Federal welfare program? Because we are going to write one this year.

The question is, what is the best thing to do for our people out there? We have had so much experience in this area, as have all of you. I am sorry I have not had time to ask all of you questions.

But I would just like to have your advice. What should we do, how should we write this bill? What would be the key points that you would hope that would be in a piece of legislation that would be helpful to our people out there?

Bishop BATEMAN. I believe, and our experience shows, that there is an enormous amount of volunteer resource out there that is not tapped. I believe one of the reasons that it is not made available is because people feel like Washington is taking care of the problem and Washington does not have a face. So, if it is done here, then we do not need to make our contribution.

I think if it is moved closer to the people, where there is a face, not a lot of restrictions on the States, and even encourage the States to work with local units, local communities and charitable organizations in those local communities, that will get the work closer to the people. If we ask people, where they can, to work in exchange for the assistance received, I believe that is productive. That brings dignity back to the situation and helps the father stay in the home.

If people do not have enough jobs we have 12,000 chapels they can help maintain. We are building 600 new ones each year. We have 100 storehouses across the country where we can use some help. We have 100 food processing operations where they can help. Now, those are minuscule in terms of the Nation's problems, but if other people were doing the same kinds of things, that would be useful.

I think trying to keep the father in the home—and I understand that that is a long-term process—keep the family together, have the teaching of moral values in the home, however that is encouraged, and it primarily has to be done through the churches, tapping the volunteer resource, moving the help closer to the people, using it as a supplement rather than an entitlement in the sense that, assess the family's ability to take care of their needs and then use the government's resources to supplement that.

There is some concern that that will wipe away support for children. I have studied the economic pattern of the government now for about 40 years since I finished at MIT. I have never seen the amount of resources expended in this area go down. I do not expect them to go down in the future.

The debate, as I understand it, is primarily where they were going from \$1 trillion a year to \$1.2 trillion, or \$1 trillion to \$1.26 trillion. Are we going to grow at 4.5 percent or 5.5 percent? That is really what it is about. I do not see resources being withdrawn, I see additional resources being made available. I just think they will be better expended, better utilized if we can get it closer to the people, tap into the volunteers, and go about it in that way.

Senator HATCH. Well, Senator Moynihan, I would just like to say, I want to thank you, Bishop Bateman. We appreciate you coming. We know it is an effort, and I appreciate this committee for having you come, and all of you, Mr. Carr, in particular. I have to say, I

am very impressed with what the Catholic Church does throughout this country and other churches as well. So, I do not mean to ignore the tremendous work that you are doing as well.

Mr. Cross, I am also on the Indian Affairs Committee and I am very proud of that. I have not been able to go to many meetings lately because I am so caught up in, for instance, this meeting here today and others.

I do not know, but I am going to look into it in my capacity as a member of both the Finance and Indian Affairs Committee, and frankly I am not sure that a straight three percent set-aside is the answer. But I would like your help in figuring out what we can do to best help our Native Americans throughout this society to have a better life and to have better opportunity.

So we are really looking for ways of trying to get off the welfare mentality and into something that really gives opportunity and empowerment to our Native Americans. So, the door is open, all right?

Mr. CROSS. Right. I will be glad to work with you.

Senator HATCH. Thank you, Senator. I know I have gone a little bit over.

Senator MOYNIHAN. Please, Senator Hatch.

Senator HATCH. I just want to compliment all the others for being here, and I appreciate it. Mr. Richardson, I appreciate how hard you are working on minority problems as well. I feel deeply about every one of you speaking here today. Thank you.

Senator MOYNIHAN. Well, I think we do need to wrap up this important morning. Well, it is afternoon, as you know.

Bishop Bateman, it has been a great honor to have you.

Bishop BATEMAN. Thank you.

Senator MOYNIHAN. I am deeply impressed by what you have said.

Mr. Cross, I was very pleased to hear those proposals, and your comment that the Jobs Program is working for those tribes fortunate enough to have access to this program.

Senator Hatch might be interested to know that when Bishop Bateman was talking about getting things done at the neighborhood level and at the community level he was simply espousing—I do not want to alarm him—the Roman Catholic doctrine of subsidiarity, which says in the hierarchy of organizations, you seek that which is the furthest down capable of performing the function. It makes good sense. It has even been adopted by the European Union, I have heard.

I just want, for the record, to say that I was disappointed that my friend, Bob Carleson, would have ascribed the rise in the AFDC case load to the enactment of the Family Support Act which, indeed, was exactly the kind of contractual relationship that Ms. Richardson talked about.

We know something about this, or we think we do. In 1993, the Congressional Budget Office tried to ask why has case load gone up, and it is because of the increase in single parent families.

They said, "Based on the regression findings and an increase of 100,000 in the variable for female-headed family, that leads to about 56,000 more AFDC basic cases. Of the increase in the basic case load of 920,000 between 1989 and 1992, CBO estimates that

the growth in female-headed families accounts for about 530,000, or 58 percent."

This was given to us in testimony by Douglas Mescherloff, who, in trying to figure out that sharp increase, said it is mostly the effect of the family breakdown. Of course, the problem is not only family breakdown but also lack of family formation that is really the basic problem.

I would say to my friend, Mr. Ferrara, he obviously benefitted from his years as a student of James Q. Wilson. But, in talking about a work safety net, you ought to know—and this is probably our last hearing—persons of impeccable conservative testimony come before us and said, now, listen, if you are going to have a Jobs Program you are going to have to put some resources into it.

Lawrence Meade, of New York University, testified before us and he was speaking of Governor Thompson's success in Wisconsin. He said, it is the close supervision of clients by an expanded core of social workers that has done it.

This morning, David Browder, quoting Meade, summarizes, "Dependency is falling precisely because government is growing, and not in spite of it." Now, I do not know if I am any more comfortable with that than probably any of you, but it seems to be the fact.

We can do it within the government at this level, but if you are going to get people who are in a lot of trouble out of trouble, it is going to take a lot of effort. There are inspired communities, the Church of Jesus Christ of Latter-Day Saints, and they are latter-day saints, and Sister Mary Rose, and so forth.

But there are only so many of these people, and what is left is left to government. Government can find its way to get its resources to such groups as the Indian tribal groups. But to leave it out altogether, to think you could do without it, is to invite social calamity.

We just do not understand why our family structure is crumbling. We do know this—of course, Bishop Bateman, you would be able to attest, probably, better now because you have missionaries all over the world—this is not happening just to us. It has happened in Britain, it has happened in France, it has happened in Canada. The United States at this point is sort of medium. It has not happened in Japan.

Mr. FERRARA. Can I address some of these points?

Senator MOYNIHAN. Surely, Mr. Ferrara.

Mr. FERRARA. I wanted to address your point, because I disagree with the notion, that if you do this work safety net right it would require more resources. The model I would draw on is what they have done in Utah, where for the AFDC-UP program they did it the right way, which is not to give them the welfare and then chase after them to make them go to work, but to say, here is an office that is a work office. If you want assistance, you show up here, you work. If you do not show up and work, there is no assistance for you.

I would not hire any social workers to go chase them down and say, do this, or do that. There is a place where you can work. There no longer is an excuse that, I cannot find a job. The experience they have is the case load for that group of the population was reduced by 90 percent.

My argument is, changing the incentives will have a huge impact on the behavior of people, particularly in regard to work. I would submit, while I would agree that you need funds for child care, if this is done right it would sharply reduce the resources that are required.

Senator MOYNIHAN. I think we know that range of opinions. I want to have everyone leave friends.

But I would also like to make the point that because something works in Utah, it does not follow that it works everywhere. As a matter of fact, the only bit of scholarly work I have done in the last couple of years is, there was a big discussion on the goals for the year 2000, how we are going to increase our scores in mathematics, and science, and so forth.

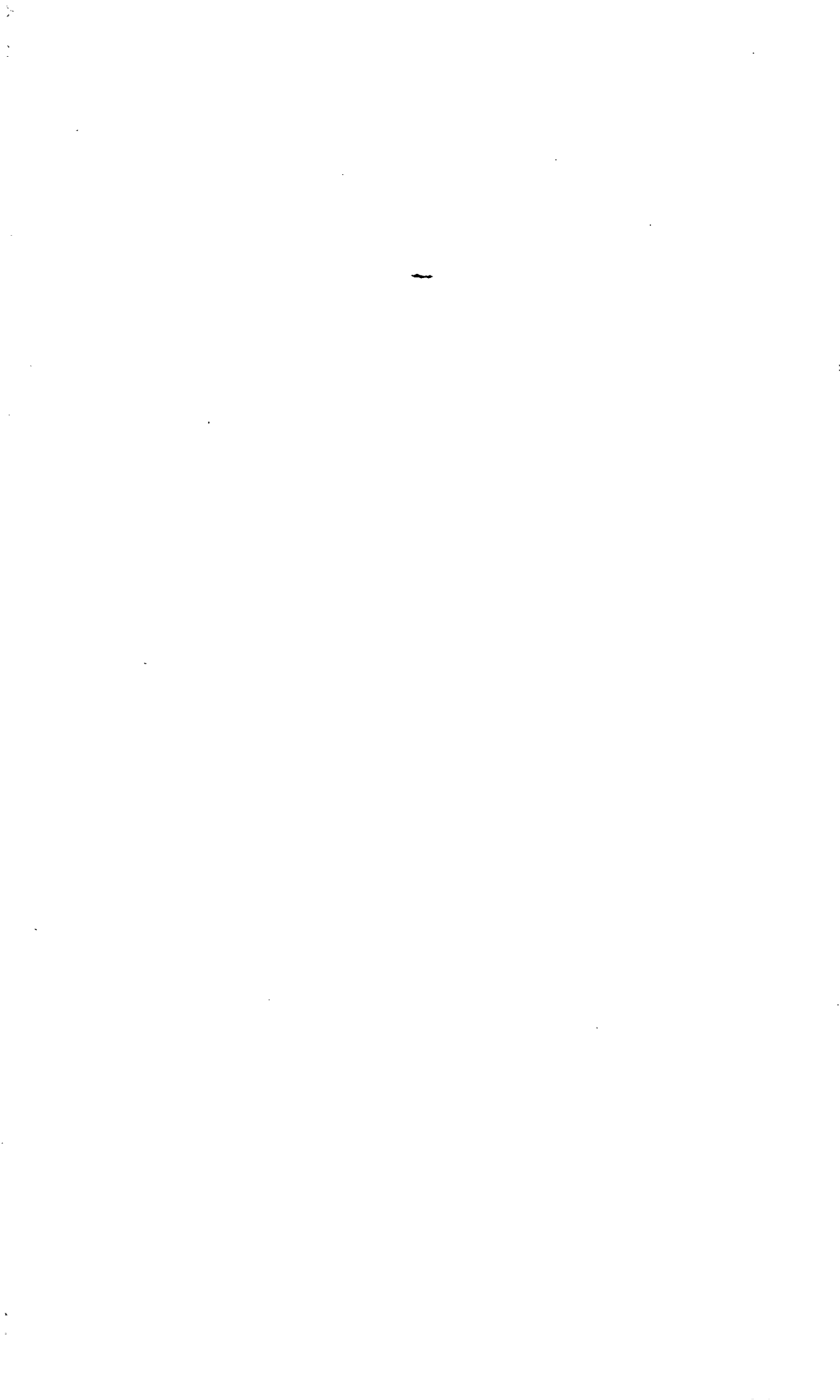
I demonstrated that there was about a 0.7 correlation between rank in mathematical scores for ninth grade students and the distance of the State capital from the Canadian border. I prescribed, as an immediate solution to our problems, States should move themselves closer to Canada. No one has disproved me. Mind you, correlation does not establish causality, but to this day the proposition has not been refuted.

I thank you all very much. Senator Packwood had to be elsewhere most of the morning, as you know. Senator Chafee had a 12:30 address he had to give. So, we have had a good morning. We have concluded on a very positive note.

We have heard from people who care, and that is now our job, to make some assessment. We are, as Senator Hatch said, going to write legislation, and pray God it is worthy of this Nation.

Thank you very much.

[Whereupon, at 12:58 p.m., the hearing was concluded.]



APPENDIX

ADDITIONAL MATERIAL SUBMITTED

PREPARED STATEMENT OF MERRILL J. BATEMAN

Thank you, Mr. Chairman. I am Merrill J. Bateman, Presiding Bishop of The Church of Jesus Christ of Latter-day Saints. We appreciate the opportunity to testify before you regarding the efforts of our Church to assist the needy.

Since its organization in 1830, The Church of Jesus Christ of Latter-day Saints has encouraged industry, thrift, and self-reliance among its membership. Work is emphasized as a ruling principle in the lives of the Latter-day Saints. Families are taught to care for their own, to prepare for adversity, and strive to stand independent of government welfare or private charities. Church members regularly contribute cash, time, talents, or other means in order that the Church can provide temporary assistance to those whose personal or family resources are exhausted. A cardinal practice is to identify and meet welfare needs at the level closest to where they exist. Such assistance is authorized and monitored by bishops who serve voluntarily as local ecclesiastical leaders. Each bishop is aided by the president of his congregation's Relief Society, a women's organization established to give charitable service. Permanent dependence on Church welfare is discouraged except in cases where the aged or infirm have no other resources upon which to rely.

The welfare program is a Church endeavor based upon principles that bless both the giver and receiver. Through genuine love and concern for their fellowman, faithful Latter-day Saints provide resources to those in need, and those receiving help are expected to work to the extent of their abilities for what they receive.

The welfare program of the Church has three broad areas of emphasis: prevention, temporary assistance, and rehabilitation.

PREVENTION

The Church welfare plan focuses first upon prevention of welfare need. Independence and self-reliance are fostered through teaching and practicing provident living.

Members are strongly encouraged to acquire needed literacy skills, seek formal education, improve work skills, and choose a suitable career that will satisfy economic needs. Youth are counseled to choose a career that will provide personal satisfaction and meet future financial needs.

An essential aspect of prevention is financial and resource management. Members are encouraged to establish financial goals, avoid unnecessary debt, live within their means, care for the things the Lord has provided, plant gardens, learn to preserve fruits and vegetables, and store appropriate reserves of food and clothing to sustain themselves during times of need.

To maintain healthy minds and bodies, Church members are encouraged to practice sound principles of nutrition, sanitation, and abstinence from harmful substances. Latter-day Saints believe that they are better able to care for their own needs and serve others as they maintain good mental and physical health.

Church members strive to cultivate good relationships with family members and neighbors, offer service within their community, and maintain a sense of self-worth. Love of God, self-mastery, and respect for others are viewed as fundamental to developing individual social-emotional and spiritual strength.

Such preventive measures are taught and practiced in a family environment and by single members. The Church seeks to reinforce these principles through gospel instruction, home visits, self-help training materials, and family members counseling together. Latter-day Saints view the family as the basic unit of society and the first source of help in times of need.

TEMPORARY ASSISTANCE

Church members are taught that the responsibility for a person's social, emotional, spiritual, physical, and economic well-being rests upon one's self, aided by the family, and if necessary, the Church. In some instances, individual members may decide to receive assistance from other sources, including government. In all such cases, members are encouraged to avoid becoming dependent upon these sources and strive to become self-reliant.

When needed, assistance from the Church is tailored to address welfare needs that cannot be remedied by the member and the family. Assistance is administered by a local bishop (minister) who is the only officer authorized to disburse Church welfare resources. Because he knows the member and is familiar with the circumstances surrounding the need, the bishop, aided by the Relief Society president, is in the best position to determine the nature, quantity, and duration of assistance. Bishops are given no prescriptions or complex formulas for levels of assistance. Instead, bishops make judgments in consultation with those receiving help as to the nature, duration, and quantity of assistance.

Assistance provided by the Church takes various forms, depending upon need. It may consist of charitable acts of service, monthly visits to the home of each member to assess its well-being, counseling services to unwed parents, employment assistance, needed food, clothing, shelter, medical assistance, or financial aid.

The Church assists with life-sustaining goods and services for members who are expected to alter their standards of living when necessary and stretch their resources as far as possible in providing for their own needs before seeking assistance.

When unemployment or underemployment cause welfare need, immediate efforts are made to help recipients find an adequate job, thereby hastening their return to self-reliance.

To support the bishops as they provide needed assistance, the Church maintains a unique system of commodity storehouses, farms, canneries, grain storage facilities, employment centers, social services agencies, and sheltered workshops for the unemployable. This system of helping services and facilities is supported by voluntary offerings of time, talents, and resources of Church members. For example, in the past year, more than one-million volunteer hours were donated to Church welfare facilities. In addition, members are urged to fast (or abstain from two meals) each month and contribute a generous financial offering to the Church. These fast offerings comprise a primary resource for the Church's welfare program.

Fundamental to the Church's welfare program is the principle that those receiving assistance are expected to work to the extent of their abilities for what they receive. Recipients work on welfare production projects, in storehouses, canneries, or in sheltered workshops. They may also be given opportunities by their bishops to serve in behalf of others within the community who are in need of assistance. Work engenders independence, thrift, and self-reliance. Freedom from idleness and its attendant evils is encouraged. Today's welfare program realizes the aims of its founders nearly sixty years ago:

"Our primary purpose was to set up, insofar as it might be possible, a system under which the curse of idleness would be done away with, the evils of the dole abolished, and independence, industry, thrift and self-respect be once more established amongst our people. The aim of the Church is to help the people to help themselves. Work is to be re-enthroned as the ruling principle in the lives of our Church membership" (The First Presidency, in Conference Report, Oct. 1936, p. 3).

REHABILITATION

Woven through all that has been described thus far is the thread of rehabilitation. If independence and self-reliance are to be fostered, Church members in need must be helped to help themselves.

In the case of job loss, local Church members are called upon to help locate new employment or assist the person to acquire improved skills needed to become gainfully employed. In 1994, some 35,000 people were placed in jobs as a result of Church welfare assistance.

A mother who has just lost her husband is supported in her new role as a single parent by a thoughtful bishop, while members of the women's Relief Society help her to determine how she is going to provide for herself and her family.

When an able-bodied breadwinner is injured and unable to work, the bishop contacts members of the extended family to ensure that they are given full opportunity to help before Church assistance is given. The men of the priesthood quorum (a

group of men of the local congregation organized to assist one another through service) then step forward to help while their disabled brother gets back on his feet.

A girl is helped through the trauma of her out-of-wedlock pregnancy and to gain an understanding of the responsibilities attendant to giving birth to a child. If she chooses, she is assisted with placing the child for adoption into a loving family.

People suffering from the effects of certain impairments learn new skills enabling them to find employment through sheltered workshop programs.

These rehabilitative efforts recall the aims envisioned by the founders of the Church welfare program who wrote:

"The real long term objective of the Welfare Plan is the building of character in the members of the Church, givers and receivers, rescuing all that is finest down deep inside of them, and bringing to flower and fruition the latent richness of the spirit, which after all is the mission and purpose and reason for being of this Church" (J. Reuben Clark, Jr., *Providing in the Lord's Way; A Leader's Guide to Welfare*, inside cover).

HUMANITARIAN ASSISTANCE

An important extension of the Church welfare program is humanitarian aid to those suffering from want in communities at home and abroad. Humanitarian projects benefit primarily those who are not members of the Church. They include hunger relief, disaster assistance, donations of clothing, medical supplies and equipment, and community development efforts. Examples of recent humanitarian efforts by the Church include relief to citizens of war-torn Bosnia, drought victims in Africa, refugees of Rwanda, those driven from their homes by Hurricane Andrew and flooding in Georgia. Total humanitarian assistance given in cash and commodities through the welfare program of the Church during a typical year is valued in the tens of millions of dollars.

To relieve hunger, Church canneries throughout the United States participate in community humanitarian canning projects. While processing food to be distributed through food banks and homeless shelters, these community efforts provide work and service opportunities for the needy and others who wish to help. Cooperating with charitable groups and agencies, Church canneries distribute thousands of cases of food to needy in the course of a year.

Also receiving increasing emphasis is the need for used clothing. In the past year, more than 5,000 tons of donated usable clothing were sorted, prepared, and shipped to Appalachia, numerous urban centers in the United States, and to many parts of the world.

RELIGIOUS MOORINGS

To understand the Church welfare program, one must recognize its basic moorings. They are spiritual, and they derive their sense of purpose from the giver's love of God and fellowman. Latter-day Saints follow the teachings of Jesus Christ, believing that His gospel makes all of us responsible to provide for ourselves, our relatives, and those who are less fortunate. Such instruction is captured in these teachings with respect to the responsibility to care for one's own family: "But if any provide not for his own, and specially for those of his own house, he hath denied the faith and is worse than an infidel" (*Holy Bible*, I Timothy 5:8).

Admonition is also given to care for all of God's children:

"For I was an hungered, and ye gave me meat: I was thirsty, and ye gave me drink: I was a stranger, and ye took me in: "Naked, and ye clothed me: I was sick, and ye visited me: I was in prison, and ye came unto me.

"Then shall the righteous answer him, saying, Lord, when saw we thee an hungered, and fed thee? or thirsty, and gave thee drink? "When saw we thee a stranger, and took thee in? or naked, and clothed thee? "Or when saw we thee sick, or in prison, and came unto thee? "And the King shall answer and say unto them, Verily I say unto you, "Inasmuch as ye have done it unto one of the least of these my brethren, ye have done it unto me" (*Holy Bible*, Matthew 25:35-40).

In another scriptural record, similar direction is given:

"And now . . . for the sake of retaining a remission of your sins from day to day, that ye may walk guiltless before God—I would that ye should impart of you substance to the poor, every man according to that which he hath, such as feeding the hungry, clothing the naked, visiting the sick and administering to their relief, both spiritually and temporally, according to their wants" (*The Book of Mormon, Another Testament of Christ*, Mosiah 4:26).

SUMMARY

This overview of the welfare program of The Church of Jesus Christ of Latter-day Saints demonstrates commitment to basic Judeo-Christian values and a belief in the essential goodness of mankind. It is a way of life, a set of virtues embracing love, service, work, self-reliance, giving, and accepting responsibility for one's actions.

Thank you for allowing me to present testimony to you this morning.

 PREPARED STATEMENT OF ROBERT B. CARLESON

"We should make work pay more than welfare." "We should provide work incentives to encourage welfare recipients to go to work." "Why should a welfare recipient go to work if she gets a dollar for dollar reduction in her welfare grant if she does?"

These are statements we are hearing today, but these statements were being made over thirty years ago. The "solutions" of the 60's resulted in disastrous unintended consequences. In some States and in the Clinton welfare reform proposals we are repeating or may be about to repeat those mistakes.

If I had been in the Congress in the 1960's I too would have voted to make work attractive to welfare recipients by first, not counting as income work related expenses and then in 1967, after that policy failed to do the trick, provide, in addition for deducting the first \$30 and one third of the gross monthly income before determining eligibility for and the amount of the welfare grant. (These deductions are called "earned income disregards" in welfare terminology.) It was "common sense," but in this case "common sense" was wrong.

When asked by then Governor Ronald Reagan to examine California welfare policy in late 1970 I was appalled at the way "work related expenses" had been defined in State regulations. It had been broadened to include almost everything anyone could conceivably claim as work related. The child-care expense income disregards had been similarly broadened. When as Director of the California Department of Social Welfare in 1971 we tightened the State work-related and child care expense income disregards regulations, removing many families from the AFDC rolls as a result. I noticed that these families did not quit work because of the loss of this "work incentive." Most working families, however, remained on the rolls because of the federally required \$30 and one-third monthly income disregard.

Then in 1974 the Michigan Department of Social Services published a report that demonstrated that the \$30 and 1/3rd per month income disregard had not caused a significant number of AFDC recipients to go to work but, in fact, had caused a major increase in the rolls and costs because of the great number of working families at higher income levels which were made eligible for AFDC by the 1967 income disregards.[1]

As Special Assistant to the President for Policy Development I wrote the 1981 Reagan AFDC reforms to reverse the unintended consequences of the 1967 reforms. First we removed the federal prohibition that AFDC recipients could not be required by the States to earn or "work off" the grant, and among other changes, we tightened the work-related expense and child care income disregards, and made the \$30 and one-third disregard apply only to the first four months of employment as a "start-up" supplement for items such as new clothes or a move to a new apartment closer to work.

The 1981 Reagan AFDC reforms were part of the Gramm-Latta Reconciliation Act. Because of my work over the years with Senators Russell Long and Robert Dole and others on the Senate Finance Committee, the reforms easily cleared the Committee and the Senate. When I found that the Reagan Administration's plan was to pass the Reconciliation Act in the House as a bi-partisan coalition over the opposition of the House Democratic leadership, and bypassing the Ways and Means Committee, I asked OMB Director David Stockman to make the AFDC language in the House bill identical to the Senate passed language in order to make it Conference Committee proof. This was done. The Act was passed on the House floor, the Senate conferees insisted that the AFDC provisions were not subject to change in the conference, and the 1981 Reagan AFDC reforms became law.

When the dust had settled and the media had become aware of the Reagan AFDC reforms, even friendly conservative economists predicted that the approximately 300,000 families removed from the rolls by the elimination of the permanent income disregards would quit work because of the new "high marginal tax rates." As I had anticipated the families did not quit work. Instead, once free of welfare dependency they worked more and their earned incomes increased. This was the finding of a Research Triangle of North Carolina study commissioned by the federal government

and issued April 15, 1983, two years after the reforms.[2] This study was the subject of an article in the September 1984 issue of the Atlantic Monthly by Nicholas Lemann. Lemann noted that I was the single welfare expert of note who had predicted that the former recipients would not quit work. Revisionists are claiming that the Triangle study should have been done a year later since before the Reagan 1981 changes 16% of welfare recipients were working while 3 years later only 3% were working. [Moffitt 1992] As they say in the country, "That dog won't hunt." The reduction in persons who were working and receiving welfare was the result of the cut-off of working families who then exhibited that they really did not need welfare by not quitting work, and the continuing policy that others like them were no longer permitted to come on the welfare rolls.)

- **The Failed Work Incentives Are Back**—Despite the success of the 1981 Reagan reforms, we are committing or are about to commit the mistakes of 1967. Probably because people are on board who are not aware of the history of "work incentives" and because it is "common sense," several of the State demonstration projects (some with Republican Governors) have reintroduced continuing earned income disregards as incentives for AFDC recipients to go to work. The original 1993 House Republican welfare bill, H.R. 3500, as well as the 1994 Clinton welfare reform bill would reintroduce even larger continuing disregards than the \$30 and one-third, namely \$200 plus a one-half deduction from gross monthly income before determining eligibility and grant level for AFDC. I suppose that the supporters of the increased disregards would argue that the failure of the \$30 and one-third was that it was not attractive enough. Let's try \$200 plus 1/2.

We know that the massive federally run Seattle-Denver-New Jersey Income Maintenance Experiments of the early 1970's demonstrated that the increased size of the earned income disregard to fifty percent had no appreciable affect on work effort. We know from the post 1967 experience that the true effect of only a one-third income disregard is a tremendous increase in welfare rolls and costs. The projected costs of the current proposals have been grossly underestimated. They will cost many billions of dollars per year more than the proposers claim. The fact that they are at State option and are available only to those already on the rolls are claimed by the estimators to cause only a small increase in costs. We know from 24 years experience, and from the record, that these are "paper" barriers only. Welfare rolls and costs will expand rapidly bringing millions more people into welfare dependency and adding many billions of dollars in costs.

- **The Solution—State-Based Welfare Reform**—The United States is unique in that it consists of fifty individual political entities; each with its executive, legislative and judicial branches; each with its ability, independently, to raise revenues; each with its authority to make laws; all of which in turn is subject to an electorate. Of course all are subject to the U.S. Constitution and the Bill of Rights and, as should be, to the Civil Rights and Voting Rights Acts. These latter acts and the reapportionment decision of the Supreme Court have transformed successfully the southern States so that today everyone has the vote and it counts. Let's use this unique federal system to "end welfare as we know it" without hurting those, who through no fault of their own must depend on it. The same persons who elect Presidents, Senators, and Representatives elect Governors, and State legislators. They can be trusted to protect their truly needy residents.

A general bi-partisan consensus is developing that Justice Brandeis' "laboratories of democracy," the States, should have more flexibility in welfare policy. Several of the major welfare proposals, including the President's claim to do just that. The trouble is that it is done either through giving the States discretion to expand their AFDC systems, such as the permanent and increased income disregards discussed above, with additional offsetting mandates and controls in other areas, and by using the waiver process. The waiver process gives the bureaucracy at HHS complete control over the State projects. In 1971 the waiver granted by a reluctant HEW to Governor Reagan's California for workfare by a direct order from President Nixon was so burdened, intentionally, with conditions and limitations that it was worthless. That was with a President and Governor of the same party. Imagine what it would be if they were of different parties.

Since AFDC and Medicaid are open-ended entitlement programs where the federal government automatically matches what the States spend, total federal spending is determined by the States. As we have found in the food stamp program, a specific "cap" does not work and each year a supplemental appropriation is required or the entire program ends. Therefore, we have two choices in an attempt to control federal AFDC and Medicaid spending; either tighter controls over eligibility, such

as the 1981 Reagan AFDC reforms or State by State block grants in finite amounts such as was done in 1972 in creating what became the social services block grants.

Prior to corrective legislation adopted in 1972 the federal social services program was an open-ended entitlement with the federal government matching three dollars for every dollar spent by the States. When the States woke up to the program it became an open-ended money pot for them. As California welfare director in 1972 I testified before a Committee chaired by Representative Martha Griffiths of Michigan that the choices then were either tougher specific federal eligibility requirements for social services; or finite block grants to the States with no significant federal regulations. Of course I recommended the latter. Later in the day when the hearing reconvened Mrs. Griffiths announced that the issue was now moot as she had submitted the social services block grant proposal to a House-Senate conference committee on another piece of legislation and it had been accepted in the form of Title XX.

In 1995 the choice for AFDC and Medicaid is the same—either detailed eligibility constraints or block grants. It would be fiscal insanity to grant the States “flexibility” without responsibility. In 1995 for AFDC and Medicaid, as in 1972 for social services, “the time has come” to end welfare as we know it” while providing a system to care for the truly needy. This can be done by converting the AFDC and Medicaid programs into finite block grants based on what each State received in the year before enactment of the block grants. The block grants should go directly to the States from the Treasury Department, thereby by-passing the federal welfare bureaucracies which would otherwise be tempted to issue more federal regulations. They should be clean block grants with no federal controls other than that they be directed to needy people and that basic civil rights be guaranteed. The States can then use work requirements instead of unworkable work “incentives” to achieve true welfare reform. The same kind of block grants should be enacted for the food stamp program, the earned income tax credit, and the Supplemental Security Income Program for the Disabled. Eventually the block grants should be replaced by moving federal tax sources to the states.

(1) Vernon K. Smith, WELFARE WORK INCENTIVES—the Earnings Exemption and its Impact on AFDC Employment, Earnings, and Program Cost, Michigan Department of Social Services. 1974.

(2) Research Triangle Institute, FINAL REPORT EVALUATION OF THE 1981 AFDC AMENDMENTS, April 15, 1983.

Attachment: Carleson, Robert, “Hamilton versus Jefferson, 1995,” Washington Times 21 March 1995.

Robert B. Carleson, was Director of the California Department of Social Welfare from 1971 to 1973. He was U.S. Commissioner of Welfare from 1973 to 1975, and Special Assistant to the President for Policy Development from 1981 to 1984.

ROBERT CARLESON

Hamilton vs. Jefferson, 1995

In the 1790s the federalist vs. anti-federalist fights that resulted in the U.S. Constitution and the Bill of Rights carried over into George Washington's administration as a continuing battle between Alexander Hamilton, who did not trust the people and the states and therefore pressed for a strong centralized government, and Thomas Jefferson, who trusted the people and the states but did not trust a centralized government. In addition, Jefferson believed that the least government was the best government. In 1995, both men would be considered conservatives.

A century later, in the 1890s, the Republican Party was a Hamiltonian party that rode roughshod over the states, but which as a result created a great nation stretching from the Atlantic to the Pacific, connected by railroads that only a strong, centralized government could have achieved.

In the 20th century, the Franklin Roosevelt and ensuing administrations, Democrat and Republican, continued and greatly expanded the strong central government that Jefferson had feared. Ronald Reagan who started out as a big government Democrat, came to the realization that Jefferson had been right, that a strong central government, no matter how well-meaning, would get out of the control of the people and into the control of unelected career bureaucrats.

When he became president, Mr. Reagan was faced with the conflicting goals of using the central government to rebuild our defenses to prove to the Soviet Union and to the world that socialism could not compete with a democratic free market system and thereby cause the collapse of the "evil empire" that had threatened the world for more than 40 years; and his long-held goal of returning the country to a Jeffersonian ideal, small decentralized government centered in the states. Jefferson believed in a strong national defense and that the national government should provide it; but that in other matters

the people, through the states, should prevail.

Mr. Reagan chose the destruction of the threat to world security as his first priority. A Congress controlled by the Democratic Party, which believed in the expansion of the centralized welfare state, held his defense buildup hostage to a continuation and expansion of the welfare state.

It is now 1995. Ronald Reagan's goal of the elimination of the

Ronald Reagan who started out as a big government Democrat, came to the realization that Jefferson had been right.

biggest threat to world peace has been realized. Now, with both houses of Congress in conservative hands we can realize his Jeffersonian goals, a strong national defense and a smaller, state-based government of the people.

However, as in 1795, in 1995 the conservatives are split between the Hamiltonians who do not trust the states and the people to "do the right thing" and the Jeffersonians who do trust the states and the people, but do not trust the career unelected federal bureaucrats to implement and supervise even the most restrictive provisions of law that they have been opposing for many years.

The welfare block grant is an example. We hear the phrases: "We must fix it before we send it back" and "we raised the money, we should say how it is spent." Those who are saying these things, whether they know it or not, are philosophical descendants of Hamilton: They do not trust the states and the people. They, also, are the mirror image of the welfare

statists they wish to replace. They are not philosophical descendants of Jefferson or Mr. Reagan.

As Jefferson did, Ronald Reagan trusts the states and trusts that the people of the states will ensure that state officials "do the right thing." Mr. Reagan has experienced how federal bureaucrats who write the regulations implementing tough laws turn them into weak ineffective reversals of what the legislators intended, thereby pre-empting state interpretations. But above all he believes the federal government should not be dictating to the states. He does not agree with the views of Hamilton that the national government knows best. He has long supported as a first step clean block grants from the Treasury Department to the states, thereby bypassing the Department of Health and Human Services bureaucracy and other bureaucracies. The clean block grants should spell out in broad, general terms the use for which the block grant is intended, such as aid to needy families with children, health services for the needy, food for the needy. There may be broad goals, but no mandates negative or positive, except that basic civil rights be protected. Later, the block grants should be replaced by returning tax sources to the states. I know these things because I served as his welfare director when he was governor of California and as his federalism and welfare adviser in his first term as president.

I believe that the voters in November elected "Reagan" members of Congress and "Reagan Republican" governors. The Republican governors are calling for clean block grants. They are willing to make them work. We should carry on the Reagan Revolution by letting them do it. This year should be the year of Jefferson and Reagan, not that of Hamilton.

Robert B. Carleson is a senior fellow at the Free Congress Foundation

PREPARED STATEMENT OF JOHN L. CARR

Mr. Chairman, Members of the Senate Finance Committee:

My name is John Carr. I serve the United States Catholic Bishops as the Secretary of their Department of Social Development and World Peace. My testimony today is taken from a statement requested, revised and adopted less than two weeks ago by a unanimous vote of the 50 bishops who serve on the Administrative Board of the Bishops' Conference. It reflects the principles and priorities of the U.S. Catholic bishops on welfare reform.

According to the bishops, our nation faces fundamental choices on welfare reform. This debate and these decisions will be a test of our nation's values and our commitment to the "least among us." Our people and leaders share many similar goals, including reducing illegitimacy and dependency, promoting work and empowering families. The Congress must sort through fiscal, political, and ideological pressures to fashion real reform which reflects our nation's best values and offers genuine help and opportunity to our poorest families. We pray this debate will advance the common good, not further divide our people along economic, racial, ethnic and ideological lines.

For the Catholic community, the measure of welfare reform is whether it will enhance the lives and dignity of poor children and their families. The goal of reform ought to be to promote decent work and reduce dependency, not simply cut budgets and programs. The target of reform ought to be poverty, not poor families.

The purpose of the statement is not to make any partisan point, but to share our principles and experience in hopes they will help lift up the moral dimensions and human consequences of this debate. As religious teachers, the bishops draw their directions from consistent Catholic moral principles, not ideological or political agendas. The values that guide this approach to welfare reform are not new:

- respect for human life and human dignity;
- the importance of the family and the value of work;
- an option for the poor and the call to participation;
- the principles of subsidiarity and solidarity.

But they take on special urgency when a fifth of our children are growing up poor in the richest nation on earth and 30 million Americans of all ages live in poverty. Lack of opportunity, poverty and dependency are destroying millions of families, harming countless children.

As pastors, the bishops also seek to share our community's experiences in serving those in need. Poor families are not an abstract issue for us; they are sisters and brothers. They have names and faces. They are in our shelters and soup kitchens, our parishes and Catholic Charities agencies. As the largest non-public provider of human services to poor families, the Catholic community knows all too well the failures and abuses of the current system, the potential and limitations of private and religious charity, and the ways in which lives are diminished and dignity denied by widespread dependency and poverty in our land.

No institution in American life is more committed to the basic moral values of marriage, family, responsibility, work, sexual restraint, and sacrifice for children than our Church. We preach, teach and promote these values every day in our parishes, schools, and outreach efforts. We also are committed to the values of justice, charity and solidarity with the poor and vulnerable. We believe our society needs both more personal responsibility and broader social responsibility, better values and better policies to reduce poverty and dependency in the United States.

THE URGENCY OF REFORM

We strongly support genuine welfare reform which strengthens families, encourages productive work, and protects vulnerable children. We are not defenders of the welfare status quo which sometimes relies on bureaucratic approaches, discourages work, and breaks up families. However, we oppose abandonment of the federal government's necessary role in helping families overcome poverty and meet their children's basic needs.

It is worth recalling that many of us are or have been the beneficiaries of government assistance—direct and indirect, but many are rightly frustrated by the current welfare system:

- recipients who find their dignity undermined and their needs poorly addressed;
- taxpayers who fear their dollars encourage dependency rather than empowerment;
- providers who spend more time checking for fraud than helping families;
- and public officials who have responsibility without adequate resources, accountability without sufficient authority. The status-quo is unacceptable. It is

children who pay the greatest price for the failures of the current system. Genuine welfare reform is a moral imperative and urgent national priority.

AN AGENDA FOR REFORM

Welfare reform needs to be comprehensive in analysis, but targeted and flexible in its implementation. We seek a new approach which promotes greater responsibility and offers more concrete help to families in leaving poverty behind through productive work and other assistance. Increased accountability and incentives should be tailored to a particular family's needs and circumstances, not "one size fits all" requirements. Top down reform with rigid national rules cannot meet the needs of a population as diverse as poor families. However, simply shifting responsibility without adequate resources, standards and accountability could leave America's poor children worse off. Genuine welfare reform should rely on incentives more than harsh penalties; for example, denying needed benefits for children born to mothers on welfare can hurt the children and pressure their mothers toward abortion and sterilization.

More specifically, we will advocate for welfare reform which:

A. *Protects Human Life and Human Dignity.* We believe a fundamental criterion for all public policy, including welfare reform, is protection of human life and human dignity. In states across the country, our State Catholic Conferences have stood against proposals which deny benefits to children because of their mother's age or dependence on welfare. These provisions, whatever their intentions, are likely to encourage abortion, especially in those states which pay for abortions, but not for assistance to these children. In seeking to change the behavior of parents, these provisions hurt children, and some unborn children will pay with their lives.

Our Church works every day against sexual irresponsibility and the out-of-wedlock births which come with it. We do not believe teenagers should be encouraged to set up their own households. However, legislation offering increased flexibility to states should not restrict assistance in ways we, and most observers, believe will encourage abortions. We are working with Catholic Charities USA and other national pro-life groups in opposing these provisions and in proposing alternatives that provide assistance in ways that safeguard children but do not reinforce inappropriate or morally destructive behavior.

For us, this is a matter of moral consistency. Our faith requires us to protect the lives and dignity of the vulnerable children whether they are born or unborn. We cannot support policies which will likely lead to more abortions. Every child is precious to us. We recognize human life is also threatened and diminished by the failures of the current welfare system and our broader culture. Children thrown from windows, found in dumpsters, and abused in their homes are tragic symptoms of culture in disarray and a welfare system in urgent need of real reform. It is worth noting that it is not just low income families that sometimes engage in destructive behavior. Personal irresponsibility, family disintegration, and loss of moral values touch not just the "down and out," but also the "rich and famous" and the rest of us.

B. *Strengthens Family Life.* Welfare reform should affirm the importance of marriage, strong intact families, personal responsibility, self discipline, sacrifice, and basic morality. It should help mothers and fathers meet the social, economic, educational, and moral needs of their children. We support a children's tax credit (which includes poor families), a strengthened Earned Income Credit, and stronger child support enforcement to help meet the economic needs of America's families. We also support policies to keep families together and fathers involved, including new efforts to discourage parenthood outside of marriage, an end to marriage penalties in our tax code, and a halt to welfare policies which discourage marriage and discriminate against two parent families. Our society must discourage adolescent sexual activity and teen pregnancy with at least as much urgency and persistence as we bring to discouraging smoking and substance abuse among our young.

C. *Encourages and Rewards Work.* Those who can work ought to work. Employment is the expected means to support a family and make a contribution to the common good. Too often welfare discourages work by eliminating health and child care benefits for those who leave the welfare rolls for the labor market. Real reform will offer education, training and transitional help to those who exchange a welfare check for a paycheck. The challenge is to insure that reform leads to productive work with wages and benefits that permit a family to live in dignity. Rigid rules and arbitrary time-lines are no substitute for real jobs at decent wages and the tax policies which can help keep families off welfare.

D. *Preserves a Safety Net for the Vulnerable.* For those who cannot work, or whose "work" is raising our youngest children, the nation has built a system of income,

nutrition and other supports. Society has a responsibility to help meet the needs of those who cannot care for themselves, especially young children. AFDC, food stamps, and other entitlement programs provide essential support for poor children. We will support more effective and responsive federal-state-community partnerships, but we cannot support "reform" that will make it more difficult for poor children to grow into productive individuals. We cannot support reform that destroys the structures, ends entitlements, and eliminates resources that have provided an essential safety net for vulnerable children or permits states to reduce their commitment in this area. Also, we cannot support punitive approaches that target immigrants, even legal residents, and take away the minimal benefits that they now receive. Like U.S. citizens, legal immigrants are required to pay taxes and are vulnerable to the unanticipated: job loss, traffic or on the job accidents, the serious illness of a child, domestic violence.

E. Builds Public/Private Partnerships to Overcome Poverty. As advocates of both subsidiarity and solidarity, we believe a reformed welfare system should rely more fully on the skill and responsiveness of community institutions and increased involvement and creativity of states. However, private and religious efforts to serve those in need are being severely stretched. They cannot—and should not—be seen as a substitute for wise public policy that promotes effective public/private partnerships.

Overcoming poverty and dependency will require more creative, responsive and effective action in both the public and private sectors. Overly bureaucratic programs must give way to more community, local and family initiatives, more responsive to individual needs, potential and problems. Mediating institutions can serve people with greater effectiveness, efficiency and dignity. We are not opposed to carefully designed block grant initiatives in some areas if they come with adequate resources, accountability and safeguards for poor families. States can shape programs to meet their local realities, but poverty has national dimensions and consequences that require federal commitment and national standards, safeguards, and protections. The nation needs to reform its welfare system, not abandon the federal government's role and responsibilities in fighting poverty. At the same time, private service providers should not be burdened with the enforcement of immigration laws, which may violate their religious and moral principles, burden volunteers or divert funds from their essential mission.

F. Invests in Human Dignity. In the long run, real welfare reform will save money, but in the short run it will require new investments in a family tax credit, education, training, WIC, work and child support. Recent state experiences support the reality that moving people off welfare will be neither easy nor inexpensive. Our everyday experience in helping families leave welfare suggest that hope, opportunity and investment are essential to this transition. The social contract we seek will offer training, education, jobs and other concrete assistance in exchange for persistent commitment and effort of persons trying to leave poverty. Simply cutting resources and transferring responsibility is not genuine reform. We must resist the temptation to see poor women, minority families or immigrants as either passive victims or easy scapegoats for our society's social and economic difficulties.

CONCLUSION

We believe our society will be measured by how "the least of these" are faring. Welfare reform will be a clear test of our nation's moral priorities and our commitment to seek the common good. We hope the welfare reform debate will be a time for civil and sustained dialogue, more focused on the needs and potential of poor families than on the search for partisan advantage. We hope these reflections will contribute to this important debate which will say so much about what kind of society we are and will become.

PREPARED STATEMENT OF TERRY L. CROSS

Mr. Chairman and members of the Committee, thank you for the opportunity to appear before you today on behalf of the National Indian Child Welfare Association which is based in Portland, Oregon. My name is Terry Cross, and I am the Executive Director of the Association. My comments will focus on our view that in order for welfare reform to work in Indian country it must: (1) provide direct funding to Indian and Alaska Native tribes, and (2) provide tribes the flexibility to design and administer programs for their own communities. Both of these are consistent with the status of tribal governments which are separate from, and not subsets of, state governments.

National Indian Child Welfare Association (NICWA). The National Indian Child Welfare Association provides a broad range of services to tribes, Indian organizations, states and federal agencies, and private social service agencies throughout the United States. These services are not direct client services such as counseling or case management, but instead help strengthen the programs that directly serve Indian children and families. NICWA services include: (1) professional training for tribal and urban Indian social service professionals; (2) consultation on social service program development; (3) facilitating child abuse prevention efforts in tribal communities; (4) analysis and dissemination of policy information that impacts Indian children and families; and (5) helping state, federal and private agencies improve the effectiveness of their services to Indian people. Our organization maintains a strong network in Indian country by working closely with the Affiliated Tribes of Northwest Indians and the National Congress of American Indians, as well as having members on the Indian Child Welfare Committees of both organizations.

Welfare Reform as an Opportunity. We view welfare reform as an opportunity for tribal governments to, at long last, enable their members to become permanently self-sufficient. As you know, a wide array of federally-funded programs—including child protection, child care, nutrition, job training, and cash assistance—are under consideration as part of welfare reform legislation. Tribes currently receive very little direct funding from these programs. And those few programs from which funds flow directly to some tribes for the administration of their own programs (JOBS, Title IV-B Child Welfare, Title IV-B Family Preservation and Support, and Family Violence and Prevention Act) would, under the House bill, be taken away and given to states. Tribes, like states, need access to resources and also need the flexibility to combine and coordinate those resources within the tribal community, and, when appropriate, with state programs. Structured properly, welfare reform would allow tribal governments a first real opportunity to help their members break the bonds of poverty.

Tribal Welfare Reform Proposal. We propose that the welfare reform bill crafted by this Committee contain the following principles with regard to Indian and Alaska Native tribes:

- *3% allocation of appropriated funds to tribal governments.* Direct funding to tribes would be consistent with many existing statutes and with Administration policies of both parties. Tribal governments already administer myriad services for their members, and are able to administer welfare reform programs. Finally, the need in Indian country, as evidenced by indicators including high levels of unemployment, poverty, substance abuse, and out-of-home placement of children.
- *tribes should develop programs consistent with the goals of the Act, taking into account their unique circumstances.* Tribes, like states, recognize that community-based solutions are the key to effective welfare reform. Of critical importance is that there are many cultural factors in tribal communities which cannot be appropriately accommodated by state or other outside entities.
- *tribal and state plans, should, when appropriate, coordinate on the provision of welfare reform services.* This is a practical consideration, meant to avoid unnecessary duplication of services and provide for coordination of services.
- *for any tribe not immediately able or desiring to administer a full range of welfare-reform programs, it should have the option of entering into an agreement with the state or other entity to administer services for its members.*

The basis for providing these opportunities to tribes is discussed in further detail below.

Tribes as Governments and as Service Providers.

Tribal sovereignty predates that of the United States, and except for specific limitations imposed by Congress, tribal governments possess the full range of government authority that is inherent in the concept of sovereignty. Tribal governments enjoy a Constitutional relationship with the Federal government, and their legal status as governments is also reflected in hundreds of treaties with the United States government, in court decisions, and in statutes. Tribal governments are not part of state governments, nor are they subsets of them—they are distinct and separate from state governments.

Tribal governments serve their communities much in the same way that other governments serve their members. They elect leaders who work with their communities to identify priorities and goals and problem-solving strategies that reflect their communities' traditions, customs, values, and needs. Tribal governments administer a broad array of services for their members including job training, social, health, education, and child care services. They also enact and enforce tribal laws

and regulations, engage in planning and economic development, natural resources planning, and have their own court systems.

Tribal governments are increasingly contracting, under the authority of the Indian Self-Determination and Education Assistance Act (P.L. 93-638) to administer programs formerly run by the Bureau of Indian Affairs and the Indian Health Service. In Alaska, for instance, virtually all of the BIA and IHS program are now tribally administered through either P.L.93-638 contracts or Self-Governance compacts.

A 1988 study commissioned by the Departments of Health and Human Services and Interior, "Indian Child Welfare: A Status Report," concluded that tribally-administered child welfare programs were, in many ways, outperforming state systems. These community-based services were found to be more effective than state services despite unstable and inadequate competitive grant funding. As evidence of this, the study found that Indian children placed by state and BIA agencies are more often placed outside of their homes, in more restrictive placements, and stay in substitute care longer than Caucasian children.

Consistency with Administration and Congressional Policy.

Administration Policy. The provision of direct funding to tribal governments under welfare reform legislation would be consistent with many current federal statutes, such as the 3% allocation to tribes under the Child Care and Development Block Grant. It is also consistent with the official Indian Policy statements of former Presidents Nixon, Reagan, and Bush, and of President Clinton. All pledged a continued government-to-government relationship with tribes. President Nixon, in his Indian policy statement delivered to Congress on July 8, 1970 said that increased tribal control over their own affairs, which he was advocating, did not mean absolving of Federal responsibilities:

We must assure the Indian that he can assume control of his own life without being separated involuntarily from the tribal group. And we must make it clear that Indians can become independent of Federal control without being cut off from Federal concern and Federal support.

The proposal for increased control by tribes over their affairs outlined in President Nixon's policy statement was later enacted as the landmark Indian Self-Determination and Education Assistance Act, an Act which has allowed tribes to contract to with the Bureau of Indian Affairs and the Indian Health Service to administer programs formerly administered by those federal agencies.

President Reagan, in his Indian policy statement of January 24, 1983, declared:

Our policy is to reaffirm dealing with Indian tribes on a government-to-government basis and to pursue the policy of self-government for Indian tribes without threatening termination. In support of our policy, we shall continue to fulfill the federal trust responsibility for the physical and financial resources we hold in trust for the tribes and their members. The fulfillment of this unique responsibility will be accomplished in accordance with the highest standards.

The Indian policy issued by President Bush on June 17, 1991, declared that the Reagan policy would be the cornerstone of the Bush-Quayle policy regarding Indian tribes, and stated:

This government-to-government relationship is the result of sovereign and independent tribal governments being incorporated into the fabric of our Nation, of Indian tribes becoming what our courts have come to refer to as quasi-sovereign domestic dependent nations. Over the years the relationship has flourished, grown, and evolved into a vibrant partnership in which over 500 tribal governments stand shoulder to shoulder with the other governmental units that form our Republic. I take pride in acknowledging and reaffirming the existence and durability of our unique government-to-government relationship.

President Clinton has continued his predecessors' commitment to tribal self-determination, and in addressing tribal leaders on April 29, 1994 issued a Memorandum for the heads of all executive departments and agencies which instructed them to ensure that their department or agency is operating in a government-to-government manner with tribal governments. The Memorandum requires that each department and agency consult with tribal governments prior to taking action that will affect them, that federal activities be evaluated regarding their impact on tribes, and that steps be taken to remove procedural impediments which inhibit working directly and effectively with tribes on matters which affect trust property and/or governmental rights of tribes.

Congressional Policy. Congress, for its part, has explicitly provided in many federal programs statutory funding allocations for tribes and tribal organizations. It is commonplace for relatively recent legislation to include specific funding provisions for tribes. It is, in fact, mainly the older social service and other domestic programs

where tribal governments have not been provided direct access to federal funding. Examples of programs that have tribal funding provisions are:

Child Care and Development Block Grant
 Title IV-B Family Preservation and Support Services
 Title IV-B Child Welfare Services
 Family Violence and Prevention Services
 JOBS (Job Opportunities and Basic Skills Training)
 Job Training Partnership Act
 Head Start
 Vocational Rehabilitation Act
 Vocational Education Act
 Library Services and Construction Act
 Clean Water Act
 Safe Water Drinking Act
 Even Start Program
 Drug Free Schools Act
 HUD housing construction and modernization programs
 Community Development Block Grant

Needs of Tribal Communities.

Overall, tribal communities experience some of the highest levels of social problems of any group in the United States. Poverty, unemployment, alcohol and substance abuse, and out-of-home placement of children occur at rates that are well above that of the general population. For example:

- There are over 442,000 Indian families in the U.S. with over a quarter of these (27%) headed by women with no husband present (1990 Census).
- Over 51% of Indian people residing on reservations and trust lands were living below the poverty line (1990 Census).
- The average unemployment rate for Indian reservations and trust lands in the U.S. is 45% (Bureau of Indian Affairs Labor Force Statistics, 1991).
- Indian children have a 38.8% chance of being raised in poverty. Some examples of state Indian child poverty rates are; South Dakota (63.3%), North Dakota (58.3%), Nebraska (57%), Minnesota (54.8%), Montana (53.4%), Arizona (53.1%), New Mexico (50%), Wyoming (49%), Utah (47.3%), Idaho (40.5%), Washington (37.7%), Oklahoma (34.9%), Oregon (32.3%)—Children's Defense Fund analysis of 1990 Census.
- More than 20% of Indian housing units on reservations and trust lands lack complete plumbing facilities (1990 Census).
- Indian children are placed out-of-home at a rate that is 3.6 times greater than that of the general population—Department of Health and Human Services and Department of Interior report *"Indian Child Welfare: A Status Report"* 1988.

While tribes struggle to eliminate these barriers to self-sufficiency, Indian children and families are increasingly at risk of falling through the cracks of a severely fragmented and strained service delivery system.

Limited Availability of Resources for Tribal Governments.

Federal Resources. Funding for welfare-related services for Indian communities is woefully inadequate. The Bureau of Indian Affairs budget, which provides the vast majority of welfare-related funding for Indian people, in fiscal year 1995 contained only \$105 million for this purpose. In the Indian Health Services' FY1996 budget justification, they estimated that the IHS social services on reservations are funded at only 21% of need (FY1996 Indian Health Service Budget Justification, pg. IHS-48).

It is clear in fact, that the very limited amounts of BIA and IHS social service funding are not intended to provide ongoing support for tribal social services. Social services funding through the IHS is primarily for substance abuse treatment programs, and funding through the BIA is primarily designated for last resort cash assistance and one-time emergency situations. Faced with extremely limited funding that lacks flexibility in many areas, tribes have had little opportunity to develop comprehensive welfare reform strategies through BIA and IHS programs.

Access to other sources of funding that promote self-sufficiency in Indian families has also been extremely limited. A picture of the current situation for tribal access to federal social service and child welfare funds was provided in a report by the HHS Office of Inspector General, "Opportunities for Administration for Children and Families to Improve Child Welfare Services and Protections for Native American Children," August 1994. The report revealed that tribes receive little benefit or funding from federal Social Security Act programs, specifically, Title IV-B Child Welfare Services and Family Preservation and Support Services, Title IV-E Foster

Care and Adoption Assistance, and the Title XX Social Services Block Grant monies. While tribes receive a small amount of direct funding under both the IV-B programs (less than \$3.5 million combined), there is no funding available to tribes under the much larger Title IV-E and Title XX programs. Title XX and title IV-E authorizing statutes provide state allocations of funds, but not tribal allocations, even through state allocations take into account the number of Indian people on reservations in the state.

In order for tribes to receive funding under these programs they have had to rely on states to share a portion of their allocation. This option has been available in only a handful of states and in amounts that are extremely small. Not surprisingly, the above-mentioned Office of Inspector General study—in listing options for improving service to tribes—*stated that the surest way to guarantee that Indian people receive benefits from these Social Security Act programs is to amend the authorizing statutes to provide direct allocations to tribes.*

State Resources. Indian people accessing state-administered services has been problematic as well. Any number of reasons can limit the use of state services for Indian people. In some cases, limited state budgets have forced states to target services where they feel they are most needed, and with regard to welfare-related services this has meant targeting primarily urban areas. In western states, where the majority of tribes are located, you see tribal communities being literally hundreds of miles from many of the state services that families and children need. A family that has need of child care, job training or education may be expected to travel great distances on a regular basis to remain eligible for state services. Considering the relative lack of income of many of these families and a lack of public transportation in many rural areas, geographic issues can be a major obstacle in becoming self-sufficient.

In other cases language differences and cultural differences are significant barriers to use of state services.

Complex jurisdictional issues between tribes and states certainly contribute to states not wanting to locate community-based services on Indian reservations or trust lands. Because tribal lands in are most cases exempt from state control, states resist passing through funding to tribes or to placing services and staff where they cannot retain power. And many states simply feel that services for Indian people is a federal trust responsibility, and, as such, funding should be provided directly from the federal government to tribal governments for these programs.

Tribal Resources. The lack of tribal resources is certainly a contributing factor to the numbers of Indian and Alaska Native people who are receiving public assistance. States, like tribes, depend on federal resources to supplement their budgets and thus provide needed services for their members. But while states annually receive funding from major federal programs such as AFDC, tribes as governmental entities have not been given access to these critical resources. Tribes are also denied the critical resources of the Title IV-E and Title XX Social Security Act programs.

In terms of revenue bases for tribal governments, tribes have had little to work with in trying to stimulate their communities economically. In recent years some tribes have turned to gaming as a revenue source—but those tribes who make substantial amounts of money from gaming are the exception, not the rule.

Tribes—after entering into treaties with the federal government which supposedly granted them ongoing financial resources and support from the Federal government in return for tribes turning over much of their most productive lands and resources—found that their land bases were then further reduced through various government schemes and inattention. Even today tribes find that government-controlled leases that are contrary to tribal interests, that access to credit is extremely difficult, that the ability to raise revenue through taxation is limited, and that the agricultural quality of the land for many tribes is poor. The Federal government has not exercised its fiduciary responsibility toward Indian tribes.

However, there are examples of hope and success when even modest opportunities for meaningful reform have been available. While our organization has not been directly involved in these particular efforts, below are a few successes that have come to our attention and which embody the capacity and desire by tribes to design and operate programs to help people become self sufficient.

Job Opportunities and Basic Skills (JOBS) program. The JOBS program is working for those tribes fortunate enough to have access to this program. When JOBS was enacted in 1988 as part of the Family Support Act, it provided authority for tribes to receive funding directly from the federal government and to administer this program. Implementing regulations provided that only those tribes who applied for the program within the first six months of enactment would be allowed in the program. As a result 77 tribal governments, inter-tribal consortia and Native organizations operate JOBS programs—the current appropriation is approximately \$8 mil-

lion. In FY1993, 5000 adult Indian and Alaska Native AFDC recipients were enrolled in the tribal JOBS programs and 2,000 tribal JOBS participants were placed in employment in FY1993. This is a remarkable result considering the 45% unemployment rate in Indian country. We would also point out that the Clinton welfare reform bill from last Congress would have increased funding for the tribal JOBS program and opened up the program to all Indian tribes, and we certainly would support inclusion of such provisions in the Senate welfare reform bill.

Tribal Job Training/Services Consolidation. Public Law 102-477 authorized a limited number of tribes to integrate employment, training and related services monies from various federal program under a single plan, a single budget and a single reporting system. Programs included in this consolidation include BIA job training, Job Training Partnership Act, and the JOBS program and services including child care. The 10 tribes who are operating the consolidated job training/services programs are enthusiastic about the program, and several have testified before Congress this year on the program. Key benefits are lessened paperwork, more flexibility, and more resources available for services. P.L. 102-477 was designed specifically for tribes, and it would be instructive to study its design if you are considering program consolidation as an aspect of welfare reform legislation.

EARN Program. In 1988 the BIA initiated, on a pilot basis, the Employment Assistance Readiness Net Program (EARN), and provided \$6 million over a period of three years for the development and implementation of tribally designed social service programs, the focus of which was to reduce the need for General Assistance (the BIA's last resort cash assistance program) by helping recipients overcome the barriers to meaningful employment. Six tribally operated and one BIA operated pilot project were funded (Acoma Pueblo in New Mexico, Cherokee in Oklahoma, Lower Brule in South Dakota, Mississippi Choctaw in Mississippi, Salish Kootenai in Montana, Three Affiliated Tribes in North Dakota, and Tohono O'odham in Arizona). While the projects varied, they were all small, tribally designed, multi-service projects serving hard core unemployed people who had voluntarily agreed to participate in the project.

The EARN projects achieved varying degrees of success, with several of the programs being highly successful. Those that provided the most comprehensive range of services had the greatest success in moving employable General Assistance recipients off of welfare and into jobs that were both permanent and paid well enough to allow the individual to meet his or her needs without resorting to public assistance programs.

Unfortunately, the BIA did not request funding to expand the EARN pilot project program, and even though tribes and Indian organizations recommended that the program be continued and expanded, it ended. We commend to your attention the evaluation reports of the EARN demonstration programs prepared in 1990 by the Sunburst Corporation of Seattle, Washington.

Maintaining the Authority of the Indian Child Welfare Act. A concern of many tribes is the possible weakening of foster care and adoption authority vested with tribal governments under the Indian Child Welfare Act. We note that the House-passed welfare reform bill contains a provision which would repeal and replace the Multiethnic Placement Act. We are concerned that the House provision could undermine tribal authority to determine foster care or adoption placements for their member children. We urge this Committee to carefully examine any foster care/adoption placement language in terms of its impact on tribal authority to determine placements under the Indian Child Welfare Act.

The 1981 Block Grant Experience

Because of the prominent place block grants have in the deliberations on welfare reform legislation, we feel it is important to point out the mistakes made in 1981 with regard to Indian tribes when Congress created several block grants. We hope this will highlight the importance of including tribal governments in any future block grants which may be created.

In 1981, when several federal block grants were created from existing federal programs, little attention was given to funding for tribes in those block grants. President Reagan, recognizing the disservice done to tribes under the 1981 block grants, proposed in his January 24, 1983 Indian Policy statement, that the laws be amended to provide for direct funding for tribes under federal block grants.

Subsequently, a February 1984 study commissioned by the Department of Health and Human Services, "Block Grants and the State-Tribal Relationship," documented the inequitable treatment given to tribes in the development of several federal block grants created in 1981. The report stated:

Congress failed to perceive two things: first, in many cases direct funding to tribes would be nominal, and second that states would be placed in the awk-

ward position of being expected to respond to tribal needs through tribal governments, which do not comprise part of the usual state constituency and states cannot require or enforce accountability. (p. 38)

In addition, the report stated:

While it seems clear that Indians as state citizens are constitutionally entitled to a fair share of state services, this general principle does not address the issue of the delivery system; that is, the degree to which services on the reservation should be delivered by tribal rather than state and municipal governments. This vacuum in federal law and policy is the source of unnecessary complications in the state-tribal relationship when, as here, federal legislation adjusts the delivery system for federally funded services without clearly addressing its impact on the delivery system relationships at the reservation level. (p. 38)

One of the 1981 block grants, the Title XX Social Services Block Grant, provided no funding for tribes, and some other block grants were available to tribes only if a tribe had received funding the previous year from one of the categorical programs included in the block grant. This excluded most tribes. We are pleased that Senator McCain and others have responded to the Title XX inequity and introduced S. 285, legislation which would provide for a 3% allocation of Title XX Social Services Block Grant funds to tribes.

Thank you again for the opportunity to present this statement today. We are eager to work with this Committee as welfare reform legislation takes shape in the Senate.

PREPARED STATEMENT OF PETER J. FERRARA

Welfare Reform That Really Works

Among the vast array of possibilities for sweeping reform by the new Congress, the most far-reaching and historic is welfare reform. Public opinion polls show most people recognize that the current system has utterly failed and are thoroughly disgusted with it. They would overwhelmingly support radical reform including spending reductions. The new Congress also is receptive to radical reform. Indeed, many members campaigned vigorously on the issue.

The Case for Change. The failure of the current system is palpable.

- Federal, state and local governments spend about \$350 billion per year on 79 means-tested programs aimed at assisting the poor [see the figure]; this is about 20 percent more than we spend on national defense.
- Yet today's poverty rate of 15.1 percent is higher than the 14.7 percent rate in 1966 when the War on Poverty began.

Even worse, the welfare system has caused the work ethic of the lowest-income groups to collapse and family breakup and illegitimacy to soar.

- In 1960, nearly two-thirds of households in the lowest one-fifth of the income distribution were headed by persons who worked.
- By 1991, this had declined to around one-third, with only 11 percent of the heads of household working full-time, year-round.

Moreover, out-of-wedlock birth rates have soared.

- The rate for blacks has risen from 28 percent in 1965 to 68 percent in 1991.

- The rate for whites was 4 percent in 1965, and among white high school dropouts is now 48 percent.
- In 10 major U.S. cities in 1991, more than half of all births were to single women.

The collapse of work and family has bred urban decay, crime, drug addiction and numerous other social afflictions. This social tragedy is the direct result of our current welfare system. It rewards people for not working by giving them numerous benefits and penalizes those who return to work by taking away the benefits. The system rewards illegitimacy and family breakup by paying women generous rewards for having children while they are single and penalizes marriage by taking away the benefits from women who marry working men.

Proposals for Reform

Simply stated, the current welfare system is a disaster for the poor, the taxpayers, the economy and the nation.

Reform of the system should be based on two key components. First, all major federal welfare programs should be abolished and the money currently spent on these programs should be given to the states in the form of "block grants." Second, taxpayers should be allowed to shift that funding from state programs to private charities.

Block Grants. Federal funding for as many current federal welfare programs as possible should be sent to the states with only one proviso: that the funds be used to help the poor. Each state would then be able to use the funds, along with current state welfare funds, to design its own welfare programs. These grants would replace AFDC, food stamps and public housing, among other so-called entitlement programs. Medicaid funds could be segregated in a separate grant with the requirement that they be spent on health care for the poor.

This would free each state to experiment with entirely new approaches to welfare. States might offer work instead of welfare. They might grant funds to well run private charities. They might come up with entirely new approaches that no one has thought of yet.

The federal government should not impede innovation and experimentation at the state level. Clearly the federal government does not know what the right approach to welfare is, and the right approach may vary from state to state. Moreover, any attempt to impose federal restrictions on the design of state welfare programs will tend to give Washington-based interest groups greater opportunity to influence policy and short-circuit fundamental reforms. With open experimentation, by contrast, some states will be able to discover what works, and others can adopt and adapt the best approaches.

All requirements in current federal reform bills — such as cutting off welfare to single mothers under 19, using funds for orphanages, cutting off benefits after two years and denying benefits to legal immigrants — should be deleted. The states can determine whether any of these provisions are desirable and adopt them if they are.

The block grant to each state should be a fixed sum — independent of how much money the state adds to it. Current programs rely on matching grant formulas that provide more federal funds the more the state spends. This only encourages higher, often unnecessary state spending.

With block grants, the federal government would save money immediately by laying off the thousands of bureaucrats who administer the programs. Further reductions would be possible as states find ways to eliminate poverty and reduce the need for welfare spending.

The Private Charity Tax Credit. The second component of reform would be a dollar-for-dollar tax credit for contributions to private charities. Taxpayers could donate up to 40 percent of their personal income tax payments, which is the share of total individual income taxes that currently goes to federal means-tested welfare programs. To the extent that a state's taxpayers utilized such credits, the state's welfare block grants would be reduced by an equal amount. Thus the revenue loss from the tax credits would be offset completely by reduced federal welfare grants to the states, leaving no effect on the deficit.

Block grants plus tax credits would give taxpayers the ultimate control over welfare. If a state misspent its block grant funds, its taxpayers could shift the funds to the private alternatives that work better. Healthy market competition between the state programs and private charities would give state welfare bureaucracies a real incentive to perform well in reducing poverty.

A mountain of evidence and experience indicates that private charities are far more effective than public welfare bureaucracies. Instead of encouraging counterproductive behavior, the best private charities use their aid to encourage self-improvement, self-sufficiency and ultimate independence. The assistance of private charities may be contingent on ending drug use and alcoholism, completing necessary education, taking available work, avoiding out-of-wedlock births, maintaining families and other positive behaviors. Private charities are also much better at getting aid promptly to those who need it most and at getting the most benefit out of every dollar.

With the tax credit, private organizations would be able to compete on a level playing field for welfare tax dollars. To the extent they convinced the taxpayers that they were doing a better job than state bureaucracies, private charities, rather than government, would be permitted to manage America's war on poverty.

Public Sector Failures vs. Private Sector Successes

Although volumes have been written about the failures of government welfare programs, the academic and scholarly community has paid surprisingly little attention to private sector charity. Yet the private sector is playing an extremely important role:

- In 1992, total charitable contributions reached \$124 billion, with contributions by individuals accounting for 82 percent (\$101.83 billion) of that total.¹
- More than 85 percent of adult Americans make some charitable contribution each year.²
- About half the adult population did volunteer work in 1991, contributing more than 20 billion hours of labor.³
- The dollar value of these contributions of time is at least \$176 billion.⁴
- If the value of volunteer labor is included, private sector contributions to charitable causes are approximately the same as the poverty budgets of federal, state and local governments combined.⁵

¹ *Giving USA: 1992 Annual Report*, AAFRC Trust for Philanthropy, Inc., 1993, p.10.

² Taken from a 1983 Gallup Poll.

³ *Giving USA*, p. 51.

⁴ *Ibid.*

⁵ Counts total spending on means-tested programs.

In this section we contrast some of the best private charities with federal welfare programs in terms of the characteristics of an ideal welfare system.

The Nature Of Charity: Entitlements vs. Gifts. Entitlement programs for welfare are structured so that benefits are granted solely on the basis of personal circumstances. Applicants do not have to give the reasons for their circumstances or explain how they plan to change them in the future. They don't even have to show a willingness to change. In the AFDC program, for example, the requirements for eligibility essentially amount to: (1) low income, (2) very few assets, (3) dependent children and (4) no man in the household. Anyone satisfying these requirements is entitled to benefits. And the word entitlement means "right" — benefits cannot be withdrawn simply because recipients refuse to modify their behavior.

The philosophy of the private sector is quite different. The best private charities do not view the giving of assistance as a "duty" or the receipt of assistance as a "right." Instead, they view charitable assistance as a tool recipients can use intelligently, not only to gain relief but also to change behavior. For example, at many private charities the level of assistance varies considerably from individual to individual. Private agencies usually reserve the right to reduce assistance or withdraw it altogether if recipients do not make behavioral changes.

Many private charities require that a caseworker and an aid recipient develop a plan to move the recipient into self-sufficiency. For example:

- At Jessie's House, a transitional home for the homeless in Hampton, Mass., shelter beyond one week is contingent upon positive evidence of individual improvement.⁶
- At the Dallas Salvation Army, aid varies according to the caseworker's evaluation of the recipient's condition and record of behavioral improvement.⁷

Under entitlement programs, recipients and potential recipients of aid have full freedom to exercise their preferences. In many cases, they choose poverty and, in effect, present the rest of us with a welfare bill we are obligated to pay. Thus, the preferences of public welfare recipients determine the behavior of those who pay the bills.

The philosophy of the private sector is quite different. In general, private agencies allow those who pay the bills to set the standards and expect recipients to change their behavior accordingly. In other words, recipients of private sector welfare must adjust their behavior to the preferences of the rest of society, not the other way around.

If we accept the view that individuals should take responsibility for supporting themselves and their families and that welfare assistance should be administered in a way that encourages this behavior, it follows that the approach of our best private charities is far superior to that of entitlement programs. Because individuals and individual circumstances differ, it is *only* through hands-on management that we can give relief without encouraging antisocial behavior.

Hands-on management includes the tailoring of aid to individual needs and individual circumstances. Such support, counseling and follow-up is virtually unheard of in federal welfare programs. Indeed, when public welfare recipients request counseling, they frequently are referred to private sector agencies.

⁶ U.S. Department of Health and Human Services, *Helping the Homeless: A Resource Guide*, 1984, p. 115.

⁷ Interviews with Dallas Salvation Army social services program administrators and directors.

Getting Aid to Those Who Need It Most. A basic premise of the American system is that government is the last resort. In other words, the role of government is to do those socially desirable things that the private sector either will not or cannot do.

Ironically, in the field of social welfare this premise has been turned on its head. In the early years of the War on Poverty, federal welfare programs were a social safety net — to provide services the private sector, for one reason or another, did not. Now, it is obvious that just the opposite is true — increasingly, the private sector is reaching people whom government does not reach and offering essential services that government welfare programs do not provide.

If a humane welfare system means anything at all, it means getting aid first to people who need it most. One of the most astonishing and least-known facts about the welfare state is how miserably it fails to achieve this goal. Consider that:⁸

- Only 41 percent of all poverty families receive food stamps; yet 28 percent of food-stamp families have incomes above the poverty level.
- Only 23 percent of all poverty families live in public housing or receive housing subsidies; yet almost half of the families receiving housing benefits are not poor.
- Only 40 percent of all poverty families are covered by Medicaid; yet 40 percent of all Medicaid beneficiaries are not poor.
- *Amazingly, 41 percent of all poverty families receive no means-tested benefit of any kind from government; yet more than half of all families who do receive at least one means-tested benefit are not poor.*

Where do people in need turn for help when they aren't getting government assistance? They turn to private charities.

- Ninety-four percent of all shelters for the homeless in the U.S. are operated by churches, synagogues, secular groups and other voluntary organizations.⁹
- A study in Detroit found that 80 percent of low-income people, when faced with a crisis, turned to neighborhood individuals and agencies rather than to government agencies for help¹⁰.
- Similar findings were reported in a study conducted by the University of Southern California.¹¹

Providing Relief Without Encouraging Dependency. A major issue in the welfare-poverty industry is whether the recipient of aid should have to "do anything" in order to continue receiving welfare benefits. Nowhere is the controversy more evident than with respect to workfare.

⁸ Bureau of the Census, *Characteristics of Households and Persons Receiving Selected Noncash Benefits, 1983*. (Washington, DC: U.S. Department of Commerce, 1985), Series P-60, No. 148, pp. 1-5 and p. 103.

⁹ S. Anna Kondratas, "A Strategy for Helping America's Homeless" (Washington, DC: Heritage Foundation, 1985), p. 10.

¹⁰ See Robert Woodson, "The Importance of Neighborhood Organizations in Meeting Human Needs," in Jack A. Meyer, ed., *Meeting Human Needs: Toward a New Public Philosophy* (Washington, DC: American Enterprise Institute, 1984), p. 136.

¹¹ *Ibid.*

Throughout the 1970s, there was a continuous political battle at the national level over whether welfare should be tied to work. A fascinating account of the politics of the battle was written by Lawrence M. Mead, who documented the lengths to which the welfare bureaucracy lobbied against any workfare requirements.¹² It appeared the welfare bureaucracy lost the battle when Congress passed the Work Incentive (WIN) program and the Community Work Experience Program (CWEP). However, because it administers these two programs, the bureaucracy that lost the battle won the war by finding few AFDC recipients suitable for workfare and channeling those who were into training or school rather than jobs.¹³ As noted above, the 1988 Federal Family Support Act mandated that all states create work-for-welfare programs. But like WIN and CWEP, this program did not reduce the welfare rolls significantly.

Our best private charities see independence and self-sufficiency as a primary goal for their "clients." Often this goal is accomplished by either encouraging or requiring aid recipients to contribute their labor to the agency itself.¹⁴

Encouraging the Family Unit Rather Than Encouraging Its Dissolution. The attitude toward family on the part of private sector charities usually stands in stark contrast to the incentives built into federal programs.

- AFDC eligibility rules in nearly half of the states have not allowed families with a employed father to receive assistance, regardless of how low the family income is; also, in about half of the states, the family has been ineligible if the father is present at all, regardless of employment.¹⁵
- By contrast, at the Dallas Salvation Army shelter for battered and abused women, the mothers of young children are required to either work with professionals to repair their relationships with their husbands or to find employment in order to continue receiving assistance.¹⁶

Temporary vs. Long-Term Relief. A prevalent philosophy in the private sector is that most people are fully capable of taking responsibility for their lives in the long term, but that emergencies and crises occur for which help is both necessary and desirable. As a consequence, private sector agencies make it surprisingly easy for recipients to obtain emergency relief. It really is true that, in America, almost anybody can get a free lunch.

The near-universal characteristic of private sector charity is that it's easy to get, but hard to keep. Most government programs, by contrast, have the opposite characteristic: it's hard to get on welfare, but easy to stay there. In the public sector, there are often long waiting times between applying for assistance and receiving aid. One study reported that:¹⁷

- In Texas, the waiting period is typically two to three weeks for food stamps.

¹² Lawrence M. Mead, *Beyond Entitlement* (New York: The Free Press, 1986).

¹³ Ibid. pp. 122, 125. For a summary of workfare programs in the 1980s, see S. Anna Kondratas, *The Political Economy of Work-For-Welfare* (Washington, DC: American Legislative Exchange Council, 1986). Kondratas gives these programs a mixed review and concludes that many of the favorable claims made about certain workfare programs, including that of Massachusetts, cannot be verified.

¹⁴ See Goodman and Stroup, "Privatizing the Welfare State."

¹⁵ Vee Burke, *Cash and Noncash Benefits for Persons With Limited Income: Eligibility Rules, Recipient and Expenditure Data, FY 1982-84*, CRS Report for Congress #85-194 EPW (Washington, DC: Library of Congress, Congressional Research Service, 1985), p. 52; and Murray, "Welfare and the Family," p. S232.

¹⁶ Dallas Salvation Army interviews. Reported in Goodman and Stroup, "Privatizing the Welfare State."

¹⁷ Interviews with Texas Department of Human Services administrators and Dallas Salvation Army personnel. Reported in Goodman and Stroup, "Privatizing the Welfare State."

- For AFDC, the waiting period is typically a month after an applicant completes the complicated and cumbersome application forms.
- The Dallas Salvation Army has had to hire a special staff to decipher public welfare regulations and forms so they can refer people who come to them to the proper public agencies.

Once accepted into the public welfare system, however, people find it relatively easy to stay there for a long time.¹⁸

- Of all women who receive welfare in any given year, about 60 percent receive welfare the next year.
- Among women receiving welfare for two consecutive years, about 70 percent receive it a third year.
- Among women receiving welfare for four consecutive years, about 80 percent receive it a fifth year.

Minimizing the Cost of Giving. There is considerable evidence that private sector charity makes far more efficient use of resources than do public welfare programs. Although temporary relief in the form of food or shelter is fairly easy to obtain from private agencies, long-term assistance or assistance in the form of cash is far more difficult. For example:¹⁹

- Before the Dallas Salvation Army will provide cash to help people defray the cost of rent, recipients must present a court-ordered eviction notice showing failure to pay rent.
- Similarly, before that charity will give financial aid to defray the costs of utilities, the recipient must present a notice of termination of service for failure to pay utility bills.

Even when there is evidence of need, good private charities often seek to determine whether the potential recipient has access to other, untapped sources of assistance. For example:²⁰

- Before the Dallas Salvation Army will provide continuing assistance to an individual, a caseworker informs the family — including in-laws — and requests assistance from them first.
- The caseworker also makes sure the individual applies for all other public and private aid for which he or she is eligible.

Private sector agencies appear to be much more adept at avoiding unnecessary spending that does not benefit the truly needy and at keeping program costs down by utilizing volunteer labor and donated goods.²¹

¹⁸ Martin Rein and Lee Rainwater, "Patterns of Welfare Use," *Social Service Review*, No. 52, pp.511-34, cited in Greg Duncan, *Years of Poverty, Years of Plenty* (Ann Arbor, MI: Institute for Social Research, 1984), p. 78.

¹⁹ Dallas Salvation Army interviews. Reported in Goodman and Stroup, "Privatizing the Welfare State."

²⁰ *Ibid.*

²¹ See examples in Goodman and Stroup, "Privatizing the Welfare State."

Other Evidence of Efficiency. Private sector charitable activities are diverse and widespread in cities and counties throughout the country. Our knowledge of these activities is skimpy. However, as more research is done the evidence mounts that in area after area the private sector outperforms government:

- Private foster care agencies have shown they can outperform government agencies.²²
- Private agencies engaged in job training for teenagers²³ and for the mentally and physically handicapped²⁴ have shown they can outperform government agencies.
- Public housing placed in the hands of tenants costs less and is of higher quality than that owned and maintained by government.²⁵
- Private sector crime prevention programs,²⁶ alcohol and drug abuse programs²⁷ and neighborhood preservation programs²⁸ also have proved to be superior to public sector programs.

²² Robert Woodson, "Child Welfare Policy," in *Meeting Human Needs*, pp. 455-65.

²³ Sean Sullivan, "Youth Employment," in *Meeting Human Needs*, pp. 215-57.

²⁴ V. Ruth McKinnon, Patricia W. Samors and Sean Sullivan, "Business Initiatives in the Private Sector," in *Meeting Human Needs*, pp. 53-91.

²⁵ "The Grass is Greener in Public Housing: From Tenant to Resident to Homeowner," a report submitted to the U.S. Department of Housing and Urban Development by the National Center for Neighborhood Enterprise, October 1984.

²⁶ McKinnon, Samors and Sullivan, "Business Initiatives in the Private Sector," in *Meeting Human Needs*, pp. 53-91.

²⁷ Andrea M. Haines, V. Ruth McKinnon and Patricia W. Samors, "Social Service Programs in the Public and Private Sectors," in *Meeting Human Needs*, pp. 421-54.

²⁸ *Ibid.*

PREPARED STATEMENT OF DAVID S. LIEDERMAN

Chairman Packwood and Members of the Committee, I am David Liederman, Executive Director of the Child Welfare League of America (CWLA), a membership organization of nearly 800 public and voluntary child serving agencies that assist 2.5 million children and their families. Our member agencies in each state serve troubled and vulnerable children; many of these children have experienced the hardship of poverty and are served by the Aid to Families with Dependent Children (AFDC) program. Approximately 50 percent of children in the child welfare system are eligible for AFDC.

I appreciate this opportunity to discuss welfare reform, what goals we should set to repair the broken welfare system, and broader initiatives to protect and improve the lives of children.

I am very disappointed in the welfare reform debate completed last week by the House of Representatives. The debate started ugly and got uglier. Some House members compared welfare recipients with wild animals, while others seemed to argue that block grants to state governors will resolve just about every national problem. The bill passed by the House would have far-reaching, damaging results for millions of children and families across the country.

The House has welfare reform all wrong. The answers are in communities, not in bureaucracies. Comprehensive and innovative neighborhood-based anti-poverty efforts are needed. Congress must not simply provide permission through block grants for governors to cut off assistance to poor families and falsely call it a successful reduction in welfare dependency.

I am hopeful that this Committee will focus on solutions for children, not for governors.

The reality is that, just as welfare is not primarily to blame for poverty, welfare reform is not the sole answer for poor families. A much broader anti-poverty effort is needed. We should take comprehensive programs, weave them into neighborhood initiatives, and implement them in the highest-risk neighborhoods. In this testimony, I outline important principles and elements that should be part of a congressional effort to improve children's lives.

Congress has a great opportunity to enact reforms that will improve the lives of poor children. That's what this debate should be all about. We desperately need real welfare reform to fix a broken system, to enable more families to become self-sufficient, and to end child poverty.

CHILD POVERTY IMPEDES CHILD DEVELOPMENT; WE NEED TO HELP CHILDREN THRIVE

Children in the United States fare very poorly these days. Poverty among children is at its highest point since 1964. Children are the poorest age group—the poverty rate among children is 10 percentage points higher than the rates among prime-aged adults and the elderly. Nearly one in five children under age 18 (22.7 percent) and more than one in four children under age 6 (25.6 percent) live in poverty.

Poverty and economic instability increase the likelihood of other problems for children and their families. Children growing up in poor families suffer severe health and educational problems. Low-income children are three times more likely than others to die from infectious diseases, congenital anomalies and perinatal complications. Poor children experience more hunger, homelessness and violence. They are likely to lack the skills and resources to get good jobs.

Vulnerable children can avoid long-term harm, but only if they have the support they need. Much of this support must come from family and community. Children need caregivers who are sensitive and provide stability, help children to develop self-esteem, and encourage appropriate behavior and development. Children need unhurried time to grow with consistent care from a limited number of caring adults.

Children also need the basic protections that many poor families cannot provide alone. They need food, clothing, and safe housing. When a parent is working, children need child care that is safe and of high quality. Every child deserves affordable and accessible health care—from basic nutrition, immunizations, and checkups to systematic screening for physical and developmental problems.

Children need tangible opportunities that give them reason for hope. They need excellent education and vocational skills, in addition to volunteer and work opportunities. A successful transition to adulthood depends on these resources.

A majority of the members in the House chose to put all kinds of things before children—tax cuts for the wealthy, deficit reduction, state control. They spent their effort attacking families for being poor and attacking young unwed moms. They turned their back on children.

If the goal of welfare reform is to improve children's lives, what we need to do is to put children first. The debate to date has not focused on what children really

need to thrive, but on so-called solutions that deny children what they need to survive.

FEDERAL SAFETY NET PROTECTS CHILDREN FROM FALLING DEEPER INTO POVERTY

Over the past sixty years, Congress has responded to children's needs by seeking to guarantee that young people are entitled to food, clothing, education, safety from harm, and a healthy family. Congress has constructed a federal safety net of programs that meet many of these needs. Just as Congress assists elderly persons, it promises children in need that, regardless of whether they live in Oregon, New York, or any other state, they are entitled to certain protections, even when their families cannot provide them.

The federal safety net is far from perfect. In many cases, only minimal efforts are made to help children. Many children's basic needs are still unmet. Families that try their best to get out of poverty often cannot succeed. There is room for some program consolidation, for state flexibility to try innovative ideas and for reductions in administrative costs. The Congress should explore these possibilities in a thoughtful way. But we can't afford to abandon children. Instead, let's look at what we need to do to ensure the economic security of America's children.

WELFARE SYSTEM FAILS TO REWARD FAMILIES' PERSEVERANCE WITH OPPORTUNITY

The welfare system is broken and it needs to be reformed. The system has failed to prepare many parents for work and to put enough of them to work. We must fix the welfare system so that children escape poverty. We must preserve the promise of support, the AFDC entitlement, to ensure that all children have access to basic support for food, clothing, and shelter.

Yes, we need more personal responsibility, but that call is not limited to families on AFDC, nor is just a call sufficient.

The problem is not simply a lack of personal responsibility, as some would have us believe. Most parents on welfare want to work but, without training and job opportunities, they often cannot find work. Despite their critical parenting responsibilities, 83 percent of welfare recipients indicated that they would leave welfare immediately for a minimum wage job if it provided health care for their family.

Most families on welfare don't stay on continually for years and years. Over 50 percent of welfare recipients leave welfare on their own within one year; 70 percent leave within two years.

The most common problem for poor families is an economic crisis. Working families are forced to begin or return to welfare due to a lack of stable employment, adequate or affordable health insurance or child care. Only 8 percent of post-welfare employment is accompanied by health care benefits. A GAO study in 1987 found that 60 percent of respondents in work programs in 38 states reported that lack of child care was a barrier to their participation in the labor force.

WELFARE IS NOT RESPONSIBLE FOR ALL SOCIAL ILLS

Poverty increases the likelihood of a range of problems for children, including deficiencies in health, nutrition and education. Poverty also forces some families to depend on welfare benefits. However, some opponents of real welfare reform blame welfare itself for a host of social ills. But welfare is not responsible for poverty, out-of-wedlock births, crime, drugs, and other social ills with which some wish to link it.

If welfare were to blame for such problems, then welfare dependency would rise along with poverty. But consider the African American community over a twenty-year period. While poverty among African Americans has increased, welfare dependency among this group has decreased. Poverty among African American children worsened from 40.6 percent in 1973 to 45.9 percent in 1993. Over the same period, welfare dependency declined from 37.3 percent to 32.7 percent for African American families. And in 1988, before a recession hit the nation, that rate actually fell to 29.8 percent, a fifth lower than in 1973.

Some claim that welfare benefits fuel increases in out-of-wedlock births. However, cash welfare benefits have fallen in real value over the past 20 years, the same period that out-of-wedlock childbearing increased. Last year, a group of 76 leading researchers—including most of the leading experts in the area of welfare incentives and family structure—issued a statement concluding that welfare "benefit levels have no significant effect on the likelihood that black women and girls will have children outside of marriage and either no significant effect, or only a small effect, on the likelihood that whites will have such births."

Much of the debate over out-of-wedlock births and welfare is fueled by false stereotypes. From 1970 to 1992, the out-of-wedlock birth rate rose markedly among

white women, but fell among African American women. Contrary to popular impression, most out-of-wedlock births (70 percent) are not to teenagers. Only 13 percent occur among women under the age of 18. Studies show that factors other than welfare, such as school performance, play an important role in teen childbearing.

REAL WELFARE REFORM REQUIRES PROTECTIONS AND INVESTMENTS TO ENSURE THAT ALL CHILDREN SUCCEED

My central message to this Committee is that we must strengthen, not obliterate, the federal safety net. Don't discard the federal safety net, cut funding and rely on states to construct 50 little nets. Instead, preserve the federal entitlements, protections, and oversight for poor children. Where there are problems, and I agree there are problems, let's fix them; let's not destroy the safety net we have in the name of reform.

Welfare reform must reduce child poverty, not increase it. The legislation passed by the House last week, in the words of a House Republican Member who voted for it, would make "children more impoverished." Our nation cannot afford more impoverishment. We should consider it a national emergency that nearly one-quarter of our children contend daily with the debilitating effects of poverty.

We need to invest our limited resources in reform measures that will make a difference for America's children. The primary goal of welfare reform should be to enact policies that ensure the health, safety and well-being of all children, that lift children out of poverty, and that get families permanently off of welfare. We talk a lot in this nation about how much we value healthy children and strong families; but we often do precious little to preserve and strengthen families so that children can succeed.

"Neighborhood strategy" would provide a cornerstone for welfare reform

The environment in which families reside has a tremendous impact on their chances for success. Real welfare reform can succeed only within the context of a multi-faceted effort to improve the high-risk communities where many poor children and their families live. We need a national anti-poverty strategy that systematically targets neighborhoods at the highest risk of poverty, unemployment, ill health, and crime. Various initiatives have been tried over the years with success, but there has not been a long-term, intensive effort to repair communities across the nation.

This "neighborhood strategy" would invest in comprehensive efforts to improve the quality of life for all residents. A wide range of strategies could be employed, including efforts to make housing affordable, reduce crime, use school buildings after hours for "community schools" programs, improve street lighting, build and improve libraries and playgrounds, improve health services, and strengthen local leadership to facilitate these improvements. In addition to the direct benefits of safer streets and better community services, such revitalization efforts would create area jobs by making these communities more attractive to businesses.

Another community-building effort should focus on teen mothers, a group of key concern in welfare reform. A national and community service program specifically for teen moms would enable them to contribute to their communities, obtain work skills and experience, and make critical job contacts. High-quality child day care and Head Start should be provided for the children of all participants in this program.

Investments that strengthen neighborhoods would lay a critical groundwork for real welfare reform.

Work that pays enhances economic security

Economic security for families is essential to children's well-being. When families have a steady, sufficient and secure income, they can provide adequate food, clothing, shelter, health care and other resources to their children. Congress, by greatly expanding the Earned Income Credit (EIC), already has gone a long way to ensure that no working family will live in poverty. Assuring economic security lessens family stress, improves the family's health status and enables children to do better in school.

Families moving from welfare to work need work that pays. Jobs that pay a living wage for single-parent families are a critical factor in reducing poverty. Welfare reform must address individual and structural issues, demand personal responsibility, provide the services for getting and keeping employment that enables families to be self-sufficient, and invest in economic development that will generate stable jobs that can support families.

Good wage jobs need to be available for people to work but are in short supply. We must encourage and assist AFDC parents to become self-sufficient and to act

responsibly, find and keep work outside of the home, pursue education, maintain adequate and stable earned income, and contribute to the care of their children.

All participants should be required to engage in activities to receive the necessary skills to obtain a decent paying, stable job. AFDC requirements that discourage work and marriage should be changed. AFDC asset limits should be raised so that recipients can save for their children's education or start a business without having to sell virtually everything they own. However, we destine our policies and families to failure if we expect that every AFDC family can move at the same speed to find employment.

AFDC recipients who are ready and able to work but cannot find a job in the private sector should be provided with quality full-time public sector work at family-supporting wages. Improved employment opportunities in the children's services sector, for example through full funding of Head Start and expansion of child care programs, could address the dual needs of expanding children's services while providing public sector jobs for moms and dads. A higher minimum wage would promote work incentives and draw more low-income families out of poverty. Extreme care must also be taken to avoid creating workfare programs that displace existing workers and institute a new substandard minimum wage for AFDC recipients or substandard working conditions that would have a harmful impact on the labor market and promote divisiveness in the work force.

Welfare reform must also value and encourage excellent parenting, the most vital means to help children grow up healthy. Some AFDC heads of household are not able to work or should not be expected to do so. Young mothers, for example, must not simply be tossed into the working world—parenting itself is too important and parenting is indeed hard work. Instead, they should be encouraged to care for their children and pursue an education that prepares them for lifelong work, and they should be provided with appropriate job exposure and training.

Welfare-to-work programs have produced widely varying rates of success. But the most important measure of success is whether a program helps a family permanently stay off welfare. Project Match, which serves residents of the Cabrini-Green community in Chicago, is one such program, based on the concept that reducing welfare dependency is about helping people keep jobs, not just job placement. Project Match provides long-term assistance to welfare-dependent families as they move through multiple stages toward independence. It follows its clients through the loss of the first job and other setbacks, and helps people sequence training, education, and work experiences in an individualized way. It provides not only "up front" services, but also post-employment services.

Transitional supports, other reforms help families work

Welfare reform must provide strong transitional support services for AFDC families to work. These service components should include high quality education resources, job training, child care, and earnings disregards.

Children whose families receive AFDC are among those most at risk of developmental delays and diminished educational achievement. There is widespread agreement that, in order for them to thrive and succeed in school, they need the benefits of comprehensive, high quality early childhood programs. Welfare reform will place an increased demand for child care on a system that even now cannot ensure adequate and affordable quality care. Adequate resources and an improved infrastructure must be in place in order to ensure that all children have access to quality child care. Welfare reform child care policy must include consistent standards to ensure the healthy and safe development of children regardless of the funding source for their child care assistance. In addition, parents who leave AFDC for work should receive child care assistance beyond the current twelve months, so that they are not forced to lose their job for lack of child care. It is equally important that we not further pit necessary child care for families struggling to get and stay off public assistance against the necessary child care for working low-income families struggling to stay afloat and get ahead.

In addition to specific transitional support services, a meaningful anti-poverty strategy must include improved unemployment insurance protection, a refundable children's tax credit, universal access to health care, decent and affordable housing, improved paternity establishment and child support enforcement, improved access to federal nutrition programs, as well as other reforms and initiatives outside of the AFDC system.

Child support enforcement and assurance ensure two-parent financial support

Paternity establishment and child support enforcement and assurance are fundamental elements of welfare reform. Adequate child support keeps children and

their custodial parents out of poverty, sends a message that both parents are responsible for their children, and can make a substantial difference in the financial security of all single-parent families. According to the National Women's Law Center, our nation's system of paternity establishment has overwhelmingly failed. Of child support cases in 1989, paternity was established in only 31 percent of non-marital births, and \$5.1 billion of court-ordered child support was not paid to custodial parents with child support orders.

Both parents have a responsibility to support their children. Fathers should be required to contribute financially to their children's well-being, and should be strongly encouraged to be active parents and family members. Struggling families should receive case manager support in reformed AFDC offices that focus on providing family services.

NEW NATIONAL EFFORT ON TEEN PREGNANCY PREVENTION IS NEEDED

Our nation must respond to the epidemic of teen births by instituting a national campaign to prevent teen pregnancy. Research indicates that more than half of teens age 17 and younger are virgins. But nearly half of all welfare recipients are current or former teenage parents. Efforts should be made by families, communities, schools, churches, and the media to support teens in abstaining from sexual intercourse. Young boys and girls in the formative years of 9 to 14 should be especially targeted.

Schools should strengthen the curriculum in decision-making skills, family life education, social responsibility, and basic education and employability skills. Comprehensive family planning services should be available to counsel teens regarding sexual abstinence and appropriate medical services for sexually active teens.

A thorough network of health, education, and support care services, including medical and psychological services, should be available to all pregnant and parenting adolescents. Pregnant women, at the very least, should receive prenatal care and education about the risks of using drugs, alcohol, and tobacco during pregnancy. Drug treatment programs should be available for all drug-abusing pregnant women and parents of infants.

Improved paternity establishment and strict enforcement of child support in cases involving teen pregnancy will send an important message to young men that fatherhood is accompanied by parental responsibilities.

Let me give an example of a superb pregnancy prevention program, sponsored by the Dunlevy-Milbank Children's Aid Society Center in New York City. The Teen Primary Pregnancy Prevention Program includes three primary components—a family life and sex education program, a medical and health program and an education program. But the Dunlevy-Milbank program doesn't stop there. The center also includes a college admission program that guarantees admission to Hunter College of the City University of New York to every teen and every parent who participates in the program.

The center also offers a job club, an employment preparation class that guarantees its graduates get jobs, an entrepreneurial apprenticeship program, a work-learning experience for 12- to 15-year-olds, a performing arts program that enhances problem-solving skills, and an individual recreation and sports program that emphasizes self-discipline and control. Each of these programs are offered on two levels—one for adolescents and one for their parents.

The program has been very successful. An evaluation in 1994 found that program participants are less likely to drop out of school, become sexually active, or get pregnant. They are more likely to attend college and, when sexually active, to practice responsible sex. Of the 250 teenagers who participated at the Harlem site over a nine-year period, only eight girls became pregnant out of wedlock and only 2 boys were known to have fathered children. The annual cost of this program per student is \$1,500.

Responsible adult supervision and guidance important for young parents

As we institute a national campaign to prevent teen pregnancy, we must not abandon teen parents and their children. We should continue to provide children of teen parents with safety net assistance, and encourage teen parents to get the skills they need to support themselves and their children.

CWLA supports a residency requirement for teen mothers in safe and appropriately supervised living arrangements at home or in other settings that give young parents the support and guidance they need to gain parenting and other vital life skills. Almost three-quarters of pregnant teenagers under age 18 live with one or both of their parents. Even six months after giving birth, about 60 percent of young mothers aged 15-17 are still living at home. CWLA believes that pregnant and parenting teens should remain at home for the emotional and financial support that

parents can provide. For those pregnant and parenting teens who cannot remain at home because of abuse or neglect, arrangements must be made for them to live with other family members or in supervised group homes.

A CWLA survey of Florence Crittenton Agencies, conducted last year, suggests that forcing teen parents and their children to return to a parent's home without proper safeguards could place many children at severe risk of physical or sexual abuse. The survey found that:

- about 62% had been abused or neglected by a caregiver;
- almost 64% had at least one unwanted sexual experience;
- about 50% of those living independently would, in the opinion of those agencies which serve such young women, be placed at risk of physical or sexual abuse if returned to their families.

The high prevalence of abuse by caregivers indicates that most of the adolescent mothers served by these agencies come from unsafe homes. These figures most likely underestimate the proportion of these mothers who have been abused or neglected by a caregiver because some agencies answered this question only in terms of substantiated abuse cases.

It is widely believed that abuse very often goes unreported or unsubstantiated. The Crittenton Agencies' staffs know these young women quite well; their report that 50% would be at risk of abuse if returned to their homes suggests that for the federal government to impose such a requirement without critical safeguards in order to receive welfare would be detrimental to thousands of young women. It would force many adolescents to choose between seeing their children go hungry or homeless and putting both themselves and their children in danger.

Qualified "teen parent case managers" should be assigned to make careful decisions regarding whether the teen and her child should be sent back to a parent's home. These case managers also would help each minor parent draw up an individual plan to attain independence, assist her in achieving her plan by linking her with needed education, health, family planning, substance abuse treatment, and other social services. Recognizing that the teen parent case manager would play a critical role in assuring the rights and safety of teen parents and their children, caseloads of no more than 20 clients to each teen parent case manager should be maintained.

If a teen parent residency requirement program is implemented, we must ensure that young parents do not return to abusive or otherwise unsafe households, that exceptions are made when such a requirement makes no sense for a particular family, and that teen parents' special needs for intensive case management are addressed.

Education, child care and health assistance critical supports for teen parents

Teen parents receiving AFDC should be required to complete their education. Research has shown that just over half of all teenage mothers complete their high school education during young adulthood. Many of those who do not complete high school have low basic academic skills, and have low earning potential. Five years after giving birth, 43 percent of teenage mothers are living in poverty, according to a 1990 report by the Congressional Budget Office. Special efforts must be made to assist pregnant and parenting teens to remain in school and to further their education, thus enhancing their chances for self-sufficiency and to avoid repeat pregnancies.

State departments of education and human resources should assist in making child care services available to help teen parents stay in school. Day care options should be readily available at or near the school site so teens can complete school. Teen parents should be expected to work in the centers as part of their parental obligation—an excellent opportunity to learn effective parenting skills. Voluntary, early home visiting by public health and community resource persons should be expanded to reach and assist young parents.

HOUSE-PASSED BILL WOULD TEAR APART SAFETY NET

Last week, the House voted to shred the safety net. The Personal Responsibility Act of 1995 (H.R. 4) would cap funding for many federal programs, which would result in \$66 billion in program "savings" over five years, affecting poor children, their parents and elderly persons.

The House unwisely sought to revoke, rather than renew, our federal commitment to children. The bill would sacrifice the right of children to basic necessities in the name of tax cuts and smaller government. Those goals are not inconsistent with caring for children, but they should not replace our fundamental commitment to protect children from harm.

Some House members, in voting to use welfare reform savings to finance tax cuts, acted as though children's programs alone are responsible for the federal deficit. Making cuts in children's programs will not balance the federal budget, but it will hurt kids. Just about the only child in America who would benefit from the House plan would be Macaulay Culkin, the star of the movie "Richie Rich," who might see his taxes go down on his multi-million dollar income. Let's not punish poor children just to help Macaulay and rich adults get a little richer.

The House bill takes the wrong approach to reforming efforts to help children. The bill provides neither the resources nor the requirements for States to prepare welfare recipients to become self-supporting. H.R. 4 would not ensure that adequate child care, education, and training are provided to make work pay and give welfare recipients the skills to hold a job.

H.R. 4 would eliminate the child care guarantee for families moving from welfare to work and would cap overall funding for child care at a level that could force large numbers of working families to lose child care assistance. The bill would eliminate child care quality, health, and safety protections that are critical to children's well-being.

If families were unable to afford child care because of the 20 percent cut in funding, more children might be left unattended as parents struggle to work. Yet an already overburdened child protection system would have even fewer resources to respond to children in unsafe circumstances.

H.R. 4 would reduce the availability of Supplemental Security Income (SSI) for the vast majority of families who are raising children with severe disabilities. Without these cash benefits, families may have a greater need for AFDC cash assistance. But the bill freezes federal funding for cash aid to families through the year 2000.

Under H.R. 4, if a family were lucky enough to find child care, the \$4.5 billion cut in food assistance for child care and Head Start centers would mean the child would get less nutritious meals while there. If the child is school-age, the family would either pay more for school lunches and breakfasts, or get a poorer meal. Across-the-board cuts in the food stamp program would increase the risk of malnourishment at a crucial developmental stage for the child.

In addition, H.R. 4 would give States a perverse incentive to cut people off welfare. It would allow States to count people as "working" if they were simply cut off the welfare rolls, whether or not they had moved into a job. It also would cut back on child care both for people trying to leave welfare and for working people who are trying to stay off welfare. It would repeal the Job Opportunities and Basic Skills (JOBS) program, removing any real responsibility for States to provide job search assistance, education, training, and job placement to move people off welfare and into work.

However, H.R. 4 does contain important new investments in child support enforcement. I commend the House for requiring states to set up systems to take away professional and driver's licenses from parents who refuse to pay child support. This provision takes an important step toward assuring that children receive the support of both parents.

CHILD PROTECTION—THE SAFETY NET OF LAST RESORT—MUST REMAIN INTACT

By approving H.R. 4, the House has increased the likelihood that more children will be physically and sexually abused, abandoned, neglected, or killed. H.R. 4 would dissolve the current federal/state partnership that supported investigations of over 2.9 million reported cases of child abuse and neglect last year. H.R. 4 would repeal the federal assurances that abused and neglected children will get the care they need if they cannot remain safely in their homes. The bill also would eliminate assurances of adequate federal safeguards to protect and care for abused and neglected children. In addition, the bill would reduce by \$2.7 billion the federal dollars the states would receive to care for and protect these children.

States are already overburdened with their responsibility to care for and protect the nearly 500,000 children nationwide for whom the states are the legal guardians. The system to keep these children from further harm has been grossly underfunded. Some states and counties cannot investigate up to 80% of the reports of abuse and neglect they receive. Can you imagine your local fire department going out on only 20% of the calls for help? The crises for our most vulnerable children and families would likely worsen as public assistance, child care and other family supports were also reduced.

The child protection system also needs repair. That requires thoughtful deliberation and care to ensure that children are kept safe. The Department of Health and Human Services already has the statutory authority to help states experiment with new ways of financing and delivering child welfare services. Controlled experimen-

tation with built-in evaluation of outcomes makes sense but across-the-board changes like those proposed in the Child Protection Block Grant without any indication of impact on our most vulnerable children are dangerous and indefensible. Abused kids have suffered enough.

Without the guaranteed support of the federal government, states would have to find additional resources or deny help to abused and neglected children. Reports of abuse and neglect would continue to go uninvestigated. Children would be left in unsafe homes. Preventive services might no longer be funded. Children would remain longer in foster care awaiting adoptive homes. Despite a state's best efforts, more children would suffer.

The federal government has an important role in enabling the states to do their jobs by providing guidelines for protection and enforcing the protections when they are ignored. The children needing protection and care have greater and more complex needs than ever. They require sound assessments and timely and appropriate services. A child welfare block grant would only further compromise children's safety should it eliminate the services' guarantees, fail to specify protections and lack enforcement.

As you consider welfare reform and seek to address potential negative impacts on the children, I urge you to maintain the child welfare safety net—all the Title IV-E guarantees and the capped entitlements for family preservation and support and independent living—to help children receive the services they need to keep them safe. It is the safety net of last resort.

MASSIVE BLOCK GRANTS WOULD FAIL TO PROTECT THE MOST VULNERABLE

H.R. 4 would dismantle the federal government's leadership in serving low-income children. This takes the entirely wrong approach. Instead, we must determine the proper role of the federal government in assuring that children, regardless of their geographic location, receive the basic services they need to grow up healthy.

While careful consolidation of a number of categorical programs makes sense and is overdue, block granting virtually all activities for its own sake, accompanied by spending cuts, would cause severe problems for children. Eliminating the entitlement guarantee, along with massive consolidation and spending reductions could, in the short- and long-term, severely undermine state and local community efforts to protect and serve children. Children would then be placed at even greater risks that could lead to homelessness, neglect, or other family crises that would require child welfare intervention.

I urge the Committee to maintain that federal guarantee to protect children; support efforts to establish paternity but not to penalize children by denying benefits in cases where paternity has not been established despite the mother's cooperation; support efforts to reduce teenage pregnancy and promote marriage but not to deny benefits to children born out of wedlock to young mothers; and not to deny benefits to children due to their legal immigrant status.

The danger in permitting states to carry out misguided welfare policy is demonstrated by the recent experience of several states which cut general assistance funds for many thousands of people. A report released last year by the Center on Social Welfare Policy and Law found that hundreds of thousands of men and women suffered without jobs or income support after states targeted single "employable" people for welfare cuts. The report looked at welfare cuts in Michigan, Ohio, and Illinois, and found that state definitions of "employability" were totally unrealistic. Most former recipients did not find jobs, and crises were immediate and severe for large numbers of individuals left homeless, hungry, and sick following the cuts. Within one year after Michigan made its cuts, 25 percent of the former recipients became homeless, according to a University of Michigan study.

These findings indicate that too often, the states' answer to welfare recipients is to let them live in the streets, begging, homeless, cold, and hungry. A welfare block grant to decentralize welfare to the states without federal minimum standards would increase competition among neighboring states to enact more punitive policies in hope of providing a disincentive for interstate migration. A block grant accompanied by severe cuts in AFDC and other benefits and services could send millions of children into the streets or to foster care.

Some governors and Members of Congress also would want us to believe that block grants to states are a new idea that will solve all of our problems. But a new study on our nation's experience with block grants by the U.S. General Accounting Office, released last month, concluded that there were significant problems in the early 1980s associated with the block granting of federal programs like the Low-Income Home Energy Assistance and the Community Services Block Grants. States

had trouble administering the block grants, and the federal government had trouble overseeing the state programs because data was no longer gathered in many cases.

Nobody could tell this Committee what the states did with billions of taxpayer dollars they received in the early 1980s. Many states would not even be able to provide you with data on the number of children and adults served.

What we do know from the 1980s block grants is that many children were harmed. As families were under additional pressure, the need for child protective services exploded. So programs to sustain families and prevent abuse were traded for last-resort child protective services, which produced the need for more costly out-of-home care.

CWLA has estimated the basic cost of caring for one child in a residential group care facility at \$36,500 per year, ten times the cost of AFDC and Food Stamp combined benefits (\$2,644 per year) for that child. Providing basic residential group care for three million of the nearly ten million children on AFDC would cost about \$109.5 billion a year. Costs vary for residential group care, but the estimates I have provided are toward the low end of the cost spectrum.

The block grants would strip away assurances of protection and help for children in need and drive them into an already besieged child welfare system. Even now, the child welfare system cannot keep up with increases in the number of abused and neglected children. In 1993, 2.989 million children in the U.S. were reported abused or neglected, up from 1.154 million children in 1980. Welfare reform proposals to end AFDC assistance to millions of children would overwhelm the child welfare system, undermine its ability to protect abused and neglected children, and leave many children in jeopardy.

Charitable organizations cannot pick up the slack. They already subsidize about 30 percent of the cost of residential group care with charitable dollars. CWLA's member agencies report that their resources are stretched to the limit.

States have widely varying capacities and experiences in meeting the needs of their most vulnerable young citizens. Vastly different resources and expertise are the rule. These wide variations have tremendous implications for children.

We believe that, despite the best efforts of local communities and state governments, the work of the nation's public and private child welfare agencies will remain insufficient to the task unless the federal government provides more leadership, promotes greater accountability, and commits more, not fewer, resources to the care and protection of children. We believe a national strategy is necessary and must be tied together by a federal government working in close cooperation with states and local communities in the public and private sectors.

AMERICA NEEDS A RESPONSIBLE APPROACH TO WELFARE REFORM

The federal government has an important responsibility in its partnership with the states to assist families to take care of their children. The current welfare system is broken and the federal government needs to work with the states to change it. That means more than simply writing a check and walking away.

Successful welfare reform must preserve the safety net for poor children. It must also address the factors that force families to rely on public assistance and keep them from getting and staying off AFDC.

We must keep our promises to children in America. Congress should take the following 10 steps toward real welfare reform:

1. Preserve the federal commitment to protect children from discrimination and serious harm by maintaining the individual entitlement. Ensure that children in all states have access to a basic safety net of support. Improve federal oversight, cut unnecessary bureaucracy, and streamline wherever appropriate;

2. Invest in a "neighborhood strategy" to infuse high-risk communities with comprehensive efforts to improve the quality of life for all residents;

3. Concentrate welfare reform efforts and resources on the majority of parents who leave AFDC on their own. We should ensure that these highly motivated adults stay off welfare permanently by maintaining health care coverage, providing income disregards, and guaranteeing quality child care;

4. Work with the private sector and states to support the creation of jobs that pay a living wage so AFDC parents can find work, stay employed, and support their families. Ensure that all AFDC parents have access to quality job search assistance, education, internships, training, and transportation. Require states to increase participation in work programs so that at least half of each state's work program participants are employed in either the private or the public sector;

5. Increase access to high-quality day care. Lower the state match requirement, substantially increase federal funding for child care assistance, base minimum pay-

ment levels on full market rates, and eliminate the income disregard method and the statewide limit;

6. Institute a national teen pregnancy prevention campaign through education, health care services, family and community efforts, and the media. Support efforts to help teens delay parenting and stay in school;

7. Support aggressive case management and services for teen parents, including home visiting; encourage involvement of teen fathers in parenting responsibilities;

8. Support responsible paternity establishment and child support enforcement and assurance;

9. Reform health care so that illness does not drive families onto the welfare rolls; and

10. Develop a broad national strategy to keep working families out of poverty.

PREPARED STATEMENT OF SISTER MARY MCGEADY, D.C.

Mr. Chairman, Senators:

Thank you for the opportunity to address this Committee as you begin deliberation on welfare reform. *I believe this is the single most important issue before our country, affecting the lives of millions of our neediest children*

BACKGROUND

I am the President of Covenant House, the largest privately funded shelter program for homeless kids in the country. We have programs in seven states and have just begun one in the District of Columbia. *During 1994 we served over 41,000 youth, 5,000 of them pregnant or mothering teenagers and their children.*

I am also a Daughter of Charity and have spent 45 years of my life serving poor children. I live in the Bedford Stuyvesant section of Brooklyn, where many of these families live. What I tell you today reflects my own experience and that of thousands of families with whom I have worked.

The national debate on welfare reform is extremely troublesome because the tone of our debate seems so punitive. Troublesome because I sense the growing feelings of frustration in our country which result in a negative attitude about helping the poor. Poor people are not evil, they are just poor.

A REALISTIC APPROACH

We desperately need a realistic approach to reform. It is our collective duty to help these families and to protect and nurture these children. There must be a partnership among all of us: Government, Business, Church, Social Agencies and Communities.

The young men and women who come to Covenant House have suffered terribly as a result of abuse, drugs, crime and violence. They are under-nurtured, under-educated, and unprepared for life on their own.

Our approach is to offer a young person job training, a real job, day care and strong counseling toward personal responsibility.

The task of finding a job is an enormous undertaking for our youth. They only succeed with the help of our staff and volunteers and the generosity of our friends in business who offer them a job. Not all of these jobs, however, pay enough to pay the rent and buy food and clothes, let alone support a family.

Moreover, Senators, you and I know there is not a job out there for everyone willing to work, especially for those who are unskilled. There must be some bridge to help people get from welfare to work. There simply must be an emphasis on training and support to help those who are able and want to work, to find and keep a job.

CHILDREN HAVING CHILDREN

It is essential to address teenage pregnancy which is at the heart of the welfare problem, and grows out of a culture of poverty, violence, and the lack of a real future. The delay of gratification for greater and more moral rewards in life holds little value for teens who fear death by guns and whose experience leads them to a "live-now-for-tomorrow-you-die" attitude.

Pregnant teenagers who choose to have children want to do what is right for them. Any change in the current welfare program which discourages these pregnant young women from having their babies and encourages them to choose abortion is morally unacceptable.

Clearly, we cannot punish the babies because of the actions of their mothers and fathers, but we will be punishing them if we do not help their parents achieve independence.

As Americans, we must all challenge ourselves: have we truly done enough—all of us, parents, schools, churches and—yes—governments,—to teach values and responsibility?

ROLE OF FEDERAL GOVERNMENT

Let me say loud and clear that I believe it is the role of FEDERAL GOVERNMENT, AND the role of state and local governments to offer HOPE to all our citizens, particularly the most vulnerable. I believe we will be judged on what we do for the least among us. The FEDERAL GOVERNMENT must and should be the ultimate protector of poor children and poor families.

The young people in Covenant House and the families in my neighborhood are not hearing a message of hope from our government today. They do not believe that state and local governments will somehow be more efficient and compassionate at helping them. That is simply not their experience. Already they see reductions in the services they depend on from their states and cities. What they do hear is: the little they have will be taken from them.

CONCLUSION

In conclusion, Senators, the American people would be wrong to think these young people have no option but welfare. Unfortunately, I see firsthand the alternatives these youth are offered every day: drugs, crime and prostitution. In the short-term they can make big dollars in these activities and they—and we—pay a terrible price in human life, in violence, in disease, in homelessness and in prisons.

There is no quick fix solution. We must all face it. We must also have the courage—and you, the political courage—to fix this system in a careful and thoughtful way.

Ladies and gentlemen, you must not, you cannot, abandon these children. The federal government should not abdicate its responsibility by merely transferring it to the states. While it may sound like the perfect solution, it is not. It would not be right or just. Please think long and hard about how you fix this problem. You must provide assurance that protects millions of children who are depending on you! We need welfare reform which will offer services to support and train our youth, to put them to work so they can support their own families. We must give them hope for a future and a real chance to grasp the American dream.

PREPARED STATEMENT OF KATE MICHELMAN

The National Abortion and Reproductive Rights Action League (NARAL), a national non-profit advocacy organization with more than 500,000 members nationwide and 36 state affiliates, has been working through the political process for more than 26 years to keep abortion safe, legal and accessible for all women. In 1994, NARAL expanded its mission to protect the right of every woman to make personal decisions regarding the full range of reproductive choices, including preventing unintended pregnancy, bearing healthy children and choosing legal abortion. We are pleased that the Finance Committee is addressing critical issues regarding welfare reform, and we appreciate the opportunity to submit this testimony.

I speak to you today as both an advocate for women's reproductive health and as a woman who once received public assistance. I was raised Catholic and, as a young woman, had three wonderful daughters in three years. But in 1970, my husband suddenly announced that he was leaving me and my children. I was without money, a job or a car. I was unable even to get a charge account at the local five and dime. Each month I was forced to fight for the child support to which I was legally entitled. My self-esteem was shattered, and my family forced onto welfare.

Shortly after my husband left me, I discovered I was pregnant. With three children under age six, I alone had to meet their every need—financial, emotional and physical. The very survival of my family was at stake. Deciding whether or not to continue that pregnancy was one of the most difficult and complex decisions of my life. Ultimately, I decided to have an abortion and was lucky enough to obtain one in 1970, before *Roe v. Wade*. Another woman in my position might have decided to continue her pregnancy. That woman should not be punished for making that choice today.

NARAL recognizes the compelling need for comprehensive welfare reform. But true reform lies not in callous policies that punish women for the choices they make, but in helping women make responsible, deliberate decisions about childbearing by providing access to necessary information and health services, rewarding and encouraging economic self-sufficiency, and helping reduce teenage pregnancy. The current welfare debate occurs in a context in which low-income women lack access to

preventive and reproductive health care and the information and tools necessary to protect their health and prevent unintended pregnancy. The situation is especially grave for teens, who are often refused the sexuality education, family planning and other services they need to avoid pregnancy and childbearing. True reform will help women take control of their lives and their futures and will include teen pregnancy prevention, access to a full range of reproductive health care, job training, health care, educational opportunities, child care, nutrition programs and more vigorous enforcement of child support orders.

TRUE WELFARE REFORM WILL PROMOTE TEENAGE PREGNANCY PREVENTION.

American teens are dangerously uninformed about pregnancy prevention and sexually transmitted diseases (STDs) and many lack the information and skills they need to postpone premature sexual activity and protect their reproductive health. Although teens in this country are no more sexually active than those in other developed nations, they are less likely to use contraception, more likely to get pregnant and more likely to contract a sexually transmitted disease.¹ Many adolescents are not getting information from their parents, doctors or schools and are left to rely on cultural and media messages about sex and sexuality: thirty-one percent of teens have never discussed sexuality or contraceptives with their parents² and pediatricians spend on average only seven seconds per office visit discussing contraception with teenagers.³ Almost 30 percent of teens cannot determine whether the following statement is true or false: "A girl cannot become pregnant if she douches with Coca-Cola after intercourse."⁴ Moreover, fewer than one in ten children in America receives comprehensive human development and sexuality education from kindergarten through grade 12.⁵

The young women and men most likely to become teen parents are those who live in poverty, and those who have low self-esteem and low expectations for completing their education or finding employment.⁶ Teenage girls with poor academic skills are five times as likely to become mothers before age 16 as are teenagers with average or above average skills in school.⁷ When young girls are shown alternatives to teen pregnancy and empowered with the belief that they can achieve alternative goals, they are more likely to postpone childbearing until after their teen years. The challenge is to make options available to adolescent girls that are as emotionally satisfying as the idea of motherhood.⁸ True welfare reform will reach out to those teens most likely to become teen parents and will raise their self-esteem and help them envision goals beyond teen parenting. Such programs, when combined with comprehensive sexuality education and access to family planning services, have the potential to significantly reduce the teen pregnancy rate in this country.

Life options programs emphasize decision-making and problem-solving skills, provide real work and educational experiences, and help teens develop self-esteem and social responsibility.⁹ Such programs are critical to the reproductive health of adolescents at risk of unintended pregnancy, particularly those who live in poverty, and who have low self-esteem and few expectations for the future. In combination with education and health services, life options programs can be effective in providing teens with the motivation to postpone childbearing.

One successful life options program, "I Have a Future" (IHAF), has helped reduce teen pregnancy in low-income housing projects in Nashville, Tennessee. This program, pioneered by Surgeon General nominee Dr. Henry W. Foster, Jr., has become a national model for a comprehensive approach to teen pregnancy prevention that integrates health services for teenagers into their communities. The program is based largely on Dr. Foster's belief in programs that "teach people abstinence [as the] first route" but also make contraceptives available to those teens who choose to be sexually active.¹⁰ The IHAF program promotes abstinence and delaying sexual activity and also provides access to comprehensive adolescent health and social services, including contraceptive care.¹¹ In addition, the program emphasizes parental involvement through its Parent Empowerment Program, which provides parents training in family health promotion.¹²

The IHAF program has reached more than 850 adolescents. A preliminary evaluation of the program reports only one known pregnancy among those in the high participant group compared with 59 known pregnancies in the low-level and comparison site groups.¹³ Members of the high participant group also had greater knowledge of human sexuality and family life, a greater sense of self-esteem, a stronger sense of community, a greater belief in the responsibility one has for self, family and community, and the recognition that they had more life options and a brighter future.¹⁴

School-based and school-linked clinics can also play a critical role in reducing the alarmingly high rates of teen pregnancy and sexually transmitted diseases. Many

adolescents do not have access to comprehensive reproductive health care, including gynecological exams, nutrition education, contraceptive services, prenatal care, STD screening, and abortion services. Approximately 4.5 million adolescents have no health insurance and many have no regular source of health care.¹⁵ Half of the adolescents who rely on school health clinics do not have other sources of health care.¹⁶ Medicaid, the single largest public funding source for adolescent health care, assists only one third of all poor adolescents.¹⁷ In addition, one third of all Title X clients are teens, and since 1980 the federal government has cut funds for the Title X program by almost two-thirds.¹⁸ School clinics provide an accessible, affordable option for teens in need of reproductive health care.

School-based and school-linked health clinics that provide contraceptive services appear to have helped reduce teen pregnancy rates. A Baltimore, Maryland program called the Self Center offered students classroom-based sexuality education and reproductive health care including gynecological exams, STD testing and contraceptive services in a clinic across the street from the school. After three years, teen pregnancies declined by 30 percent, while pregnancies rose 58 percent in similar schools without clinics.¹⁹

A very successful program in South Carolina that combined sexuality education by teachers, parents and community leaders with a school-based clinic helped reduce the teen pregnancy rate from 61 to 25 percent in three years.²⁰ The positive results of the program were dramatically diminished, however, after the South Carolina legislature banned the distribution of contraceptives in school clinics.²¹ Only one year after the ban went into effect, pregnancy rates rose to the previous level.²²

A successful approach to preventing teen pregnancy must include providing teens with sexuality education, access to reproductive health services and a vision for a brighter future. Punitive policies that offer teens no motivation or tools to change their behavior will only result in children who are poorer and hungrier.

TRUE WELFARE REFORM WILL HELP TEEN PARENTS FINISH SCHOOL AND PROMOTE ECONOMIC INDEPENDENCE.

Without adequate support services, the negative social, economic and health consequences of too-early childbearing can be profound and often last a lifetime. Many teen mothers have few skills and little education, and face low-paying jobs, unemployment, poverty and dependence on government assistance.²³ Families headed by young women are seven times as likely as other families to live below the poverty level.²⁴ Women who become mothers in their teen years are less likely to complete their education and are at greater risk of low wages and poverty throughout their lives.²⁵ Although high school completion rates have increased in recent years for pregnant and parenting adolescents, it is estimated that only 56 percent of teen mothers will ever graduate from high school.²⁶ Moreover, young women with children are less likely to go to college and on average will make half of the lifetime earnings of those who delay childbearing until their 20s or beyond.²⁷

Pregnant and parenting adolescents often need special assistance to complete their education and to break the cycle of poverty and independence. In San Francisco, the Teenage Pregnancy and Parenting Program (TAPP) links pregnant and parenting teens with health and social services offered by more than 30 agencies for pregnant and parenting teens, and offers an alternative school with on-site child care and health care. TAPP has been effective in encouraging school attendance and preventing subsequent pregnancies.²⁸

In addition, just as those adolescents who choose to continue their pregnancies need special support such as counseling and prenatal care, those adolescents who decide to have an abortion also should receive support in exercising that choice. Many teens have difficulty obtaining early abortion services because they do not have access to medical care, money and transportation. To assure that adolescents receive health services, including abortion, as early as possible during a pregnancy, they should have ready access to confidential counseling and health care, referrals to qualified local health professionals who provide abortion services, and funds to pay for abortion services and other associated costs.

TRUE WELFARE REFORM WILL ENSURE THAT LOW-INCOME WOMEN HAVE ACCESS TO A FULL RANGE OF VOLUNTARY REPRODUCTIVE HEALTH SERVICES.

Preventive health care in America, including contraceptive services, is underfunded and undervalued. The effects are evident in the nation's extraordinarily high rates of unintended pregnancy, abortion and sexually transmitted disease. Three-quarters of pregnancies among poor women are unplanned, in part because low-in-

come women face significant barriers to health care, including contraceptive and other reproductive health services.²⁹

Our current health policies have helped create a situation in which too many women cannot afford to see a health professional for family planning services. For many women, cost is a major obstacle to obtaining contraceptive services. Less than half of women who live below the poverty level are covered by Medicaid, and funding for Title X—the federal government's only program devoted exclusively to family planning—was reduced by two-thirds between 1980 and 1990 when inflation is taken into account.³⁰ Coverage for contraceptives by Medicaid, the largest source of federal funds for family planning services, is inconsistent and varies widely from state to state. Some state programs, for example, cover the costs of Norplant and over-the-counter methods such as condoms, while others do not.³¹ Moreover, only half of all private physicians who provide reproductive health services will provide contraceptive care to women relying on Medicaid, in large part due to low reimbursement rates and cumbersome administrative procedures.³²

A socially responsible and fiscally sound welfare policy requires provision of access to affordable, safe and effective reproductive care. Every government dollar spent on contraceptive services saves an average of \$4.40 by averting expenditures on medical services, welfare and nutritional services associated with unintended pregnancies and childbirth.³³ Experience in other countries indicates that the number of women who use birth control, and who use it effectively, is higher where services are provided free of charge or at a very low price.³⁴ True welfare reform will help women take control of their lives by providing access to a full range of reproductive health care.

TRUE WELFARE REFORM WILL PROVIDE LOW-INCOME WOMEN WITH ACCESS TO ABORTION.

A significant number of the 1.6 million abortions that occur annually in the United States can be prevented. Diminishing the extraordinary rates of unintended pregnancy will reduce the need for abortion in the United States. Nonetheless, birth control still will fail; medical complications still will arise during pregnancy; and women still will struggle to meet sometimes overwhelming responsibilities to their families and to themselves. A socially responsible and fiscally sound welfare policy will ensure that when a woman decides that she needs an abortion, the procedure is affordable, available and safe.

Currently, the use of federal Medicaid funds for abortion are prohibited unless the procedure is necessary to save the woman's life or the pregnancy is the result of rape or incest.³⁵ Only 17 states and the District of Columbia currently provide local funds for Medicaid abortions.³⁶ One study has estimated that at least 20 percent of the Medicaid eligible women who carried a pregnancy to term would have terminated the pregnancy if funding had been available.³⁷ A recent study concluded that for every dollar spent on funding for low-income women who wish to terminate a pregnancy, four dollars in public medical and welfare expenditures would be saved.³⁸ After Michigan imposed restrictions on publicly funded abortions, the state's birth rates increased substantially—a change that reversed previous trends and did not occur in neighboring states.³⁹ Although proponents claimed that the restriction would save government money, a recent study estimated that the costs to taxpayers for additional children born as a result of Michigan's ban on funding will total at least \$50 million over five years.⁴⁰

NARAL believes that the federal government should create and implement policies that will make abortion less necessary, not more dangerous or difficult to obtain. There continues to be a need for safe, legal abortion services in this country, and they should be provided to all women, regardless of ability to pay. Singling out and excluding abortion from reproductive health care discriminates against poor women and poses significant—often unsurmountable—obstacles to reproductive choice. The fundamental right to choose must not be conditioned on income.

THE WELFARE REFORM BILL PASSED BY THE HOUSE OF REPRESENTATIVES FAILS TO ADDRESS THE UNDERLYING CAUSES OF POVERTY.

The welfare reform bill recently passed by the House of Representatives punishes women and their children by reducing benefits and placing onerous restrictions on women and their reproductive decisions while failing to address the underlying causes of poverty. Although proponents of the house bill claim that one of its primary goals is to reduce out-of-wedlock births, the legislation fails to provide women with the tools they need to prevent unintended pregnancy or break the cycle of poverty. Although the "family cap" provisions of the bill were purportedly mitigated after fierce opposition from many quarters, the provisions that remain impose puni-

tive restrictions on women and make no progress toward meaningful reform. Moreover, the "illegitimacy ratio" provides incentives for states to decrease out-of-wedlock births while encouraging legislation to restrict access to abortion services. Neither of these punitive measures addresses the underlying causes of welfare dependency or offers progress toward a long-term solution.

Proponents of family caps argue that because welfare benefits increase modestly with the size of a household, recipients are encouraged to have additional children. Contrary to myth, however, increased assistance does not encourage childbearing. This flawed reasoning ignores the complex reasons that women have children and the realities of living on welfare. For the vast majority of women who receive public assistance, the added economic costs of an additional child outweigh any slight increase in their monthly check.

- There is virtually no evidence that women on welfare have children to receive more public assistance money. A recent study found that women receiving welfare believed that having additional children would make their lives more difficult. In addition, virtually all women interviewed expressed a desire to stop relying on AFDC for support.⁴¹
- Contrary to myth, the size of families receiving AFDC is not smaller in states that provide the lowest grant levels. The state with the highest percentage of AFDC families with four or more children—Mississippi—has the lowest grant level.⁴²
- Teen birth rates do not correspond to the level of state assistance available. In 1989, the five states with the highest birth rates to women ages 18 to 19—Mississippi, Arkansas, Nevada, Arizona and New Mexico—all had AFDC benefits below the national median. The states with the lowest birth rates to teen mothers ages 18 to 19—North Dakota, Minnesota, New Hampshire, Vermont and Massachusetts—had AFDC benefits above the national median.⁴³ A recent study by the Urban Institute found that the generosity of a state's AFDC program has little impact on young women's childbearing decisions.⁴⁴
- Having additional children while receiving AFDC is not a lucrative venture. In 1993, Alabama provided only \$26.00 and Mississippi only \$36.00 a month for a second child.⁴⁵

The welfare reform bill passed by the House of Representatives would punish women for having children yet do nothing to help women achieve planned, healthy families. Eliminating cash benefits for children born to poor women is simply one more barrier for those who have already been denied access to the basic services they need to attain self-sufficiency. Basic health care for low-income women is one element of the reform necessary to help individuals become independent. However, policies that increase access to reproductive health care, including prenatal care, voluntary family planning and abortion services, as well as effective teen pregnancy prevention programs, will promote responsible reproductive decision-making more effectively than punitive family cap measures included in the legislation passed by the House of Representatives.

Another particularly destructive element of the House welfare reform bill, the "illegitimacy ratio," provides states with a cash bonus for reducing the number of out-of-wedlock births while simultaneously encouraging them to pass legislation restricting access to abortion services. At a time when it is critical for states to vigorously enforce laws prohibiting clinic violence, this provision serves to marginalize abortion further by offering states a financial incentive for making abortion services more difficult to obtain. Like the family caps provision, the illegitimacy ratio does nothing to address the underlying causes of unintended pregnancy or to provide women with the tools they need—sexuality education, family planning services and access to abortion—to avoid unwanted pregnancies. The illegitimacy ratio should not be included in the Senate bill.

True welfare reform will be accomplished only when women are given a real opportunity to make responsible choices, achieve economic independence and nurture healthy families. True reform is more effective than child exclusion laws and does not impose additional barriers on women's ability to make choices. Many reforms being implemented by the states and considered by Congress, but which unfortunately are not reflected in the bill passed by the House, can help women take control of their lives and their futures. These reforms include job training, health care, educational opportunities, child care, nutrition programs, more vigorous enforcement of child support orders, and a renewed emphasis on teen pregnancy prevention. Early results of existing programs indicate that enforcing child support orders and helping families overcome barriers to employment are the most effective ways to promote economic independence.

NARAL asks the Senate to support programs that will help women achieve economic independence and to reject social engineering experiments like child exclusion

policies that come at the expense of women's rights and the health of their families.

Notes:

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- ² *American Teens Speak: Sex, Myths, TV and Birth Control* (New York: Planned Parenthood Federation of America, 1986) (poll conducted for PPFPA by Louis Harris and Associates, Inc.), 43.
- ³ Annette Ostreicher, "More Physician Counseling Urged," *Medical World News*, vol. 31, no. 11 (June 11, 1990): 25.
- ⁴ *American Teens Speak*, 32.
- ⁵ National Guidelines Task Force, *Guidelines for Comprehensive Sexuality Education: Kindergarten-12th Grade* (New York: Sex Information and Education Council of the United States, 1991), 1.
- ⁶ Joy Dryfoos, *Adolescents at Risk* (New York: Oxford University Press, 1990), 72; Allan F. Abrahamse, Peter A. Morrison and Linda J. Waite, "Teenagers Willing to Consider Single Parenthood: Who is at Greatest Risk," *Family Planning Perspectives*, vol. 20, no. 1 (Jan./Feb. 1988): 18.
- ⁷ Children's Defense Fund, *Preventing Adolescent Pregnancy: What Schools Can Do* (Washington, DC: Children's Defense Fund, 1986), 4.
- ⁸ Judith S. Musick, *Young, Poor and Pregnant* (New Haven: Yale University Press, 1993), 110.
- ⁹ Association of Junior Leagues, *Teenage Pregnancy: Developing Life Options* (New York: Association of Junior Leagues, Inc., and Arlington: VA, American Association of School Administrators, 1988), 7-8.
- ¹⁰ Henry Foster, Interview with ABC News *Nightline*, Feb. 8, 1995, 4 (transcript on file with NARAL).
- ¹¹ Lorraine Greene, *I Have a Future* (brochure), Meharry Medical College, 1990, 2; Andrea Stone, "Teen-agers have a future, thanks to Foster program," *USA Today*, Feb. 9, 1995, 2A.
- ¹² Greene, *I Have a Future*, 9.
- ¹³ "I Have A Future Program," (internal preliminary evaluation), Meharry Medical College, Nashville, TN, Aug. 9, 1994 (on file with NARAL).
- ¹⁴ *Ibid.*
- ¹⁵ Janet Gans, et al., *America's Adolescents: How Healthy are They? vol. I* (Chicago: American Medical Association, 1990), 8-9.
- ¹⁶ Center for Population Options, "The Facts: School-Based and School-Linked Clinics," Oct. 1991. (factsheet)
- ¹⁷ Janet Gans, *Adolescent Health Care: Use, Costs, and Problems of Access, vol. II* (Chicago: American Medical Association, 1991), 59.
- ¹⁸ U.S. House of Representatives, Select Committee on Children, Youth and Families, *Federal Programs Affecting Children and Their Families, 1992* (Washington, DC: U.S. Government Printing Office, 1992), 150; Rachel Benson Gold and Daniel Daley, "Public Funding of Contraceptive, Sterilization and Abortion Services, Fiscal Year 1990," *Family Planning Perspectives*, vol. 23, no. 5 (Sept./Oct. 1991): 204.
- ¹⁹ Laurie S. Zabin, et al., "Evaluation of a Pregnancy Prevention Program For Urban Teenagers," *Family Planning Perspectives*, vol. 18, no. 3 (May/June 1986): 123.
- ²⁰ Murray L. Vincent, EdD, Andrew F. Clearie, MSPH and Mark D. Schluchter, PhD, "Reducing Adolescent Pregnancy Through School and Community-Based Education," *JAMA*, vol. 257, no. 24, (June 26, 1987): 3385.
- ²¹ S.C. Code Ann. § 59-1-405 (1990) (Law Co-op 1990).
- ²² U.S. Congress, Office of Technology Assessment, *Adolescent Health, Vol. II: Background and the Effectiveness of Selected Prevention and Treatment Services*, OTA-H-466 (Washington, DC: U.S. Government Printing Office, Nov. 1991), 370-371.
- ²³ Dryfoos, *Adolescents at Risk*, 1990, 65; Fred M. Hechinger, *Fateful Choices: Healthy Youth for the 21st Century* (New York: Carnegie Corporation, 1992), 77-78.
- ²⁴ The Alan Guttmacher Institute, *Teenage Pregnancy: The Problem That Hasn't Gone Away* (New York: Alan Guttmacher Institute, 1981), 33.
- ²⁵ National Research Council, *Risking the Future: Adolescent Sexuality, Pregnancy and Childbearing*, vol. I, Cheryl D. Hayes, ed. (Washington, DC: National Academy Press, 1987), 132, 138.
- ²⁶ Dawn M. Upchurch and James McCarthy, "Adolescent Childbearing and High School Completion in the 1980s: Have Things Changed?" *Family Planning Perspectives*, vol. 21, no. 5 (Sept./Oct. 1989): 199.
- ²⁷ National Research Council, *Risking the Future*, 126; Center for Population Options, *Teenage Pregnancy and Too-Early Childbearing: Public Costs, Personal*

- Consequences*, 6th edition (Washington, DC: Center for Population Options, 1992), 10.
- ²⁸ U.S. Congress, Office of Technology Assessment, *Adolescent Health, Vol. II: Background and the Effectiveness of Selected Prevention and Treatment Services*, OTA-H-466 (Washington, DC: U.S. Government Printing Office, Nov. 1991), 403; Dryfoos, *Adolescents at Risk*, 188-89.
- ²⁹ Patricia Donovan, *The Politics of Blame: Family Planning, Abortion and the Poor* (New York: The Alan Guttmacher Institute, 1995), 18-20.
- ³⁰ U.S. Bureau of the Census, *Current Population Reports, Poverty in the United States: 1992* (Washington, DC: U.S. Government Printing Office, 1993): 151; Rachel Benson Gold and Daniel Daley, "Public Funding of Contraceptive, Sterilization And Abortion Services, Fiscal Year 1990," *Family Planning Perspectives*, vol. 23, no. 5 (Sept./Oct 1991): 204.
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- ³³ Jacqueline Darroch Forrest and Susheela Singh, "Public-Sector Savings Resulting from Expenditures For Contraceptive Services," *Family Planning Perspectives*, vol. 22, no. 1 (Jan/Feb 1990): 13.
- ³⁴ Elise F. Jones, et al., "Unintended Pregnancy, Contraceptive Practice and Family Planning Services in Developed Countries," *Family Planning Perspectives*, vol. 20, no. 2 (Mar./Apr. 1988): 63-65.
- ³⁵ FY 1995 Department of Labor, Health and Human Services, and Education Appropriations Act, Pub. L. 103-333, §509.
- ³⁶ NARAL and the NARAL Foundation, *Who Decides? A State-by-State Review of Abortion and Reproductive Rights 1995* (Washington, DC: NARAL, 1995): 172-73.
- ³⁷ Donovan, *The Politics of Blame*, 10.
- ³⁸ The Alan Guttmacher Institute, "The Cost Implications of including Abortion Coverage Under Medicaid," *Issues in Brief*, Mar. 1995, 4.
- ³⁹ Mark I. Evans, MD, et al., "The Fiscal Impact of the Medicaid Abortion Funding Ban in Michigan," *Obstetrics & Gynecology*, vol. 84, no. 4, part 1 (Oct. 1993): 556.
- ⁴⁰ Evans, et al., "The Fiscal Impact," 558.
- ⁴¹ Mark Robert Rank, *Living on the Edge: The Realities of Welfare in America* (New York: Columbia University Press: 1994), 78, 130-131.
- ⁴² Jodie Levin-Epstein and Mark Greenberg, *The Rush to Reform: 1992 State AFDC Legislative and Waiver Actions* (Washington, DC: Center for Law and Social Policy, 1992), 17-18.
- ⁴³ Levin-Epstein and Greenberg, *The Rush to Reform*, 18.
- ⁴⁴ Gregory Acs, *The Impact of AFDC on Young Women's Childbearing Decisions* (Washington, DC: The Urban Institute, May 15, 1993), 17.
- ⁴⁵ Committee on Ways and Means, U.S. House of Representatives, *Overview of Entitlement Programs, 1993 Green Book* (Washington, DC: U.S. Government Printing Office, 1993), 659-660.

PREPARED STATEMENT OF GWEN DAYE RICHARDSON

Good morning. My name is Gwen Daye Richardson and I am a board member and secretary for a national grassroots lobbying organization called Minority Mainstream. I am also editor and part-owner of a national magazine called National Minority Politics.

I come before the Senate Finance Committee today to discuss our group's ideas of what welfare should be and how welfare reform should be implemented.

Welfare should be a contract between the recipient and her/his country. "In exchange for your helping me through this crisis, I will: (a) work, or (b) change my behavior, or (c) vow to make more prudent life decisions in the future." It should be a safety net through hard times, not a way of life. Work should be a requirement for a person to receive welfare benefits-not two years into the future, but immediately.

Therefore, we propose the following reforms. (1) A five-year phaseout for those chronic welfare recipients. We recognize that those who have been on the welfare system for a number of years, and sometimes for a number of generations, cannot

simply be thrust out into the street to fend for themselves. Five years is enough time for them to acquire job skills, a high school diploma or a college degree.

(2) For those potential welfare recipients in the future, we believe Congress should completely change the current welfare system and Institute a one-year limit, similar to that of unemployment compensation. Two years is too long for an individual to get paid for not working. It will breed dependency and a psychological effect that working is simply too hard when one can get paid to sit at home. It is also grossly unfair to those who get up and go to work everyday.

As a business owner who has attempted to hire chronic welfare recipients in the past, I can tell you that the current system produces an individual which is, in most cases, unemployable. Surveys of business owners reveal that the most important characteristic of an employee is *attitude*. Workers must have an attitude of cooperation and team work.

I can state, not only from my experience, but the experience of my family which owns a number of businesses and other entrepreneurs that I know in four different states, our attempts to employ chronic welfare recipients have, in the vast majority of cases, resulted in disaster. There is an attitude that, as soon as an obstacle arises, the person should quit. Welfare produces the attitude of, "Why should I put up with having to be at work on time, when I can make as much or more money on welfare."

When hiring chronic welfare recipients also the problem of a lack of understanding about proper work attire, leaving personal problems at home where they belong, conflicts with peers, etc. In other words, the welfare system basically ruins people for the job market—at taxpayer expense.

Government-sponsored job training programs are not the answer. They are too expensive, too susceptible to fraud, and generally ineffective in teaching people what they need to know about the work world. The shortest distance between two points is a straight line. Welfare recipients, who are potential employees, should be as close to the potential employer as possible, not taken through a series of hand-holding exercises. A company called America Works, which provides four to six weeks of training before assigning welfare recipients to jobs, has the right idea.

In conclusion, the objective of welfare reform should be for the recipient to find gainful employment with all deliberate speed. Taxpayers should not be forced to fund lifestyles and behavior which are not only detrimental to the recipient, but to the society as a whole.

PREPARED STATEMENT OF REVEREND DONALD L. ROBERTS

I NEVER FORGET - IT'S ABOUT PEOPLE

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE, A MOMENT OF PERSONAL AND PASTORAL PRIVILEGE.

FIRST, THANK YOU FOR YOUR INVITATION TO SENATOR COOK AND MYSELF TO SPEAK BEFORE THE SENATE FINANCE COMMITTEE ON THE MATTER OF WELFARE-TO-WORK REFORM.

NOT A DAY GOES BY AT ANY OF OUR LOCAL GOODWILL'S 15 CONVENIENT JOB CONNECTION NEIGHBORHOOD CENTERS, THAT WE ARE NOT REMINDED, THAT ULTIMATELY THE DEBATE SURROUNDING REFORM OF OUR WELFARE SYSTEM... IS ABOUT PEOPLE.

RELENTLESSLY, THEY COME THROUGH OUR DOORS, LOOKING FOR THE HOPE AND DIGNITY THAT COMES WITH A REGULAR PAYCHECK. THEY ARE NOT STATISTICS, THEY ARE PEOPLE. THEY ARE SOMEONE'S BABY-GROWN - LARGE, SOMEONE'S SON OR DAUGHTER, SOMEONE'S SISTER OR BROTHER, SOMEONE'S MOTHER OR FATHER.

ULTIMATELY, IN THE MIDST OF THE SWIRLING POLITICAL DEBATE OVER WHICH TECHNIQUE WILL BEST "CURE" THE WELFARE "PATIENT," WE ARE CALLED UPON BY OUR HIGHEST AND BEST VALUES TO REMEMBER THAT ... "IT'S ABOUT PEOPLE" ..., BOTH THE PERSONS WHO NEED A HAND UP RATHER THAN A HAND OUT, ...AS WELL AS THOSE OF US CALLED BY THE BEST THAT IS WITHIN US, TO PASS ALONG THE HAND UP WE RECEIVED FROM THOSE WHO WENT BEFORE US.

I WOULD BE LESS THAN RESPONSIVE TO MY HIGH CALLING IF I DID NOT DAILY REMIND MYSELF AND OTHERS OF THE WORDS OF OUR JUDEO-CHRISTIAN-ISLAMIC HERITAGE THAT JUSTICE SHOULD ROLL DOWN LIKE WATERS....AND.... WHAT WE HAVE DONE FOR THE LEAST OF THESE OUR BRETHREN IS INDEED DONE TO THE GOD OF ALL CREATION

THANK YOU FOR THIS MOMENT OF PERSONAL PRIVILEGE.

II NOT CHARITY, BUT A CHANCE

IMAGINE, IF YOU WILL, AN INTERNATIONAL BUSINESS WITH ALMOST A BILLION DOLLARS OF ANNUAL EARNINGS, EMPLOYING 60,000 FULL TIME EMPLOYEES, GENERATING AN ANNUAL PAYROLL OF FIVE HUNDRED MILLION DOLLARS MAKING THE AMERICAN PEOPLE THE FOLLOWING OFFER:

WE WILL DEDICATE OUR TOTAL LABOR FORCE OF 60,000 PEOPLE AND ITS ANNUAL PAYROLL OF 1/2 BILLION DOLLARS TO HIRE, SUPPORT, AND PLACE CHRONICALLY UNEMPLOYED WELFARE RECIPIENTS NOBODY ELSE WILL HIRE.

SUCH A BUSINESS ALREADY EXISTS.

THE BUSINESS IS CALLED GOODWILL INDUSTRIES.

WE ARE AN OLD FRIEND YOU ONLY THOUGHT YOU KNEW.

GOODWILL INDUSTRIES BEGAN IN BOSTON IN 1902. IT WAS FOUNDED BY THE REV. DR. EDGAR HELMS, A METHODIST PREACHER, WHO STRUCK UPON A RADICAL NOTION FOR HIS DAY... AND OURS.....

HIS EXPERIENCES AMONG THE POOR IMMIGRANTS OF SOUTH BOSTON TAUGHT HIM THE TRUTH OF AN AGE-OLD IDEA:

THE BEST WAY TO HELP PEOPLE HELP THEMSELVES IS:

NOT CHARITY, BUT A CHANCE

UPON THAT SINGULAR VALUE GOODWILL INDUSTRIES WAS BORN.

93 YEARS LATER, THE DEBATE ABOUT THAT VALUE HAS FINALLY TAKEN CENTER STAGE IN THE HALLWAYS OF CONGRESS AND THE WHITE HOUSE.

AND THROUGH ALL THESE YEARS, GOODWILL INDUSTRIES HAS CREATED JOBS, PAYROLLS, WORK EXPERIENCE, AND PLACEMENT FOR A SUCCESSION OF PERSONS NEEDING A HAND UP ... NOT A HAND OUT.

FIRST, TO QUOTE TIP O'NEIL, IT WAS THE IRISH AND OTHER IMMIGRANTS, WHEN THE SIGNS IN ALL THE BUSINESSES OF BOSTON IN 1902 DECLARED "NO IRISH NEED APPLY."

THEN, FOLLOWING W.W.II, GOODWILL INDUSTRIES TOOK UP THE TASK OF CREATING JOBS, WORK EXPERIENCE AND PLACEMENTS FOR PERSONS WITH DISABILITIES.

THEN, NEARING THE PASSAGE OF THE AMERICANS WITH DISABILITIES ACT, GOODWILL'S NATIONAL FOCUS SHIFTED TO THOSE NEEDING WELFARE - TO - WORK ASSISTANCE.

TODAY GOODWILL INDUSTRIES IS THE NATION'S LARGEST PRIVATE SECTOR PROVIDER OF VOCATIONAL SERVICES FOR CHRONICALLY UNEMPLOYED WELFARE RECIPIENTS

AND THE MAJORITY OF GOODWILL FUNDING COMES, NOT FROM TAXES OR THE UNITED WAY OR FROM BAKE SALES BUT FROM THE SALES OF THE "SHIRTS DONATED OFF THE BACKS OF THE AMERICAN PEOPLE."

GOODWILL INDUSTRIES, AN OLD FRIEND YOU ONLY THOUGHT YOU KNEW

BUT, I DO NOT COME BEFORE YOU REPRESENTING THE NETWORK OF 190 AUTONOMOUS NOT -FOR- PROFIT BUSINESSES YOU KNOW AS GOODWILL INDUSTRIES. FOR THAT IS NOT MY AREA OF RESPONSIBILITY.

I COME BEFORE YOU REPRESENTING THE TWO GOODWILLS FOR WHICH I HAVE RESPONSIBILITY: ONE IN CONGRESSMAN DAN MILLER'S FLORIDA DISTRICT AND THE OTHER IN CONGRESSMAN JIMMY HAYES' DISTRICT IN LOUISIANA.

I COME BEFORE YOU TO SHARE WITH YOU OUR LOCAL GOODWILL'S INNOVATION IN JOB CREATION, WORK EXPERIENCE, AND PLACEMENT SERVICES WE PROUDLY CALL: THE JOB CONNECTION

III THE JOB CONNECTION: A NATIONALLY REPLICABLE PROTOTYPE

THE JOB CONNECTION BEGAN AS AN EXPERIMENTAL IDEA IN BRADENTON, FLORIDA IN 1987.

THE IDEA, BASED UPON 85 YEARS OF OPERATING A USED GOODS BUSINESS WITH A SOCIAL PURPOSE, WAS THIS:

EQUALS LOCATION, LOCATION, LOCATION
EQUALS DONATIONS, DONATIONS, DONATIONS
EQUALS SALES, SALES, SALES
EQUALS JOBS, JOBS, JOBS
EQUALS PLACEMENTS, PLACEMENTS, PLACEMENTS

BASING THE IDEA FOR *THE JOB CONNECTION* ON THAT SOLID BUSINESS RESEARCH, OUR GOODWILL INDUSTRIES' BOARD OF DIRECTORS AUTHORIZED A SECOND MORTGAGE ON OUR EXISTING FACILITIES AND PURCHASED AN EXISTING BUILDING ON THE BUSIEST STREET IN THE BEST LOCATION WE COULD FIND IN MANATEE COUNTY, FLORIDA.

OUR BUSINESS PLAN INDICATED THAT THE LOCATION CHOSEN WAS CONVENIENT FOR GOODWILL'S THREE MAIN TARGET CUSTOMERS:

- 1) OUR DONORS OF USABLE DISCARDS**
- 2) OUR INSATIABLE THRIFT STORE SHOPPERS**
- 3) OUR WELFARE - TO -WORK CUSTOMERS NEEDING JOBS, WORK EXPERIENCE, AND PLACEMENT INTO UNSUBSIDIZED COMPETITIVE EMPLOYMENT**

SINCE 1987 WE HAVE EXPANDED AND REFINED OUR NETWORK OF CONVENIENT *JOB CONNECTIONS* INTO 15 NEIGHBORHOOD CENTERS IN FLORIDA.

IN 1990, WE REPLICATED *THE JOB CONNECTION* MODEL INTO AN AREA NEVER SERVED BY GOODWILL INDUSTRIES, LAFAYETTE, LA... WE DID THIS TO PROVE TO OURSELVES AND OTHERS THE EFFECTIVENESS AND REPLICABILITY OF THE BUSINESS AND JOB CREATION/PLACEMENT MODEL WE CALL THE JOB CONNECTION..

LAST YEAR THOSE COMBINED *GOODWILL JOB CONNECTION* NEIGHBORHOOD CENTERS EMPLOYED SOME 200 PERSONS WITHIN GOODWILL AND PLACED SOME 400 PERSONS INTO COMPETITIVE EMPLOYMENT, AND ALL FROM THE PROCEEDS OF THE SALES OF THE DONATIONS BROUGHT TO US THROUGH OUR CONVENIENT DONATION DRIVE THRU'S.

IN OUR STRATEGIC PLAN FOR THE 21ST CENTURY OUR VOLUNTEER BOARDS IN BOTH SARASOTA/BRADENTON, FL. AND LAFAYETTE, LA DETERMINED THE NEED TO DO THE FOLLOWING:

- 1) EXPAND OUR NETWORK OF JOB CONNECTIONS TO FULL ASSIGNED MARKET PENETRATION**

- 2) TO DEMONSTRATE THE FINANCIAL VIABILITY OF THE JOB CONNECTION PROTOTYPE TO:
 - a) OTHER GOODWILLS
 - b) FOUNDATIONS
 - c) GOVERNMENT

- 3) TO DEMONSTRATE TO GOVERNMENT THE POTENTIAL OF PARTNERSHIPS WITH GOODWILLS AND OTHER 501C3 GROUPS

IV DEMONSTRATING THE POSSIBLE: GOODWILL'S SEARCH FOR A \$10 MILLION WELFARE -TO-WORK DEMONSTRATION PROJECT LOAN-TO-GRANT

MR. CHAIRMAN, SENATOR COOK AND I ARE HERE TODAY ASKING YOUR CONSIDERATION AND COUNSEL FOR OUR REQUEST FOR A \$10,000,000 WELFARE - TO -WORK DEMONSTRATION PROJECT LOAN - TO -GRANT.

(LOAN - TO-GRANT: Loan us the money and if we place an agreed number of persons from welfare-to-work turn the loan into a grant...if not, we repay the loan)

- OUR BUSINESS PLAN INDICATES THAT THIS AMOUNT WILL FULLY CAPITALIZE TO FULL MARKET PENETRATION, OUR NETWORK OF JOB CONNECTIONS IN DAN MILLER'S AND JOHNNY HAYES' DISTRICTS
- IT WILL FREE UP APPROXIMATELY \$500,000 ANNUALLY ...CURRENTLY GOING TO INTEREST PAYMENTS ON EXISTING JOB CONNECTIONS SO WE CAN USE THOSE DOLLARS TO HIRE , GIVE WORK EXPERIENCE, AND PLACE MANY ADDITIONAL CHRONICALLY UNEMPLOYED WELFARE RECIPIENTS.
- THIS \$10 MILLION INVESTMENT IN JOB CONNECTIONS WILL DOUBLE OUR CAPACITY: THE DONOR LOCATIONS, THE SALES, THE JOBS, THE PAYROLL, AND THE PLACEMENTS;
- WITHOUT ONGOING ANNUAL GOVERNMENTAL APPROPRIATIONS
- IT WILL DEMONSTRATE TO THE OTHER AUTONOMOUS GOODWILLS THE POTENTIAL OF THE JOB CONNECTION PROTOTYPE AND SET THE STAGE FOR A NATIONAL EXPANSION OF THE MODEL

- IT WILL DEMONSTRATE TO GOVERNMENT AND FOUNDATIONS THE WISDOM OF ONE-TIME CAPITAL GRANTS TO NOT-FOR-PROFITS (AS OPPOSED TO ONGOING OPERATIONAL SUPPORT)
- IT WILL SUPPORT PARTNERSHIPS WITH THE NOT-FOR-PROFIT PRIVATE SECTOR WHICH CAN USE THOSE CAPITAL RESOURCES TO DEVELOP ONGOING BUSINESSES IN SUPPORT OF OUR SHARED MISSION
- IT WILL ALLOW FOR IMMEDIATE EXPANSION OF THESE CRITICALLY NEEDED JOB CONNECTION SERVICES INTO EXISTING AND NEWLY-DEVELOPED NEIGHBORHOOD CENTERS
- IT SUPPORTS LOCAL SOLUTIONS TO LOCAL LABOR FORCE ISSUES GOVERNED BY LOCAL BOARDS OF DIRECTORS

V THE POWER OF PARTNERSHIPS WITH GOODWILL

AS OUR ENCLOSED CHART INDICATES, THE JOB CONNECTION PROTOTYPE, EXTENDED TO FULL NATIONAL MARKET PENETRATION WOULD CREATE :

- OVER 100,000 JOBS,
- AN ANNUAL PAYROLL OF ALMOST \$2 BILLION, AND
- PLACE OVER 200,000 WELFARE RECIPIENTS INTO EMPLOYMENT EACH AND EVERY YEAR

AND ALL FOR

A ONE-TIME CAPITAL INVESTMENT

IN A PARTNERSHIP WITH AMERICA'S LARGEST NOT -FOR- PROFIT PROVIDER OF VOCATIONAL SERVICES: GOODWILL INDUSTRIES

RATHER THAN:

ONGOING ANNUAL APPROPRIATIONS

VI THE SUMMARY

- * ALWAYS REMEMBER: IT'S ABOUT PEOPLE

- **THE BEST WAY TO HELP PEOPLE?
NOT CHARITY, BUT A CHANCE**
- **THE JOB CONNECTION WORKS: IT'S A PROVEN PRODUCT**
- **THE JOB CONNECTION IS DEMONSTRABLY REPLICABLE**
- **IT'S SMARTER FOR GOVERNMENT TO CAPITALIZE SOLUTIONS ONCE RATHER THAN SUBSIDIZE OPERATIONS ANNUALLY**
- **GOODWILL INDUSTRIES HAS BEEN YOUR PARTNER SINCE 1902**
- **PROPERLY CAPITALIZED, GOODWILL INDUSTRIES CAN CONTINUE TO BE AN EFFECTIVE PARTNER FOR THE FUTURE**

AS GOODWILL'S CURRENT "MOTTO" STATES

OUR BUSINESS WORKS SO PEOPLE CAN!

MR CHAIRMAN, MEMBERS OF THE COMMITTEE, ON BEHALF OF SENATOR COOK, THE BOARD OF DIRECTORS OF THE GOODWILLS IN FLORIDA AND LOUISIANA, I THANK YOU FOR YOUR INTEREST AND ENTHUSIASM.

WE ARE ESPECIALLY GRATEFUL FOR THE SUPPORT THIS INITIATIVE HAS RECEIVED FROM SENATORS BREAUX, JOHNSTON, MACK AND GRAHAM AND CONGRESSMEN MILLER AND HAYES AND THEIR STAFFS.

FURTHER, WE HAVE EXTENDED AN INVITATION TO SECRETARY REICH OF THE DEPARTMENT OF LABOR TO COME FOR A TOUR AND A REQUEST TO SEN. KASSEBAUM'S LABOR COMMITTEE TO TESTIFY.

WE STAND READY TO ANSWER ANY AND ALL QUESTIONS YOU MIGHT HAVE AND TO BE GUIDED BY YOUR COUNSEL AS TO POSSIBLE APPROACHES TO THE DEPARTMENTS OF LABOR, HHS, OR OTHER APPROPRIATE SOURCES.

**Senator Marlow Cook
Chairman of the Board
Goodwill Industries Manasota, Inc.
Sarasota/Bradenton, Fl.**

**The Rev. Mr. Donald L. Roberts
President/CEO
Goodwill Industries Manasota, Inc
Sarasota/Bradenton, FL
Lafayette, La.**

**Mr. Carl Bauer
Chairman of the Board
Goodwill Industries of Acadiana, Inc
Lafayette, La**

**Ms. Sandra Purgahn
President/CEO
Goodwill Industries of Acadiana, Inc.
Lafayette, La.**

FULL NATIONAL CAPITALIZATION OF GOODWILL INDUSTRIES' NETWORK OF JOB CONNECTION CENTERS WOULD HAVE THE FOLLOWING EFFECT:

	LOAN TO GRANT REQUIRED (one time)	NUMBER OF JOBS CREATED (annual)	WORK EXPERIENCE PAYROLL CREATED (annual)	WELFARE TO WORK PLACEMENTS (annual)
GOODWILL'S JOB CONNECTION ACTUAL FY 93-94		157	\$2,800,000	311
GOODWILL'S JOB CONNECTION FULLY CAPITALIZED	\$10,000,000	314	\$5,200,000	784
NATIONAL GOODWILL'S JOB CONNECTION FULLY CAPITALIZED	\$3,000,000,000	109,792	\$1,800,000,000	218,267

WE PROPOSE A PERFORMANCE-BASED LOAN-TO-GRANT DEMONSTRATION PROJECT, WHEREBY 10% OF THE LOAN WOULD BE CONVERTED TO GRANT FOR EACH YEAR AGREED-UPON PERFORMANCE STANDARDS ARE MET.

EXAMPLE:

GRANT YEAR	PERFORMANCE STANDARD WELFARE-TO-WORK PLACEMENTS	GRANT AMOUNT
1	500	\$9,000,000
2	600	\$8,000,000
3	700	\$7,000,000
4	800	\$6,000,000
5	900	\$5,000,000
6	1000	\$4,000,000
7	1100	\$3,000,000
8	1200	\$2,000,000
9	1300	\$1,000,000
10	1400	\$0
TOTALS	9500	

NOTE: THIS LOAN-TO-GRANT WOULD CAPITALIZE GOODWILL'S NOT-FOR-PROFIT BUSINESS OF JOB READINESS, JOB CREATION AND JOB PLACEMENT OF CHRONICALLY UNEMPLOYED PERSONS, AND WOULD NOT REQUIRE ONGOING TAX PAYER SUPPORT.

**GOODWILL INDUSTRIES'
JOB CONNECTION
LOAN - TO - GRANT *** WELFARE - TO - WORK
DEMONSTRATION PROJECT**

WHO: GOODWILL INDUSTRIES-MANASOTA, INC.
Serving Sarasota, Manatee, Hardee, and DeSoto Counties in Florida

GOODWILL INDUSTRIES OF ACADIANA, INC.
Serving Lafayette, St. Landry, Acadia, St. Martin, Vermilion, Iberia, and
St. Mary Parishes in Louisiana

WHAT:

SEEKS A \$10 MILLION LOAN - TO - GRANT TO CAPITALIZE
GOODWILL'S INNOVATIVE NETWORK OF JOB CONNECTIONS WITHIN
TWO DIVERSE COMMUNITIES IN FLORIDA AND LOUISIANA TO
REACH FULL MARKET PENETRATION.

WHY?

- 1) TO DEMONSTRATE GOODWILL'S PRIVATE SECTOR, NOT-FOR-PROFIT, NATIONALLY REPLICABLE JOB CONNECTION MODEL FOR JOB CREATION, COMPENSATED WORK EXPERIENCE, AND PLACEMENT OF CHRONICALLY UNEMPLOYED PERSONS FROM WELFARE ROLLS TO PAYROLLS.
- 2) TO CAPITALIZE, TO FULL MARKET PENETRATION, GOODWILL'S TESTED AND PROVEN NETWORK OF JOB CONNECTION SERVICES WITHIN OUR COMMUNITY TRAINING CENTERS (CTC).
- 3) TO DEMONSTRATE THE REPLICABILITY AND IMPACT OF THE JOB CONNECTION MODEL NATIONALLY.
- 4) TO DEMONSTRATE THE JOB CONNECTION AS A PRIVATE SECTOR INITIATIVE WHICH, ONCE CAPITALIZED, DOES NOT REQUIRE ONGOING TAX SUPPORT!

**WELFARE-TO-WORK PROGRAM
GOODWILL INDUSTRIES-MANASOTA, INC.**

**INTRODUCING
THE NEW GOODWILL**
"Neighborhood Community Training Center (CTC)"

THE JOB CONNECTION



THE JOB CONNECTION

Goodwill Industries began in 1902 as an employment and work readiness program created by Rev. Edgar Helms in Boston, Massachusetts. Today, Goodwill Industries International, Inc. is the world's largest not-for-profit provider of employment and work readiness training.

Goodwill Industries-Manasota, Inc. is one of a network of some 190 autonomous not-for-profit corporations in North America, serving Sarasota, Manatee, Hardee, and DeSoto counties in Florida, and five parishes surrounding Lafayette, Louisiana..

In 1987, **Goodwill-Manasota** conceptualized and placed into operation its prototype Neighborhood Community Training Center (CTC). Functioning as a private sector-driven operation, the CTC serves the chronically unemployed (primarily welfare recipients) enabling them to gain valuable job experience and job readiness skills leading to successful placement into real work situations **without a dime of public subsidy.**

Operating **THE JOB CONNECTION** within the CTC, **Goodwill-Manasota** aggressively targets, employs, trains, and places chronically unemployed persons into unsubsidized, private sector employment by utilizing the business activity and payroll generated by the donated goods business. Located in neighborhood settings, the CTC is easily accessible to the donors of usable discards, shoppers, as well as persons seeking job experience and job placement *outside the typical welfare track*. Because the donated goods business is *self-supporting once the facilities are constructed*, there is no need for public sector subsidies to employ and place chronically unemployed persons into unsubsidized, private sector employment.

An integral part of **THE JOB CONNECTION** services within the CTC is placement services paid for from the proceeds of the sales of donated items. Goodwill's typical client, upon entering the CTC looking for work and work experience, is connected to Goodwill's placement team, which determines appropriate support necessary. Each CTC team competes with all other CTC teams, via a management information system of "score cards," for the highest placement scores; their employment reviews and compensation increases are tied to increased performances in placements, etc.

Typical of the employers who hire Goodwill graduates are: Winn-Dixie and Publix (major Florida food chains), Target, K-Mart, McDonalds, Hardees, Value Rent-a-Car, Boston Chicken, Sarasota County, JCPenney, WalMart, Chris Craft, Best Western, as well as the construction, financial, medical, agricultural and service industries.

For fiscal year 1993-1994, 311 **Goodwill-Manasota** graduates were placed into unsubsidized, private sector employment resulting in:

- \$3,525,496 in earnings for their families
- New tax revenues of \$528,824
- AFDC costs for 311 placements - reduced to 000
- Job Readiness and Placement costs to taxpayers - 000

Since the inception of the Neighborhood Community Training Center **JOB CONNECTION** concept in 1987, **Goodwill-Manasota** has placed over 1,000 persons into unsubsidized, private sector employment.

Goodwill-Manasota currently operates a network of 14 CTCs in neighborhoods throughout our four Florida counties, and three CTCs in Lafayette, Louisiana. The **CTC JOB CONNECTION** model is demonstrably replicable.

Once a CTC is constructed, it is self-supporting, operating without public support. Our **CTC JOB CONNECTION** program, fully replicated nationally, would create 109,792 jobs within Goodwill, a payroll nearing \$2 billion annually, and would graduate 218,267 persons into unsubsidized, private sector employment. The 218,267 persons moving into unsubsidized, private sector employment would earn almost \$2.5 billion and pay over \$371 million in taxes.

***AND ALL PAID FOR BY THE DONATIONS OF SHIRTS
OFF YOUR BACK***

The Current political perspective says it is looking for private sector solutions to the significant problems facing chronically unemployed persons in America.

We believe we have created one such solution: **THE CTC JOB CONNECTION** .

For further information, please contact:

*Goodwill Industries-Manasota, Inc.
The Rev. Mr. Donald L. Roberts
President/C.E.O.
7501 Bradenton Road
Sarasota, Florida 34243-3203*

*Goodwill Industries of Acadiana, Inc.
Sandra Purgahn, President/C.E.O.
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PREPARED STATEMENT OF AUDREY ROWE

Mr. Chairman and members of this committee, as Executive Vice President of the National Urban League, I appreciate the opportunity to offer the National Urban League's perspective on what we believe should be the ultimate goal of reforming our social welfare system, and what steps we as a nation should take to achieve that goal.

The National Urban League brings its rich history and years of experience to this important debate. For more than 85 years, both the National Urban League and its network of affiliates have worked to overcome poverty, racial discrimination, and the lack of decent paying jobs. We are a non-partisan national social service and civil rights organization with affiliates in 113 cities.

The National Urban League recognizes the need for welfare reform. We also believe that welfare reform is fundamentally an economic self-sufficiency issue. Therefore, it is crucial that approaches to reform *integrate welfare and workforce policies. The public policy debate must be about preparing and enabling all citizens to participate productively in a changing global economy.*

We are deeply concerned that the debate and rush to reform the "welfare" system continues to be isolated from another critical debate that is evolving with regards to fashioning a national workforce development system in other congressional committees, both on the House and Senate sides.

Mr. Chairman, as a former Commissioner of Social Services here in Washington, D.C. and most recently in Connecticut, I believe if we truly desire to move individuals and families from welfare and unemployment to economic self-sufficiency, we must combine these two debates into one, rational public policy agenda. We must bring the resources of the Finance Committee and that of the Senate Labor and Human Resources Committee together. We cannot continue to ignore the fact that the workforce receiving assistance from all entitlement programs need education and skills training to compete in the marketplace. The national debate must address how we prepare this workforce for the 21st century employers. The National Urban League believes that there is a type of welfare reform that would promote self-sufficiency. It would cost more but pay important dividends to the recipient and taxpayer over the long haul. We think what the taxpayers want is reforms to help families get off welfare and remain off welfare. Not quick fixes which have short term benefits but will exacerbate not solve the problem.

What should be the salient feature of a welfare reform strategy? First, we believe that any reform should be based on values and principles. Our "Principles for Economic Self Sufficiency" outline what we believe are the key criteria for transforming our fragmented welfare and work force programs into one, coherent, effective workforce development system leading to economic self sufficiency. These 10 principles are as follows:

NATIONAL URBAN LEAGUE PRINCIPLES FOR ECONOMIC SELF SUFFICIENCY

(1) FEDERAL/STATE POLICIES AND PROGRAMS AIMED AT ECONOMIC SELF SUFFICIENCY MUST BE DESIGNED TO STRENGTHEN FAMILIES.

Strong family units are vital to strong communities and a strong nation. Therefore, we must develop policies and programs that maximize and maintain family stability and functioning.

(2) POLICIES AND PROGRAMS AIMED AT ECONOMIC SELF SUFFICIENCY MUST BE CUSTOMER-CENTERED.

Rather than imposing a set of predetermined policies and services on persons in poverty, it is more cost-efficient to conduct a comprehensive assessment of individual needs. Both the allocation of resources and service delivery timetable should be determined accordingly.

(3) ALL EXISTING FEDERAL ENTITLEMENT PROGRAMS MUST BE RETAINED AS ENTITLEMENTS.

Entitlements are essential to ensure national standards for meeting basic human needs. Maintaining such standards represents both a moral obligation and a matter of national interest that cannot be left solely to the discretion of the states.

(4) RACIAL EQUITY IN PROMOTING ECONOMIC SELF SUFFICIENCY MUST BE ENSURED THROUGH VIGOROUS ENFORCEMENT OF APPLICABLE CIVIL RIGHTS LAWS.

Studies continue to document the existence of racism and racial discrimination in our national life. Racism continues to stifle the realization of human potential. We

cannot allow these conditions to undermine our nation's commitment to equal opportunity as it implements new policies for serving the poor.

(5) EDUCATION AND JOB TRAINING MUST BE DESIGNED TO EQUIP PERSONS WITH SKILLS THAT ARE RELEVANT AND ADAPTABLE TO THE CHANGING LABOR MARKET.

This means that our human resource development programs must recognize trends in the global economy and the emerging requirements of the 21st century labor market. We live in an economy where the road to economic self sufficiency is linked to education, advanced technologies, and proficiency in various skills for high performance work organizations.

(6) OUR SYSTEM OF PUBLIC ASSISTANCE MUST BE DEDICATED TO WORKFORCE PREPARATION AND PARTICIPATION.

Eligibility for public assistance must be conditioned on participation in work-related activities. Such participation should be based on a comprehensive assessment of employability needs that are career focused.

(7) JOB CREATION MUST BE AN INTEGRAL COMPONENT TO A WORKFORCE PREPARATION SYSTEM.

Both the government and the private sector must play key roles in developing jobs that pay a living wage for those who need them. When the private economy comes up short, especially in the inner city, then government must step in if people are to work.

(8) AFFORDABLE, QUALITY CHILD CARE MUST BE GUARANTEED TO PERSONS ON WELFARE AND THE WORKING POOR.

Lack of quality child care remains a major barrier to participation in the labor force. Eliminating this condition is essential to achieving economic self sufficiency.

(9) STATES MUST BE HELD ACCOUNTABLE TO QUALITY, EFFECTIVE SERVICES.

States must have clearly defined and measurable objectives regarding economic self sufficiency. Financial and staff resources would then be allocated in a manner that most effectively and efficiently implements the services and activities that will reach those objectives.

(10) A NATIONAL MONITORING AND EVALUATION SYSTEM MUST BE ESTABLISHED TO ASSESS PROGRAM IMPLEMENTATION AND OUTCOMES.

The focus of a national monitoring and evaluation system must be to determine whether or not the original objectives are being met, and to determine whether operating procedures and services, as currently delivered, are the most appropriate and effective ways of reaching those objectives.

I would like to elaborate on several of these principles. Every able-bodied adult welfare recipient should be expected to work, like every other American. But if recipients are to work, they must be equipped, academically and attitudinally, to do so, or else private employers will not hire them. The record of job training programs is uneven, though our Urban League affiliates and agencies, like the California-based Center for Employment and Training, have enjoyed success. We may need as well to emulate the rigorous, fast-track learning systems perfected by the military services.

The real conundrum is where the actual jobs will come from. The labor markets in some regions are probably tight enough so that job-ready recipients can find work. That is obviously the preferred route, and any reform should steer recipients that way.

But what happens when there are not enough jobs to go around. If we still expect recipients to do work, the public sector must step in. Not with workfare, but with real work structured like regular jobs to build marketable skills and attitudes.

Since public jobs would cost taxpayers extra money, it is only reasonable that they receive some discernible dividend. Caring for the nation's infrastructure best meets the needs of recipients for respectable work and of taxpayers for added return on investment.

The urban and rural infrastructure in much of the country is in miserable shape. The nation now spends a much lower percentage of GNP on infrastructure than it used to. It shows. How much longer will we watch it disintegrate?

We now have an opportunity to respond to a national need and create jobs. Infrastructure projects create jobs, providing employment for workers at all skill levels.

They also offer opportunities for apprenticeship skills training in a wide range of areas—perhaps addressing the employment needs of another emerging group—our youth.

These projects would be accompanied by child care assistance and health care so that mothers could meet their commitments and would promote positive work attitudes and values.

Welfare reform which does *not* have a job creation strategy should not be considered real reform. But instead penalizing the least among us for being born.

Finally, we agree that there needs to be greater state flexibility. However, with this flexibility must also come monitoring and evaluation of state programs. As a former administrator, I would argue for simplification and coordination of public assistance programs. This would provide workers in welfare offices more time to assist recipients with employment barriers, and create an office environment that work, not welfare, is the goal of each applicant.

The National Urban League stands ready to work with you, members of this committee, as well as with members of the Labor and Human Resources Committee to fashion a system of economic self-sufficiency that incorporates these concerns.

PREPARED STATEMENT OF PENNY YOUNG

Mr. Chairman, Members of the Committee, thank you for the opportunity to address you today. My name is Penny Young and I am Legislative Director for Concerned Women for America. I am here to testify on behalf of Beverly LaHate, President of Concerned Women for America and our 600,000 members nationwide. CWA represents women who strongly support efforts to reform our current welfare system. For it is this system that created the culture of illegitimacy that has wrecked the lives of millions of women and children.

Thirty years ago this year, President Lyndon B. Johnson began his so-called "War on Poverty." He intended it to be a temporary investment to help the poor become self-sufficient, saying that "the days of the dole are numbered." But five trillion dollars later, "the days of the dole" are seemingly endless, and some 30 million people still live in poverty. What began as a policy based on good intentions has failed enormously.

I appear before you today not only as a representative of CWA, but also as someone who is personally concerned for Americans trapped by a dependency on welfare, especially young people. I spend time weekly as a volunteer mentor to adolescent girls in inner-city Washington, D.C. I also volunteer with organizations called Strategies to Elevate People and Urban Young Life, an organization which ministers to inner-city teens.

I have come to know and love many of these kids personally. The devastating effects of welfare in their lives is clear. They live in a culture where out-of-wedlock pregnancy is commonplace and a two-parent home is the exception. There is no longer any stigma attached to having babies at the age of 15 or 16; it is accepted, even expected for many of these girls. These children know few peers who are supported by their fathers. Most take for granted a monthly welfare check and cannot comprehend a life of self-sufficiency.

I also saw this problem as I grew up in a rural Appalachian region of Kentucky. Although the faces were different, the problems incurred from welfare dependency were the same there as they are in inner-city Washington, D.C. Government spending on welfare in America has been enormous but its answer to poverty and illegitimacy are cheap and ill conceived.

Welfare spending is out of control. Welfare costs have risen every year except one since the mid-1960s, and, according to the Congressional Budget Office, will cost taxpayers over \$500 billion each year and ingest 6 percent of the GDP by 1998.

But welfare has not only consumed our tax dollars at an alarming rate, it has eaten away at the moral base of this country. The human cost is the greatest tragedy. While welfare appears to be a compassionate, quick-fix solution to poverty, it has created many profound new problems that have generational consequences. There is nothing compassionate about discouraging marriage, work, and families held together by a mother and a father. No, the federal government is not the only source responsible for the current crisis of illegitimacy; however, the government has encouraged out-of-wedlock childbirth by rewarding irresponsibility, subsidizing bad choices, and penalizing marriage.

According to a 1991 study by the Department of Health and Human Services, Uncle Sam is the only "dad" known to the 57 percent of children born to single mothers on Aid to Families with Dependent Children (AFDC). And their ranks continue to swell. In America today, 30 percent of children are born to single mothers,

up from 10 percent in 1970. If the current trend continues, we can expect to see 50 percent of all births out of wedlock by 2015. Policymakers in Washington must understand the gravity of the situation—fathers are found nowhere in these children's lives because the government has paid for them not to be there. President Clinton acknowledged this problem in his State of the Union address when he said that illegitimacy is one of the most serious problems facing our country today.

According to researcher Debra Dawson in *Family Structure and Children's Health*, children without fathers (especially young boys) suffer greatly and profoundly in many ways. They are six times more likely to stay poor. They are more likely to have behavioral problems, to commit suicide, to become sexually active as teenagers, to use drugs and to have learning problems. Research has shown that children who are raised in neighborhoods with a large number of single-parent families are far more likely to either participate in or become a victim of violent crime or burglary. And finally, children in the welfare system are three times more likely to stay on welfare than other children when they become adults. And thus we have the bitter cycle of welfare dependency and hopelessness. It is the current system that is punishing children, not the reform efforts to end the culture of illegitimacy.

THE GOAL OF WELFARE REFORM

Although these statistics paint a grim picture of a cultural crisis in America, there is still hope. America does not have to continue down the same failed path. Concerned Women for America believes that Congress' first priority should be to break the cycle of welfare dependency. CWA proposes a two-pronged approach to this overwhelming problem. First government must step back and then allow citizens to step forward.

IMPROVEMENT TO THE CURRENT WELFARE SYSTEM

To begin, CWA applauds the House of Representatives for its passage of H.R. 4, the Personal Responsibility Act. The federal government must cap the growth of welfare and other spending. CWA supports the so-called "family cap" in which government stops encouraging out-of-wedlock childbirths and subsidizing irresponsible choices. The provision to end cash incentives to unmarried teenage mothers and cap additional benefits to mothers having additional children while on welfare is necessary to break the cycle of dependency that has devastated families and children, and discouraged marriage and self-restraint.

Funds should instead be sent to states as block grants to be used in a morally sound and wise manner. Block grants can be used for specific services such as adoption services, abstinence education, maternity homes and to aid individual situations, which are best understood at the state level and where accountability is possible. CWA opposes government funding for abortion.

CWA also strongly supports paternity establishment as a requirement for receiving welfare funds, with only a few exceptions allowed. Although this provision has been watered-down significantly in H.R. 4, CWA would recommend a Senate amendment to restore the original "Contract" language. Paternity has not been established for nearly 30 percent of children on the welfare rolls. Society must demand that fathers shoulder the responsibility for their children. Uncle Sam's meager attempts at fatherhood have only created a society in which young men escape their responsibility as father and breadwinner and enter a world of joblessness, drug use and crime. Restoring fatherhood in this country is good for children and for women who often struggle to raise their children alone.

Not only must paternity be established, but work requirements must be enforced. Able-bodied men must either pay to support their families or be required to do 40 hours per week of community service in return for government support for their children. Government should also phase in work requirements or community service for all able-bodied, non-elderly welfare recipients, except for mothers of pre-school children.

OTHER STEPS CONGRESS SHOULD TAKE

And finally, as the foundation to a healthy future, government should work to encourage marriage, not undermine it. Welfare has transformed marriage from a legal institution designed to protect and nurture children into a decision that penalizes low-income parents. Government should offer a tax credit to parents as an incentive to marry. This tax credit would compliment steps the government has already taken in expansion of the Earned Income tax Credit (EITC) in situations where a mother marries a low-income working man.

Now the second part of reform. After the government steps back, it is time to give the freedom and incentive for private citizens, churches, community groups to step

forward and take on the responsibility of combatting poverty. Historically, the most successful attempts to restore individuals as contributing members of society have been accomplished through social institutions. These social institutions are crucial because only they can address the destructive behavior that often traps individuals in poverty.

Dr. Marvin Olasky of the University of Texas contends that successful social reformers of the 19th Century understood that "true philanthropy must take into account spiritual as well as physical needs." Government cannot and should not attempt to meet the spiritual needs of the population. But individuals can. As individuals, CWA volunteers throughout the country are involved in helping families in crisis. They work through churches, societies and one-on-one. For it is the churches and the loving volunteers that are America's best weapon against out-of-wedlock pregnancy and family disintegration.

RELIGIOUS FAITH IN ACTION

Research by Dr. Richard Freeman of Harvard University showed that black inner-city youth who have religious values are 47 percent less likely to drop out of school; 54 percent less likely to use drugs; and 50 percent less likely to engage in crime. He also found that they are far less likely to become sexually active as teens which attacks the root cause of illegitimacy.

CWA believes that it is time for a clarion call to intervention from private institutions all across the nation. We can no longer look to government as the great provider. The federal dole has discouraged people in crisis from turning to sources that can offer not only cash assistance but also moral accountability. It is far easier to turn to the government to receive a no-questions-asked check than to turn to moral authority for assistance. Welfare has kept people from turning to church-run charity that holds people accountable and encourages responsible behavior in the future. President Clinton reminded us recently of the story of the Good Samaritan who personally cared for his neighbor's wounds. In fact all major religions teach the importance of personal service and charity. The church will not battle the government for control over welfare; it is up to the government to get out of the way. Then churches will step forward to provide real hope for the poor and neglected as they have always done. It is time for Americans to become personally involved with society's ills and CWA steps forward to join that call.

COMMUNICATIONS



American Academy of Pediatrics



The American Academy of Pediatrics represents 49,000 pediatricians who are dedicated to promoting the health, safety and well-being of infants, children, adolescents and young adults. This statement reflects the Academy's positions on welfare reform in general, including the provisions of the Personal Responsibility Act passed by the House. We have submitted a separate statement on the Supplemental Security Income Program.

Welfare Reform -- In General

The American Academy of Pediatrics fully shares the goals of welfare reform -- promoting the economic self-sufficiency of families, personal responsibility in child bearing and child rearing, and the wise expenditure of scarce public funds.

We especially support the need to address long overdue reforms associated with our welfare system that affects the lives of our youngest citizens and our vulnerable adolescents. Our children are a declining segment of our society. If we are to have a competitive workforce, we simply cannot afford to lose any of them. That is why the pediatric community views this public forum both as an opportunity and a responsibility to help shape pragmatic policies to help families be families.

In the attempt to reform a system as complex as this one, we are reminded of the oath we took as physicians to "first, do no harm." As pediatricians, our first and foremost concern is with the child who will be affected by the proposals under consideration by Congress. There are no easy answers, but there are answers, if all interested parties work together to fashion practical solutions. In the spirit of cooperation, we would like to point out some of the areas in which we have concerns.

To understand the problems, let's look at the faces and the environment of the children in need of the welfare system. Since the early 1970s, the poverty rate among children has steadily increased. Between 1987 and 1992, a staggering one million more young children became poor. Two-thirds of the nation's AFDC recipients are children. Even with the current welfare safety net, however, 25 percent of all children under age six, or six million children, now live in poverty. Most are the children of working parents.

Low-income children are more likely to live in dangerous neighborhoods and have a higher incidence of low-birth weight, asthma, infectious diseases, and exposure to lead than other children. They have lower immunization rates, poorer nutrition, and are more likely to attend below-average schools than non-poor children. As teens, low-income children have higher rates of suicide, drug abuse, and violent injuries and deaths, including homicide, than their more well-off counterparts.

We cannot abandon these children. For their sake, and the sake of our nation's future, we all want to break this cycle of poverty and dependence on welfare. How can this be done?

Unfortunately, we cannot supply you with an easy answer. We know that children generally do best in a healthy two-parent family, with adequate health care, nutrition, and financial security. Therefore, we encourage efforts to reduce teen pregnancy and promote economic self-sufficiency and parental responsibility -- for fathers and well as mothers. We agree that it may be appropriate to require young parents to finish school, and in some cases, to live at home with their parents or, if that is not possible, in supervised group home settings.

Out-of-Wedlock and Adolescent Pregnancy

With respect to the incidence of out-of-wedlock pregnancy, almost all economists and sociologists have found that the amount of welfare payments has an insignificant or no effect. And as practitioners serving teens, we know that part of adolescence is to engage in risk-taking behavior, and that early unprotected sex and early parenthood result from numerous and complex factors. Thus, we are concerned that withholding AFDC payments to children born to unmarried teenage mothers will not have a significant impact on the rate of teen pregnancy, but would simply deepen the level of poverty for affected families.

While no one has a simple answer to preventing teen pregnancy, the evidence indicates that the best approach is to give young people a sense that they have a future. A protected and nurtured early childhood, followed by a good education, job training and job placement will help. A strict work requirement alone, like that in the Personal Responsibility Act, will not solve the problem.

In practical terms, what will it mean to a young mother and her child if the mother is forced to work? We cannot assume that she will have a mother or grandmother who can care for her child. On the wages that most teen parents can expect, it will be very difficult to find high-quality, affordable child care. Consequently, the children of parents required to work may be forced into substandard -- even dangerous -- child care settings where they will not receive the attention and stimulation necessary for healthy emotional and intellectual development.

Summary

In short, we fear that unraveling the federal safety net by eliminating entitlements to cash assistance, nutrition programs, child care for at-risk families, and other programs, will jeopardize the well-being of our nation's poorest and most vulnerable children -- one-fourth of our future workforce.

We do not pretend to have all the answers. We do know, however, what children need to develop into healthy and productive members of society and are extremely concerned that these basics will be taken away from millions of children if some of the current welfare proposals are enacted.

CHILD EXCLUSION TASK FORCE

March, 1995

Dear Senator,

As national, state and local organizations with a diversity of views on many issues, we are united in our efforts to **promote the health and welfare of America's children**. We came together last year in opposition to a welfare reform proposal that would allow states to deny benefits to innocent babies simply because they were born into families receiving AFDC. The House has passed its version of welfare reform that not only includes a required "family cap," but adds even more punitive and mandatory child exclusion proposals. We believe that these provisions, even after attempts to modify their cruelty, endanger the health and welfare of millions of America's children. Enacting into law the following provisions would severely harm the children of already impoverished families:

- **WE OPPOSE PROVISIONS THAT WOULD DENY BENEFITS TO CHILDREN SIMPLY FOR BEING BORN INTO FAMILIES RECEIVING WELFARE.**
- **WE OPPOSE PROPOSALS THAT WOULD DENY BENEFITS FOR CHILDREN WHOSE PATERNITY HAS NOT BEEN OFFICIALLY ESTABLISHED BY THE STATE.**
- **WE OPPOSE ANY PROVISION THAT WOULD DENY BENEFITS TO THE CHILDREN OF UNMARRIED TEENAGERS.**

Our principal concern with excluding children from subsistence welfare benefits is that, if enacted, each of these provisions will hurt the children of families living in poverty. Years of social science scholarship makes it clear that people make childbearing decisions for complex and varied reasons. The promise of a tiny incremental gain in welfare benefits is not an inducement to have additional children. Family values will not be advanced by making it more difficult for poor mothers to provide for their children and escape from poverty. Any short-term fiscal savings gained by excluding children from receiving subsistence benefits will be outweighed by the long-term social costs of their impoverishment and the further deterioration of families already in distress.

We urge you to oppose these anti-child, anti-family provisions.

Please contact Martha Davis of NOW Legal Defense and Education Fund at (212) 925-6635, Deborah Lewis, ACLU at (202) 675-2312 if you have questions or need more information.

(over)

**American Civil Liberties Union (ACLU)
NOW Legal Defense & Education Fund**

Advocates for Youth (formerly The Center
for Population Options)
 American Association of University Women
 Americans for Democratic Action (ADA)
 American Friends Service Committee
 Association for Children for Enforcement
of Support, Inc.
 Association of Arizona Food Banks
 BPW (USA)
 Boston Women's Health Book Collective
 Bread for the World
 California Homeless and Housing Coalition
 California Women's Law Center
 Catholics for a Free Choice
 Center for Advancement of Public Policy
 Center for Community Change
 Center for Constitutional Rights
 Center for Immigrants Rights, Inc.
 Center for Law and Social Policy (CLASP)
 Center for Reproductive Law and Policy
 Center for Women Policy Studies
 Center on Social Welfare Policy and Law
 Child Care Law Center
 Child Welfare League of America
 Children's Defense Fund
 Church Women United
 Coalition of Labor Union Women
 Coalition on Human Needs
 Connecticut Alliance for Basic Human Needs
 D.C. Rape Crisis Center
 Eighth Day Center for Justice, Chicago
 Equal Rights Advocates
 Feminist Majority
 Feminists for Life
 Food Research and Action Center
 Georgians for Children
 Institute of Sisters of Mercy of
the Americas, Leadership Team
 Interfaith Impact
 Jesuit Social Ministries National Office
 Justice, Economic Dignity and Independence
for Women (Utah)
 Labor Project for Working Families
 Legal Assistance Resource Center of Connecticut
 Los Angeles Coalition to End Homelessness
 Lutheran Office for Governmental Affairs, ELCA
 Maryland Food Committee
 Mennonite Central Committee, WDC
 Mississippi Human Services Coalition
 9 to 5: National Association of Working Women
 NARAL (National Abortion and Reproductive
Rights Action League)
 NOW (National Organization for Women)
 National Abortion Federation
 National Association for the Education
of Young Children
 National Association of Child Advocates
 National Association of Social Workers
 National Black Women's Health Project
 National Center for the Early
Childhood Work Force
 National Coalition for the Homeless
 National Consumers League
 National Council of Churches
 National Council of Jewish Women
 National Council of Senior Citizens
 National Council on Family Relations
 National Family Planning and Reproductive
Health Association
 National Jewish Community Relations
Advisory Council
 National Low Income Housing Coalition
 National Welfare Rights and Reform Union
 National Welfare Rights Union
 National Women's Conference Committee
 National Women's Law Center
 NETWORK: A National Catholic Social
Justice Lobby
 Ohio Association of Child Caring Agencies
 Planned Parenthood Federation of America
 Pratt Institute Center for Community and
Environmental Development (Brooklyn)
 Presbyterians Affirming Reproductive Options
 Project Get Together (Oklahoma)
 Puerto Rican Legal Defense and Education Fund
 Religious Coalition for Reproductive Choice
 Seamless Garment Network, Inc.
 Service Employees International Union
 Sigma Gamma Rho
 Union of American Hebrew Congregations
 Unitarian/Universalist Association
 Unitarian/Universalist Service Committee
 United Auto Workers, The International Union
 United Church of Christ
 U.S. Steel Workers
 Woman Activist Fund
WOMEN OF REFORM JUDAISM,
 The Federation of Temple Sisterhoods
 Women Lawyers Association of Los Angeles
 Women Work! The National Network
for Women's Employment
 Women's Economic Agenda Project
 Women's International League for
Peace and Freedom
 The Women's Law Center, Inc.
 Women's Legal Defense Fund
 YWCA of the U.S.A.

(list in formation)

NATIONAL TASK FORCE ON VIOLENCE AGAINST WOMEN

March, 1995

Dear Policymaker:

As you participate in the national debate over "welfare reform," we urge you to remember that the vast majority of participants in these various "safety net" income support and welfare programs are **women and their dependent children**. As you search for solutions that will help women and children escape poverty or avoid it altogether, we ask you to consider the occurrence of **VIOLENCE** that exists in the lives of many economically vulnerable girls and women. Any legislative effort to improve our anti-poverty programs must address the issue of family violence as a significant factor in the impoverishment of women and children. Because ending family violence is a national goal and requires a unified national effort, we urge you to proceed cautiously as you reform our nation's anti-poverty programs. The "safety net" for battered women will be meaningless if the federal entitlement is ended and block grants are used to send reduced funds and little positive direction to the states.

Violence, for a great number of poor women, exacerbates their poverty and hinders their escape from poverty. Unless and until poor women are free from violence in their homes and neighborhoods, restrictive and punitive welfare policies will only force these poor women to choose between living with abuse or escaping abuse and being denied the food and shelter benefits for themselves and their children.

For non-poor women, violence often has an impoverishing effect. In many situations, violence, — debasement and abuse have undermined many women's ability to function and work independently. Many women are forced into poverty as they attempt to escape the violence and assault that exists in their family lives, with few resources for survival. Reform efforts must incorporate mechanisms to assure safety and support for families where violence exists, and must include accountability for perpetrators of family violence. It is important to remember that, for some women, welfare programs enable women to leave violent situations. If we shred that safety net, many women and children will be economically forced to remain in a relationship where they will be continually exposed to violence that will only escalate and occur with increasing frequency and intensity.

We urge you to recognize the emerging and compelling evidence of the profound correlation and interrelationship between family violence and poverty and hope that you will work to ensure that welfare reform provisions enable families to move out of poverty. Please reject any legislative or policy efforts that will trap women and their children in abusive situations.

Therefore, we ask that you maintain your commitment to end violence against women by adhering to the following principles:

- **Battered mothers fleeing abuse should not be compelled to establish paternity if doing so will place them or their children at risk of continued violence.** Battering frequently begins or escalates at pregnancy. The fear of stalking and violent reprisals is very real for impoverished new mothers escaping violence. Exceptions for rape and incest will not solve this dilemma, since most child molestations, cases of incest as well as sexual assaults and rape are not reported and no criminal records or proof is available.

* **Battered immigrant women will face virtually insurmountable odds if they are refused the refuge and income support needed to escape violence.** The inability to acquire even the most basic resources necessary to flee violent homes means that it is not safe for most battered immigrant women to call the police for assistance, to file charges against their abusers or to seek emergency shelter for themselves and their children.

* **Time is the most valuable resource for many women and children who must search for a safe environment before they become economically independent.** Time limits on welfare must address the issues of physical and emotional safety for victims of family violence. Violence must be eliminated and women and children must be safe in their own homes before education, training, childcare and job opportunities are effective.

* **Child care is a critical component in the successful efforts of battered women to escape violence and support themselves and their children.** Battered women often choose to remain in violent homes because they are unable to support themselves and provide care for their children. Eliminating child care provisions from welfare proposals will reinforce the barriers often faced by victims of family violence in their efforts to escape violent relationships.

* **Denying welfare benefits to poor, unmarried teenage mothers ignores the overwhelming evidence that many adolescents who become pregnant were child victims of sexual abuse by a family or household member.** Denial of benefits to young women who have known family violence - incest, assault and rape - is punitive and will not result in a reduced birth rate for already impoverished teens. As is the case in the paternity context, exemptions for rape and incest will not solve this dilemma.

* **Requiring ALL poor teen mothers to live at home exposes many young women to a grave threat of continued family violence.** More than 80% of poor teen mothers already live with their parents or other relatives. Many of the remaining women must leave their parents' homes in order to escape the violence committed by family members or other household members.

The above principles apply to all poor women. The solutions to poverty lie in empowering women with hope and not shame or government-sanctioned stigma. The issue of violence against women and children must be addressed before we can have true welfare reform.

Last year, Congress passed the Violence Against Women Act, targeting \$1.62 billion over the next six years for states' and communities' efforts to end violence against women. The education, training and prevention programs that are a part of this historic initiative are only the first steps in eliminating violence directed against women and children in their homes, workplaces and communities. Until we have eradicated this vicious epidemic, it is imperative that we recognize its pernicious, devastating and impoverishing effect on women and the children that they so desperately attempt to protect and provide for.

Please contact Susan Kraham of NOW Legal Defense and Education Fund at (212) 925-6635 if you have questions or need more information.

NOW Legal Defense and Education Fund

African-American Women's Clergy, WDC
American Civil Liberties Union (ACLU)
American Psychological Association
B'nai B'rith Women
Boston Women's Health Book Collective, MA
Business and Professional Women, National Federation (BPW)
Center for the Advancement of Public Policy
Center for Women Policy Studies
Coalition of Labor Union Women
Family Violence Prevention Fund
General Federation of Women's Clubs
Lancaster Shelter for Abused Women, PA
Lutheran Office for Government Affairs, ELCA
Mennonite Central Committee, WDC Office
My Sister's Place, WDC
National Association of Social Workers
National Coalition Against Domestic Violence
National Council of Jewish Women
National Network to End Domestic Violence
National Organization for Women (NOW)
National Women's Law Center
National Women's Health Network
NETWORK: A National Catholic Social Justice Lobby
Northwest Women's Law Center
Pennsylvania Coalition Against Domestic Violence
Sakhi for South Asian Women
Union of American Hebrew Congregations
Unitarian Universalist Association of Congregations
Woman Activist
Women in Transition, PA
Women of Reform Judaism, The Federation of Temple Sisterhoods
Women's Center of Montgomery County, PA
Women's Help Center, Johnstown, PA
Women's Legal Defense Fund
Women's Place
Women's Services of Westmoreland County, Inc.
Women Work! The National Network for Women's Employment

National Women's Pledge on Welfare Reform: Principles for Eliminating Poverty

- ▶ We support welfare reform that will do more than maintain families in poverty; it should help them make a permanent escape from poverty. The vast majority of adults who receive assistance from Aid to Families with Dependent Children are women.
 - ▶ As leaders of women's groups in the United States, we state unequivocally that women who receive welfare benefits have the same rights as all women and have the same goals for their families.
 - ▶ We cannot allow their rights to be curtailed because they are poor nor their values impugned because they need help to support their families. Welfare has served as an essential safety net for poor women and their children. Many women use welfare at various points throughout their lives, because they have few other resources to tide them over during one-time or recurring events such as illness, unemployment, child birth, domestic violence, or divorce.
 - ▶ We cannot allow the guarantee of minimal survival assistance to be removed or reduced by caps on spending, time limits, child exclusion policies, or other means. We cannot allow the federal government to abandon its commitment to a basic safety net for poor mothers and their children.
 - ▶ We oppose punitive measures that assume that the behavior, attitudes, and values of women on welfare are the problem. Welfare mothers have not abandoned their children; they are struggling to hold their families together with extremely limited resources. Many are already working or looking for work in order to raise their families' incomes.
 - ▶ We believe the problem lies, rather, in the labor market conditions these women face, including gender- and race-based discrimination that limits their opportunities, unstable jobs that pay low wages and lack health and retirement benefits, inaccessible jobs, and no jobs at all. In addition, lack of educational opportunity, inadequate support services and benefits, lack of child support from fathers, and punitive welfare regulations have made it impossible for poor women to get ahead.
- 1. The help we provide -- or do not provide -- to mothers determines the well-being of their children. Penalizing certain groups of women and children by withholding welfare benefits is not acceptable. We unequivocally oppose punitive policies that deny or reduce benefits to unmarried teenage mothers and their children, to poor children for whom paternity has not been established, and to additional children born to women on welfare. Further impoverishing mothers does not help their children.**

2. Women have a right to decide whether and when to have children. Women's reproductive choices should not be restricted by government sanctions, mandates, or economic coercion.

Women on welfare do not need to be discouraged from having children, since they already have fewer children than women in the general population. Many women now have inadequate access to desired reproductive health services. Access to and funding for contraception, family planning counseling, and abortion services should be improved. Early teen pregnancy and childbirth can be harmful to the health, education, and training of young women. Educational opportunities, family planning, contraceptive access, and hope for the future are the best and most humane deterrents.

3. Poor families need help to meet the costs of child care and health care. In order to work or to participate in job training or educational programs, poor parents need access to good quality child and elder care that they can afford. Otherwise, they will be either unable to work or forced to leave their children or elderly relatives unattended, in substandard care, or with underpaid caregivers. Poor families also must have access to health care in order to stay healthy. They must be able to receive medical treatment as needed, rather than be forced to go without necessary treatment or to choose between health care and other basic necessities.

4. Men must bear their share of responsibility for supporting the children they have fathered. Stronger child support enforcement is essential to effective welfare reform. Families receiving welfare should be allowed to keep a larger portion of the child support payments made by absent fathers. At the same time, we must recognize that child support alone will not lift women and their children out of poverty. Nor should women be forced to reveal the identity of fathers who they believe would harm them or their children.

5. Investment in education and training services for welfare recipients is essential. The majority of welfare recipients want work and often have work experience, but lack the skills, education, or English proficiency to obtain jobs that pay adequate wages to support their families. Women who participate in high quality education and training, including post-secondary education and training for nontraditional occupations, have higher earnings and are less likely to return to welfare.

6. Improving women's wages and benefits will reduce family poverty. Achieving pay equity, increasing the minimum wage, creating incentives for employers to provide fringe benefits in contingent and other low-wage jobs, and encouraging collective bargaining should be integral parts of an effective and comprehensive welfare reform strategy.

7. Until wages are improved for women, the combination of wages and assistance programs should provide a liveable income. For many women, at current wage rates and benefit levels, neither work nor welfare alone can bring their families up to and out of poverty. In most states, when women on welfare work, they lose at least 80 cents in welfare benefits for every dollar they earn. These punitive regulations must be changed. Other forms of income assistance, such as unemployment insurance, paid family leaves, and temporary disability insurance, must be expanded to cover all low income families, including families who receive or have received welfare. In addition, housing and food assistance programs must be adequate to the need.

**Council of Presidents
of
National Women's Rights Organizations**

**NATIONAL WOMEN'S PLEDGE ON WELFARE REFORM:
PRINCIPLES FOR ELIMINATING POVERTY**

Signatories (list in formation):

American Association of University Women (AAUW)
Business and Professional Women/USA
Catholics for a Free Choice
Center for the Advancement of Public Policy
Center for Women Policy Studies
Coalition of Labor Union Women
Economists' Policy Group on Women's Issues
Feminist Majority
General Federation of Women's Clubs
Institute for Women's Policy Research
National Abortion and Reproductive Rights Action League (NARAL)
National Association of Commissions on Women
National Black Women's Health Project
National Center for the Early Childhood Work Force
National Council of Jewish Women
National Committee on Pay Equity
National Organization for Women (NOW)
National Women's Conference Committee
National Women's Law Center
NOW Legal Defense and Education Fund
Older Women's League
Planned Parenthood Federation of America
Religious Coalition for Reproductive Choice
Wider Opportunities for Women
The Woman Activist Fund
Women's Environment and Development Organization (WEDO)
Women's International League for Peace and Freedom

The Council of Presidents is a nonpartisan organization comprised of the leaders of over 90 women's rights organizations. Together, the Council of Presidents organizations represent the concerns of more than 6 million women. Preparing these principles and circulating them for endorsement among the Council membership was undertaken by several member groups on behalf of the Council in February, 1995. The list of endorsements remains open and activities to circulate and publicize the principles are expected to continue as long as necessary.

Council of Presidents Chair: Susan Bianchi-Sand, Executive Director of the National Committee on Pay Equity, 1126 Sixteenth Street, NW, Suite 411, Washington, D.C. 20036, (202) 331-7343, fax (202) 331-7406.



PARENTS FOR JUSTICE

3 Pleasant Street
Concord, NH 03301
603-746-4817

Advocacy for Low Income Single Parents in New Hampshire

Testimony for the Record
by

Sara Dustin, Director, Parents for Justice

Hearing of March 29, 1995

INTERESTED ORGANIZATIONS AND INDIVIDUALS ON WELFARE REFORM

Subcommittee on Social Security and Family Support
Senate Finance Committee
U.S. Senate

Parents for Justice is an organization made up exclusively of low income single parents who are, or have been, on welfare and whose long term members are now almost exclusively in the low wage job market. Since our establishment in 1982, we have made our phone numbers public in order to be of help to other single parents struggling with the state's welfare bureaucracy and in the jobs available to working class N.H. women. In the course of the 13 years we have been engaged in this work, we have thus become well informed about the problems facing women attempting to raise children alone in our state, and their needs.

As director of Parents for Justice since its establishment, I have had the privilege of knowing a number of single parent families over a period spanning the growth of their children from infancy to highschool or first grade to young adulthood, and have been able to interact with many others intimately during periods of crisis. I hope the following observations and recommendations, based on these combine experiences, will be of use to your committee as you struggle to create constructive policies supporting the growth of healthy families and successful children in our country.

Observation I: The effects of the refusal of public help on the children of workingclass single parents:

In N.H., we have inadvertently been running the experiment that you have been asked to try nationally, the total removal of government benefits from low income single parents after short periods. Because of the strength of the work ethic and the very great social censure of people who take government help among the working class community in N.H., many single parents will not even consider applying for AFDC, even though financial help is desperately needed. I have know less of these families well, but where they have appeared in my immediate circle, the plight of the children has been searing.

-2-

In N.H. it is impossible for a mother to meet the fundamental and indispensable expenses of her family on the take home from one working class 40 hour-a-week job. If she does not take child care assistance, she must work at least two jobs and also make do with an unreliable patchwork of cheap childcare help from friends and relatives. To understand why this should be so, I am inserting here a chart showing the financial situation of a working single parent earning the wages available to women with no more than a highschool education, and receiving every bit of public help our system in NH currently permits, substantial child care assistance that is not time limited, food stamps, medicaid for the children, and Earned Income Credit. There is a circle where, for each wage level, she falls short of meeting an expense necessary for her families economic survival and her continued participation in the workforce. It should clearly explain why, even with all our help, the attempts of welfare to re-enter the work force are so frequently shortlived and unsuccessful, especially when there are still pre-school children with high daycare costs in the family. The penciled in arrows indicate the point at which each mother will run out of the money to pay her bills if she must pay her full child care bill out of her take home earnings.

Minimal Family Budget

Family of Three with Two Pre-school Children and a Working Mother

Matched against Earnings of \$5.50, \$6.50, and \$7.50/hr
(assumes EIC cancels out payroll deductions)

	<u>\$5.50</u>	<u>\$6.50</u>	<u>\$7.50</u>
Gross Earnings (monthly)	\$946	\$1112	\$1290
Portion of child care bill paid by mother (assumes mother receives Step II Child Care Assistance, otherwise, \$516/m)	<u>-86</u> 860	<u>-86</u> 1026	<u>-86</u> 1204
Gasoline (tank and 1/2 per week)	<u>-129</u> 731	<u>-129</u> 897	<u>-129</u> 1075
Rent, two bedroom apartment in cheap part of town, heat and hot water included in rent	→ <u>-500</u> 231	→ <u>-500</u> 397	<u>-500</u> 575
Food for three less Food Stamps (assumes mother applies for and is granted these, otherwise, food is 304/month)	<u>-92</u> 139	<u>-132</u> 265	→ <u>-175</u> 400
Personal and Household necessities (toothpaste, dish washing detergent etc.)	<u>-86</u> 53	<u>-86</u> 179	<u>-86</u> 314
Electric bill	<u>-70</u> -17	<u>-70</u> 109	<u>-70</u> 244
Telephone, very moderate out of calling area use	<u>-35</u> -52	<u>-35</u> 74	<u>-35</u> 209
Car maintenance and repair for aging vehicle	<u>-120</u> -172	<u>-120</u> -56	<u>-120</u> 89
Clothing replacement	<u>-80</u> -252	<u>-80</u> -136	<u>-80</u> 9
Savings for emergencies (replacement of car, engine jobs, other major household equipment)	<u>-50</u> -302	<u>-50</u> -186	<u>-50</u> -41
Medical and dental care for mother (AFDC applicants who go straight into worksearch and find a job are not eligible for the medicaid extension)	<u>-60</u>	<u>-60</u>	<u>-60</u>
SHORTFALL.....	-362	-248	-91

-3-

The problem, even for the heavily subsidized mother (and while there are still preschool children in the family, this subsidy in N.H. adds up to more than \$1000 a month) is that even with all our help, the take-home from a \$5.50 or \$6.50 an hour job is not enough to keep the car repaired and the rent paid at the same time. In N.H. we have almost no public transportation. The working mother must keep a car running in order to get her children to day care and herself to the workplace. Over and over in the 13 years I have been observing this process, I have seen mothers optimistically and enthusiastically leave AFDC for the \$6.50 an hour job in the bank or on the nursing home floor, succeed until the first car breakdown (which happens pretty darn fast, because they are usually reduced to driving old beaters); and be forced to return to welfare. Either they are fired because they can't make it to work. Or they use the rent money to pay for the new transmission and find themselves, after a couple of rounds of this, evicted, and unable to keep their child care arrangements and their schedules together while living with a sequence of increasingly impatient relatives and friends. Often, the whole process does not take more than three or four months.

The mother who is subsidized to our fullest current ability, and N.H.'s child care subsidies are among the most generous in the nation, must work about a job and a half to pay for car repairs and the extra day care to cover these extra hours, and this alone will require substantial neglect of childrens' need for parental time and attention. The mother who refuses to apply for public help, of course receives no child care assistance, food stamps or medical insurance for her children. The arrows on the budget chart show where her short fall begins. If the mother making \$5.50 and \$6.50 an hour attempts to buy regulation child care, for a preschooler and a primary grade student requiring after school care, out of their take-homes of \$946 and \$1112 respectively, they are left with only \$430 and \$596 a month for other expenses. After they put gas in the car to get to work, they cannot meet the rent. The mother earning \$7.50 an hour can pay her rent, but has \$45 left to feed three people for a month, pay her utility bill and maintain her car. These families are in exactly the same position as families who would be cut off welfare after two years and expected to survive in the low wage workplace without child care assistance under the bill coming to you from the House.

The N.H. mothers I knew, who tried to do it this way, survived only because they worked 14 hours a day, and used patch work child care of a very low order. This is what happened to their children:

The family upstairs in my apartment building: Mother left the house at 5:45 every weekday morning and got home about 8:30 at night. Until the oldest girl was eight, the children were lightly supervised by friends in the building. One of these was later found to have abused her own child, and the other was so stern and inappropriate a disciplinarian that by the time

-4-

her son was 9 or 10 he was too disruptive to leave unattended in the public school classroom and had a special seat right next to the teacher's desk in my daughter's third grade classroom. At eight, the oldest child was delegated to watch her 6 year old sister, which she grudgingly did till eleven, when she refused, at which time that child was alone on her own for the nine and on half hours when mother was not at home and school was not in session. During that period, they knocked at my door for company as early as I would let them (7:15 AM), and played with my daughter extensively after school, an arrangement that was only possible so long as I continued on welfare myself, and could be home for them.

At 11, the oldest refused to watch her sister any longer because she wanted to be with friends her own age, and the younger girl could be seen sitting for long hours alone, on the stairs leading up to the second floor of our building. Shortly after her declaration, the older daughter disappeared for 5 days, and was finally located living in some outbuildings on a relative's property with her 13 year old boy cousin. She is now, at 20, an unwed mother. I do not know what has happened to her sister.

Sonia Moore: I can use Sonia Moore's name because her name is now, sadly, in the public domain. Sonia's mother and father divorced when she was 11, just as Sonia enter puberty. Her mother worked the same hours as my neighbor, first in a convenience store, and later on an assembly line where they would not allow her to take calls from her children or Sonia's school. Sonia's mother relied on her mother to supervise the children, but her mother is an emotionally impaired woman who is also incapable of any great physical exertion. Sonia would not obey her grandmother, and she began expressing her disturbance over her parents divorce, which was over adultery on both sides, by acting out, cutting school, and in very early sexual activity. Sonia's mother had to leave for work too early to make sure she got to school, and was not home to supervise her after school. School officials calling her mother to inform her that Sonia was out of school could not get through. Sonia took to disappearing for longer and longer periods with different boyfriends. At 13, she disappeared for good, and her body was pulled out of a pond the following spring, in Bow N.H..

Frightened for the future of her younger daughter, Sonia's mother finally decided to apply for AFDC so she could see her second child safely into young adulthood. That child is now safely in the second year of high school, earning honors. This fall, she was not thrown in a pond; she was a finalist in the state spelling bee. Her parents confidently expect her to go to college. Her mother is confident enough in her emotional stability to have re-entered the work force, and is back at her job in the factory as a supervisor. All she needed from us was a gift of time.

Observation II: In terms of the long run outcomes for the children, the AFDC program has been an enormous success in N.H.:

The oldest daughters of my oldest Board families are not embarking on careers in unwed motherhood, they are embarking on careers in college, on hefty scholarships and grants which they earned by their hard work and discipline in highschool. Their sons are not experimenting with drugs and alcohol, but working at after school jobs to save money for college or other training. These outcomes are not the exception for members of my organization; they are the rule except where the problems of poverty were compounded by mental illness in the mother, and even here the fates of the children were not as bad as they were in the families I knew who refused all aid.

I do not believe the women in my organization are particularly extraordinary, except perhaps in their willingness to put their devotion to raising their children ahead of considerations of income or status in the community. My observations are, however, confirmed by reports from outside our organization. From this week's phone log: A welfare mother from Plymouth N.H. calling for advice reports that the offspring of the prosperous two career households in town, where children have had little parental time or supervision, are experimenting with drugs and sex at increasingly early ages, and that 3 out of five girls in the highschool now become pregnant. But because she has had the time to stay on top of the situation, she has been able to see her two oldest daughters through highschool and into the low wage workforce without pregnancy. A second caller from Northwood N.H. reports that because she chose to stay home on AFDC rather than move right into the workforce when her marriage collapsed, she was able to deal with the emotional trauma caused by the indictment of her girls' stepfather on molestation charges, and see her oldest successfully through her last highschool year and on to college.

And even where the outcomes for children of my less able Board members have been less successful, there is good reason to believe one important cause has been too little help, or bad help, rather than too much. For example, up to the point where she was felled by an untreated dental abcess, the household of a past Board President was a cheerful place full of growing teenagers actively pursuing sports, dance and highschool. This mother had laborously acquired, through charity, a partial bridge which hung off two precious remaining molars, our state medicaid policy allowing no dental care other than the removal of infected teeth. When one of these last anchor teeth abcessed, she refused to have it pulled and instead took to her bed for an entire winter and spring while she attempted to beat the infection with antibiotics.

She never really got out of bed, because, while she lay there, her insipient arthritis took over, and she has been wheelchair bound ever since, and her mental health, which was always a little precarious, deteriorated till it was impossible to visit her or be in the house. The older children escaped to live with a married

-6-

older sister, and finished highschool. However, the youngest, a 14 year old who may have been molested at age eight by one of her father's alcoholic friends while her mother was in the hospital, and who had severe learning disabilities which dated from the day she witnessed her two elder sisters being carried off, screaming and pounding on the windows, in a locked car by a less than sensitive state social worker from the same home, was hospitalized with a mental breakdown.

The child recovered, but aside from any considerations of humanity, the damage inflicted on this family by the states unwillingness to add the adult dental option to our medicaid program is an extraordinary example of pennywise-pound-foolishness. Instead the state now pays for the mother's wheel chair, her handicapped attendant, and her public housing, and the child's psychiatric aftercare.

Problems with the eldest daughter of a second member with mental health difficulties can also be directly traced to inept intervention by the young and unskilled state child protection agency in the 1980's. This mother spent time in the state hospital after succumbing to the double stresses of being thrown out of their bedroom window by her husband, and then trying to support two school aged girls alone on the take home from a job as a supermarket packer. Stabilized on drugs and discharged, she was successfully raising her daughters on a combination of AFDC and Aid to the Permanently and Totally Disabled, when Dad persuaded buddies on the village police force to remove the children from her on the basis of rather minor evidence of child abuse, and an undertrained young child protection worker, already famous throughout my caseload for her bias against mothers and for fathers, agreed to ask the courts to give him custody.

This mother certainly needed the parenting training that NH DCYS finally provided her with. She needed to learn that there were better ways to teach her children not to light the fires they set around their apartment building after they came back from visits with their father, than giving them the experience of fire on their own hands. But a well trained worker would have spotted the disturbance in their relationship with their father also, and not sent them to live with this childish and angry man. After nearly three years, the presiding judge returned them to their mother, but by that time, the disturbances they evidenced after visits with him before, had become a permanent part of the character of the oldest, who is now sullen, and offensive in almost all her behavior to her mother and the community. However, due to her mother's hard work, careful supervision, and accessing of the resources for angry adolescents in her community, she is not lost to the streets. Nor is she in the Youth Detention Center like the children of other parents I know, who chose to make earning a living a priority in an economic environment which makes that almost impossible to combine with successful child rearing for the unaided single parent.

I hope these experiences good and bad, convince you of the wisdom and absolute necessity of giving American single parents the time to give their children the time and attention they need.

This time does not have to be forever. The successful mothers of my organization who raised children on welfare are not there now. Except for those disabled by physical and mental illness, they re-entered the workforce soon after their youngest child was established in school, and are still there. Their experience and my own, leads to three recommendations to your committee:

Recommendations:

1. Do not pass any bill which cuts welfare off at two years. At two years, most single parents will be absolutely incapable of supporting their children except through heroic measures which will leave the children unparented.
2. Instead of limiting welfare assistance to an arbitrary time, peg assistance to the age of the child. You could, for example, more reasonably cut off assistance, or all but partial assistance, when the youngest child in the family turns six and one half, is established in school, and disappearance of the big child care bill makes it more reasonable to assume that the mother could support the children, and a much cheaper proposition for the state which would no longer be asked to sustain her in the work place with child care payments exceeding the AFDC grant.
3. Do not put workingclass single parents into the workforce without child care assistance. To do so will condemn American children to acute neglect and create problems we will be paying for, for generations to come.

Observation. III: The crucial importance of post secondary education to the success of single parents in the workplace and at home:

Post Secondary Education offers the single parent her only best chance for participating in the workforce at a wage level that permits her a forty hour week, and the time to pay attention to her children. Apparently, a government study has shown that advanced education does not move single parents into the workforce any faster, or at any higher wages, than mothers without it. I see that phenomena in N.H. as well, and I can explain why it occurs. Except in the medical specialties, where a N.H. mother with a two year Voc. Tech certification can go to work immediately at \$17 an hour and be completely off the benefit system in a month, American employers are now requiring new semi-professional employees to undergo long probationary periods where they are offered only low wages and also, short hours.

A mother with two years of Business management under her belt may find employment at \$7.00 an hour, rather than \$5.50, but will only be offered 32 hours a week until they are sure she is going to work out, and they can risk putting her on the medical plan. A mother earning \$7.50 an hour for 32 hours a week is in exactly the same position, financially, as the \$6.00 an hour nursing

home aid; she is good for about three months before her inability to pay for the things necessary to keep her functional in the workplace sends her back to the AFDC program.

Mothers with two years training in business management can figure out quite readily that they can't support their families on the entry level wages and hours they are now being offered in N.H. Many of them return to the education programs, vainly seeking the magic combination of certifications, courses and degrees that will win them a family wage in their first year of employment. However, experience has shown that women who have been able to ride out the probationary period in the non-medical jobs, because they had financial support from parents or other devoted individuals, did very well in the longer run.

A mother responsible for children's wellbeing and maintaining her own household cannot make it through the job entry period like a fresh young graduate with no responsibilities, by living at home with the parents until her pay will support her own apartment, or living four to an apartment with same age classmates. She must come up with the money her family needs week by week. When entry level wage conditions in occupations that offer promising futures make this impossible, the solution is not to cut off the educational programs which permit single parents entry into these occupations. It is to devise some way of seeing them through the rough year or two of entry level wages.

Time limits and post secondary education: It has been the experience in N.H. that it is not possible to prepare a mother for an occupation paying a family wage in two years. Parents who are only going to take the six month N.H. Jobs Training Council secretarial course, or a two year Voc Tech medical certification, must often spend a considerable period filling in the gaps in their high school educations and bringing math and English skills up to snuff before they can enter their post secondary training. Line workers in the NHJTC program estimate; when talking to me, that it takes about three years to get their average client ready for the workplace, and this training can only begin after the initial traumas and difficulties attendant upon entry to AFDC, the newborn who keeps you up all night, the shock of abandonment or being beaten, the difficulties of establishing a new domicile or dealing with the intricacies of the divorce courts, have been settled.

In addition, the N.H. Division of Human Services has discovered that it is not safe for families to ask single parent mothers solely responsible for the care of young children, to carry full time course loads in Postsecondary Institutions which are designed for the energies and schedules of recent high school graduates with no family responsibilities. As originally designed, the N.H. JOBS program pressured parents to fit as many classes as they could into their schedules, because they were only given two years to spend down their child care and transportation benefits. Mothers carrying five subjects per semester, in the nursing programs five scientific courses with labs, heavy homework, and a 20 hour a week practicum in the second year, found it necessary to leave

very young children in daycare all day, and then to ignore them at home as well, in order to study. After a number of disasters, a three year old boy in Boston Children's hospital with life threatening adrenal exhaustion, another three year old almost confined in the state's facility for mentally ill children, the suicide attempt of one teenager and the confinement of a second in the Youth Detention Center, the Division of Human Services decided to change its policy and permit JOBS parents three years to spend down two years of JOBS education benefits, so they could take more relaxed schedules and pay some attention to their children. As the mother who lost her 12 year old daughter to the YDC while she earned a 4.0 average in Hotel Management (and almost lost her 14 year old son to the streets as well) explained, "Why should they come home? All I could tell them was to make their own supper and leave me alone, so I could study!"

Recommendations:

1. Without education and job training beyond the highschool level, single parents are trapped permanently in jobs that will not support families. The state must then deal with the short run consequences of their failure to maintain themselves in the job market; the long run effects on children of parental neglect necessitated by multiple job holding by a single parent, or the necessity of supplementing the parent's inadequate earnings over the minority of her children, with extensive supplemental benefits costing as much or more than the AFDC package. If it is to succeed, Welfare Reform needs to include as a central component, education and training programs adequate to prepare most parents to command a family wage. In N.H., this has meant post secondary ed.
2. In N.H. we have found that we cannot provide single parents with the job skills necessary to support their families in two years, at all, or not without inflicting dangerous levels of stress on their children. Do not adopt time limits, or allow the states to impose welfare time limits, which leave too little time for the acquisition of adequate skills and the adequate nurture of children. Again, a training deadline and a cut off in assistance when the youngest child reaches six and one half would produce far more successful outcomes than a deadline at two, assuming the mother starts her stay on AFDC when her children are young. A mother forced onto AFDC by a family disaster when her children are 10 and 15, who is without skills, would need, as a minimum, the three years plus, estimated by NH Jobs Training Council staffers.

-10-

Observation IV: Giving the states the freedom to design their own AFDC programs will be enormously destructive to poor children and their parents in N.H.

Recent network media reports to the contrary, N.H. does not have a welfare problem. The caseload is one of the lowest, proportionately, in the nation; 27,500 people in 11,000 families, or about 2.6% of our population. 8.7% of these families contain a child born on AFDC, but according to the N.H. Div. of Human Services, the overwhelming majority of them were conceived before the mother entered the program (and were probably the precipitating cause). Only 4% of the entering caseload each year is under age 21, and since 55% of the N.H. AFDC case load is, or has been married, it is pretty safe to assume that at least half of these young mothers are married women as well. This is not an epidemic of teen unwed births.

The great majority of mothers enter the AFDC program in their mid-twenties, after they have borne children in a marriage or a long-standing common law arrangement which fails. The most common cause of that failure, according to the women on my phone line, is abandonment or abuse by the father. The story I hear over and over goes like this: "Everything was wonderful until (a) I got pregnant and then he told me I had to abort it or he would: (1) leave me, or (2) kill me; or (b) the baby came and he started to drink a lot, get mad at me, and hit me. We seem to be producing a significant number of young men in N.H. who are not up to the stresses of fatherhood.

All of these statistics and circumstances are well known to our Governor. Less than two years ago, he explained to the public exactly what I said above, that N.H. does not have a welfare problem. It would then seem that N.H. would be the perfect state in which, given the freedom to use federal welfare funds creatively, we could design a benign, constructive AFDC program which gave single parents the support they needed to give small children adequate attention while they prepare themselves to enter the workforce at an adequate wage.

Unfortunately, this is not to be so. In what appears to be a national gubernatorial contest on who can be toughest on welfare, our Governor has announced his intention to institute one of the harshest and most destructive welfare systems in the country. Young mothers applying for AFDC are to be sent to the unemployment office where they will be granted only 6 months "unemployment". During that period, whether they have a newborn, whether they have had to leave their home and live in a shelter to escape a batterer, whether they have just been abandoned and have to completely re-establish their economic and living arrangements, they will be expected to be able to focus their attention on work search and preparations to re-enter the work force. At the end of six months, they will be required to find a job, any job, or, failing that, go to work in a publicly subsidized job.

I do not believe that any significant job preparation can take place during a period when one is staying up nights with a newborn, attempting to recover from the after effects of physical and emotional trauma, or relocating to a cheaper apartment and resettling children in a different school district. I confidently expect

-11

the Governor's plan to decant NH's single parents into a low wage job market which never supplied mothers with sufficient earnings to support children even when full time hours were being offered, and is even less capable of supplying a living now the 32 hour-a-week, or the 20 hour-a-week, job is the norm, to end in widespread family destruction and higher state costs. If the mother can get three or four of these part time jobs, she will squeeze by financially, but we will rapidly be faced with the social and budgetary costs of early childhood neglect. If she cannot, I believe we will be seeing an enormous expansion in the number of families trying to live out of their cars, wintering over in campgrounds, or dying in apartment fires caused by unsafe space heaters because there is no money to buy oil or pay the utility bill. Or, forced to return to AFDC, they will become even more expensive charges to the state because in addition to paying the grant, we will have to pay for child care and the administrative costs of a state managed workfare job.

Our Governor is a man who prides himself on keeping his word. I am sure that freed from federal rules protecting AFDC clients, he will implement his welfare proposal, and it will not be until serious damage is done to poor families that the state will take another look. Or perhaps nothing will be done. We already tolerate much homelessness among this population, and the monthly trailer fire, or fire in the slum apartments of Manchester is treated as an 11:00 News sensation rather than a cause for social action. And when children come to school underslept and without their homework, this is blamed on bad parenting or bad genes, rather than understood as the inevitable consequences of asking the children of three or four families to try to sleep and do their school work in one room.

Recommendation: Do not block grant AFDC funds to the states without accompanying the money with protections for clients adequate to ensure:

1. They are allowed adequate time to nurture infants, pre-schoolers and adolescents.
2. They are allowed adequate time to prepare for a job market that only provides a family living to skilled workers.
3. They are provided with adequate income to sustain them through the preparatory period.

Some added thoughts: This testimony is primarily focused on what should not be done. I hope you will create an opportunity in the near future to submit testimony on what should be done, on the things we could do to permanently alter the conditions which now lead the evergrowing increase in single parent hood, and the passing down of poverty from generation to generation in the country. In particular, I wish the Senate would look at the following:

1. Divising measures to ensure that poor and working class young men grow up with the skills and the employment opportunities adequate to support families. The only viable economic alternative to welfare dependency for a poor or working class mother in NH is not a low wage job but a husband's second paycheck. But single parent mothers cannot

-12-

marry if the young men in their communities are unable to fulfill the economic obligations of fatherhood. This problem is as serious in rural N.H. as it is in the inner cities.

2. Creating social conditions which permit our young men to grow up with sufficient emotional stability to sustain marriage under the pressures of parent hood. Something as simple as making participation in a parenting training activity a mandatory requirement of entering AFDC clients might pay off handsomely 20 years from now when their children mate. However, I think it will also be necessary to look at the economic circumstances and the ethic which prompt working class N.H. married parents to put their newborns in childcare for 9 or 10 hours a day at two weeks, so they can get back to the convenience store or factory floor. It is well established that early separations between infant and mother of this duration erode the child's capacity to bond, and, it follows, to attach deeply enough to adult mates. I further suspect that the growing epidemic of domestic abuse is at least in part due to the transference, to their adult loves, of the infantile anger and sense of abandonment experienced by boy babies who are separated from mother at two weeks, and which seems to particularly keyed in, according to the mothers on my phone line, by the sight of their mate tending a newborn.
3. Since neither of the current poles of the welfare debate, continued open ended support of single parent families or their quick dispersal into the low wage job market, seem to be practical under current conditions, perhaps the Senate should be looking at intermediate solutions. Perhaps a system which supported families with infants adequately, but thereafter required, and permitted, the parent to supply increasingly great proportions of the family income through work outside the home as her children matured, and completely ended direct grant aid after they were securely established in school, would satisfy both our national need to have young children adequately cared for, and the public need to end lifetime welfare dependency. Although it clearly would be necessary to ensure that the mother entering the system later be granted time to prepare for the workforce and time to supervise adolescents.

So where are all these welfare queens? Stereotype doesn't fit in New Hampshire

► The welfare mothers I know have it hard enough without our ignorant contempt.

By SARA DUSTIN
For The Monitor

Shortly before the November election, a reader of this newspaper wrote in to complain that a gubernatorial candidate wished to "waste my tax dollars on individuals in the lowest level of society." Who was he talking about? The mothers of poor children on welfare, a group he characterized across the board as unable to hold a job and thus too incompetent to use the small business loans the candidate's legislation would have permitted them.

A few days later, a perfectly nice woman I encountered at our village store described the same group, casually and without malice, as "those little floozies on welfare." For her, this was not an insult but simply the statement of a known fact.

In 14 years of working for and with single parents on welfare, I have met no one who fits the description of "little floozie" and a goodly number who would know how to make the most of a small business loan. Thus I took these comments as evi-

dence that people are getting too much of their information from TV. Incompetent little floozies on welfare make great copy. The earnest, hard-working young women I know, striving with every fiber of their being to raise good kids under impossible conditions, are not as much fun to look at. They don't make the 5 o'clock news.

But something else more disturbing is happening here. Clearly, welfare mothers have been assigned the social role which, until recently, was played by African Americans. They are automatically inferior to everybody else, can be insulted and degraded in public with impunity and are available as the psychological dumping ground for feelings that are uncomfortable to own in ourselves.

This is unfortunate, because a significant fraction of America's children are being raised by these same women. If we demonize them and read them out of society, we destroy the prospects of these children, who inevitably share the social status and the economic conditions of their mothers. We threaten the health of our own communities.

It is also grossly inaccurate. There is, for example, a sizable contingent of well-educated, middle-class women who are on welfare for the brief period it takes to reorganize after divorce and nail down a decently paying professional job or make the real estate business start to pay.

And far and away the biggest group are the working-class veterans of domes-

tic abuse. These are the women who married their high school sweethearts, bore children in the good-faith expectation that the husbands would honor their commitments to support them and discovered to their horror that their husbands were not up to this task.

High school-educated women coming to Parents for Justice for help tell the same story over and over. Dad was drug dependent or mentally ill, he left shortly before the child was born, he stayed around but started to hit her when things got tough or to hit the kids or, sometimes, to molest them.

When their relationships fail, these mothers are almost always in the work force. They typically keep working until their inability to pay the rent and the baby sitter, feed the children and keep the car running on the proceeds of a \$6-an-hour job forces them onto welfare.

We have programs to upgrade their job skills, but it takes time — more than two years to equip a woman to command the \$9 an hour it takes, in combination with hefty public subsidies, to minimally support a family and more than four years to impart the professional skills that guarantee true self-sufficiency.

Another sizable group is women who have excellent jobs skills but can't use them because their children have conditions like epilepsy, multiple sclerosis or intense emotional disorders that require constant monitoring, weekly conferences and medical visits and fre-

quent midnight runs to the hospital.

These women are stuck on welfare unless we are willing to replace their services with professional case managers and nursing aides or we permit them to start home businesses (the point of the detested bill).

They're no floozies

This leaves us with about 11 percent who entered welfare as unwed teen mothers, including the 2 percent of the current New Hampshire AFDC caseload who are both under 20 and never married.

Some of these mothers might conceivably fit the definition of little floozy — until you get to know them. National studies show that better than 75 percent of unwed teen mothers were abused or molested at home, and New Hampshire's fit that profile. Like everyone else, abused teens tend to fall in love with people who are like their parents. They pick young men who are undisciplined and immature, just like Dad, and when these first relationships self-destruct, their search for good stepfathers is not much more successful.

I asked a colleague, a Sister working with unwed teen mothers, if she knew any little floozies, and she was puzzled. She knew, she said, women trying to work their way out of relationships that were holding them back and other women trying to make difficult relationships work.

► *Clearly, welfare mothers have been assigned the social role which, until recently, was played by African Americans.*

Since, at 2 percent, we are clearly not dealing with the floods of unwed teen mothers ballyhooed by the media and our politicians, we could afford to do something more helpful than taking away their means of support. We could, for example, attempt to interrupt the terrible cycle of abuse in childhood and early childbearing. We could do that by making sure such mothers participate in a good Head Start Parenting Center, where they can gain the self-esteem necessary to insist on decent men as partners and exchange the abusive child-rearing practices she learned at their parents' knees for good ones.

And right now, consider taking on this Christmas task. During this season, when we remember Christ's teachings on brotherhood, seek out a welfare mother and try to learn a little about who she is and why she's there. You will find it enlightening.

(Sara Dustin of Parents for Justice is an advocate for low-income single parents in New Hampshire.)

City Apartment Fire Considered 'Suspicious'

12 Residents in One Unit Didn't Violate Law

Police and fire officials yesterday lifted samples from the charred interior of a three-story apartment house, trying to find out what caused a suspicious two-alarm blaze that left one man hospitalized and 17 people homeless Sunday.

District Fire Chief James Burkush said last night the fire is still deemed suspicious and that the State Fire Marshal will be examining the scene with an accelerant-sniffing dog today.

The landlord of 98 Walker St. conceded an apartment with 12 residents may have been overcrowded but a city building official said a preliminary check of the square footage indicates they were within the law for that many people in the third-floor apartment.

Thomas Salazar, 20, remains in stable condition in the critical care unit at Catholic Medical Center. He is being treated for multiple injuries suffered when he jumped out a third-floor window after be-

"The fire seems suspicious because of the time of day that it began. We don't usually see fires begin in a hallway."

District Fire Chief David Albin

ing trapped by flames.

Three Salazar families shared the third floor apartment — six adults and six children aged 2 to 8. (See related story, Page A10).

The remaining family members escaped through a rear exit, according to District Fire Chief David Albin. Albin didn't know if everyone was home at the time the blaze broke out at about noon Sunday.

MANCHESTER FIRE, Page A10

MANCHESTER FIRE

(Continued From Page A1)

The cause of the fire remains under investigation, Albin said.

"The fire seems suspicious because of the time of day that it began," he said. "We don't usually see fires begin in a hallway."

John Costa, the owner of the building who also lives in the second floor apartment, said it is believed the fire began in a couch in the second-floor hallway.

The landlord said he wasn't aware that 12 people occupied the apartment above his own. He said he rented the apartment to three adults and four children. The Salazars, Costa said, lived there for about a year. He had no problem with them and they were quiet, he said.

"I think there's clearly overcrowding in the apartment, to say the least," Costa said. "It would not be acceptable to me."

But Deputy Building Commissioner Leon Lafreniere said that under the city's housing code, there must be 65 square feet of habitable space per individual and 50 square feet per person in the sleeping area.

This provision, which has remained unchanged since 1960, also counts a child under age 10 as half a person.

"It's a pretty small space, particularly when you start counting anyone under the age of 10 as half a person," Lafreniere said.

But Lafreniere said that his preliminary investigation, based on a floor plan that is on file for a 1993 fire repair, indicates the apartment had enough space for a dozen people because half of them were children.

His estimates from the plan show the apartment had 806 square feet of habitable space and 483 square feet of sleeping area; the dozen residents, half of them children, required 585 and 450 square feet in those respective categories, he said.

"It isn't any violation of the code that warrants a citation," he said.

Under the code, he explained, both the landlord and tenant can be cited for a violation of square footage requirements. Exact measurements of the apartment will be done when the owner applies for a permit to fix the fire damage, he said.

Study Finds Many Overcrowded

Two or more families sharing crowded apartments in the state's largest city is not at all uncommon, according to an AmeriCorps-VISTA volunteer who conducted a yearlong study of the problem.

Karen Gunn of the non-profit Security Deposit Loan Fund of Greater Manchester found that from June 1993 through June 1994, there were 206 households in Manchester — with a total of 217 children — sharing apartments.

She said those numbers only represent families that contacted her agency for a security-deposit loan. Gunn believes the actual number of families living in overcrowded apartments is much higher.

When she first began her study, she contacted the Manchester Fire Department and was told over-

crowding wasn't a problem in the city.

"They didn't see a problem," Gunn said. "Yet I found the total opposite. Maybe this fire with all those people in one apartment will make them see it."

Thomas Salazar, 20, jumped from a third-floor window of his 98 Walker St. apartment Sunday when flames ripped through the building. He remains in stable condition in the critical-care unit at Catholic Medical Center.

The apartment was home to a dozen people, including Salazar. There were six adults and six children, ages 2 to 8, representing three separate families. The families, according to Gina Radice of the American Red Cross, have found temporary shelter.

Apartments in Manchester

They were given \$1,500 in immediate assistance, Radice said, since they lost all their possessions and had no insurance.

Twelve people living in one apartment came as no surprise to Gunn. She hasn't compiled any statistics since June 1994, but she said, "I'm sure if I did the numbers would be just as high."

Of the 206 households, 54 showed employment; 87 were receiving Aid to Families with Dependent Children; 27 had no income; 20 provided no income information, and 18 were on Social Security, disability, unemployment or worker's compensation.

The majority of the doubling-up households, Gunn said, were Caucasian.

Most of these low-income families, she said, were evicted from apartments after falling behind in utility and rent payments. Various reasons were given for their failing to pay their bills, including the loss of a job, Gunn said.

Once they fell behind in their rent, Gunn said most of the families found themselves locked out of their apartments by landlords. That forced them to go live with a relative or a friend. Once there, they stay only long enough to save the required money to find another apartment to rent.

By then they've lost everything, Gunn said. She explained that a landlord can keep the errant tenant's property for 45 days. After that, it becomes the property of the landlord.

