



Committee On Finance

Max Baucus, Chairman

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STATEMENT OF CHAIRMAN MAX BAUCUS THE WORK, OPPORTUNITY, AND RESPONSIBILITY FOR KIDS ACT OF 2002

We are meeting to consider the reauthorization of the 1996 welfare reform law, known as the Temporary Assistance for Needy Families program, or "TANF." The 1996 welfare reform law was a landmark. The old system had failed and we were spending billions, but had little to show for it. So we tried something new. We tried, in the words of the introduction to the 1996 Act, to "end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage."

At the time, the 1996 Act was very controversial. But in retrospect, it is clear that, by and large, the Act has worked well. Hundreds of thousands of people have left welfare for work. The cash welfare caseload fell more than 50% between 1996 and 2001. This is unprecedented.

In my own state of Montana, the trend was similar, with a caseload decline of more than 50% before a rise in recent months as our economy has generated fewer jobs. Perhaps even more important, the level of child poverty in this country has fallen. Since 1996, it is down by 23%. Overall, the record is good. But, despite our success, there is still more to be done. President Bush put it well. While we are encouraged by the initial results of welfare reform, we are not content. After all, the goal is not simply to "end welfare as we've known it." Rather, as the President put it, "the ultimate goal is to reach a "post-poverty America." So there's more to be done.

For example, we have to focus more attention on the hardest cases. On families that face complicated and difficult challenges, children with disabilities, and adults with little or no education or work skills and with mental conditions or substance abuse problems. In addition, we've learned that getting a job isn't always a ticket out of poverty. Studies show that, when people leave welfare for work, many find jobs that pay too little. Many others have trouble working continuously because of breakdowns in child care arrangements. So, if we want to make a lasting difference, we need to provide some further help with child care, health care, and the other things that will help parents stay off welfare and in the job market. These are some of the primary challenges we face as we reauthorize the 1996 Act.

With that as background, let me explain where things stand. The President's proposal is a good start. By and large, it builds on the framework of the 1996 Act and makes some important improvements. But it may not do enough to address all of our remaining problems. With that in mind, after the President's proposal was released, I asked our subcommittee chairman, Senator Breaux, to work with other members of the committee to identify even more common ground. He did just that. Characteristically, he reached across ideological boundaries and across the political aisle. He worked especially closely with Senator Hatch, Senator Snowe, Senator Rockefeller, Senator Jeffords, and Senator Lincoln. Together, they built on the President's proposal and developed a framework for a solid, bipartisan bill. It improves on the President's proposal. It identifies further common ground. It has broad support, across party lines and it serves as the basis for the chairman's mark that I am proposing to the committee today.

Specifically, here's what the Chairman's Mark would do. First of all, we strengthen and refine the work requirements. Drawing on the President's proposal, we increase required work participation rates from 50% to 70% by 2007. We increase the "base" work requirement from 20 to 24 hours per week. We require states to implement "universal engagement" procedures to ensure every welfare recipient has a plan for leaving welfare for self-sufficiency and is following through on that plan.

I particularly appreciate the help of Senator Hatch on this issue. He worked with the President's proposal, and refined it to reflect Utah's successful program. That way, he made a good proposal even better. We replace the "caseload reduction credit" with an employment credit which rewards states when they move welfare recipients to work, not simply when they cut families off from aid. Senator Lincoln took the lead here, and developed a good proposal.

There's another important part of the bill. We don't just focus on requiring work. We also focus on supporting work, by providing people more of the resources that they may need in order to get a good job and keep it. We increase child care funding by \$5.5 billion over the next five years. That's about \$2.5 billion above the cost of meeting the increased costs generated by the bill. All told, it means that we will help states provide child care coverage to an additional 100,000 kids each year. I know that is not as much additional child care as many on my side would like. But it's a substantial increase.

We do some other things to support work. We simplify the rules for distributing child support collections in favor of custodial parents. This is very important. It puts more child support money in the hands of the parents who need it. I thank Senator Snowe for her long effort to make this improvement. We allow recipients to participate in up to two years of vocational training, including community college programs which lead to an employment-related certificate.

Under the leadership of Senator Breaux, we continue transitional Medicaid coverage, and simplify its procedures, so that those who leave welfare for work don't lose health coverage. On top of all this, we give states some additional flexibility and

additional resources, so that they can continue and expand their creative work. We increase the supplemental grant program, and revise the formula to provide further help to low income states.

Because of the creative work of Senator Rockefeller and Senator Bingaman, we create a \$200 million Business Link Partnership grant program. We provide new resources to tribal governments, including a \$75 million "Tribal TANF Improvement Fund." This is particularly important for me. In Montana about half of our TANF recipients are Indians and our reservations continue to struggle economically. It's tough to go from welfare to work, when there simply isn't any work. We need to do better and this proposal is a start.

We provide \$200 million a year in demonstration grants to test strategies to promote healthy marriages. Now, as many members know, I've been somewhat skeptical about the need for the government to get involved in this area, but this is a priority for the President and for many members, and the programs are voluntary. In the spirit of compromise, I'm prepared to give it a try.

With respect to state flexibility, we allow states to choose to have recipients participate in rehabilitative services, such as substance abuse treatment and basic literacy, for up to 6 months out of 24 months, provided the last 3 months incorporate job-readiness activities. We also allow states with programs operating under welfare waivers expiring on or after October 1, 2002 to continue them through September 30, 2007, provided they comply with the new universal engagement requirement. Those are the key provisions. All told, this is a sweeping bill, which continues the journey we started in 1996 when we "ended welfare as we knew it." It's not perfect, but I believe it reflects a reasonable middle ground among many competing perspectives. On the whole, it strikes a balance. We raise the bar, we keep costs moderate and we maintain state flexibility. Again, I thank Senator Breaux and the many members who have worked so hard to put it together.

Before I close, I want to pay particular thanks to Senator Grassley. We've talked a lot about these issues and he's worked hard to find a middle ground as well. He's someone who wants to get things done, in the interests of the committee and the country, and his work on this bill is another example of that.