



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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Statement by Chairman Chuck Grassley, Committee on Finance
Hearing on Welfare Reform
March 12, 2003

This is a hearing on “Welfare Reform: Building on Success.” The purpose of this hearing is for members of the Finance Committee to hear testimony on what improvements are needed to the 1996 Welfare Reform Act as the committee works to reauthorize the Temporary Assistance for Needy Families Act. The 1996 Welfare Reform Act was passed on a bipartisan basis and is largely acknowledged to be one of the most successful reforms in decades. In 1996, the Congress and President Clinton worked together to enact Temporary Assistance for Needy Families or TANF, which replaced the former Aid to Families with Dependant Children program.

States were given a great deal of flexibility in designing their welfare programs. This resulted in a diverse set of state programs. The entitlement to individuals was replaced with a block grant to the states and a time limit for assistance was established. States were required to increase the percentage of their caseload in work activities. These changes contributed to a significant overhaul of the nation’s welfare system. Despite dire predictions of increased poverty and homelessness, since the implementation of the 1996 Welfare Reform Act, families have actually moved out of poverty. Families have worked hard to move into productive roles. The welfare caseload has decreased dramatically, but since the block grant has remained the same, states have had the ability to use welfare dollars to serve families who may not qualify for assistance, but who are struggling nonetheless.

I think as we move to the next phase of welfare reform, we should consider how states are serving those families who are not getting assistance, but who remain poor. My state of Iowa operates a very successful diversion program. As my colleagues know, diversion actually keeps families from having to go on welfare. It is a priority of mine, to ensure that states are able to continue these programs, which assist the working poor.

The 1996 reform effort was driven in large part by the states. At the time of enactment of TANF, many states were operating under waivers from the former AFDC program. States sought experimentation and flexibility under these waivers to design innovative and effective welfare programs. The efforts on behalf of the states to enact meaningful welfare reform are a critical part of the legislative history behind TANF. I will be very mindful of the impact of any new reform effort to the states. The states were crucial stakeholders in the 1996 debate on welfare reform, and they will be again as we consider the reauthorization of TANF. I will work closely with the states to develop policies that the states can implement.

I look forward to hearing from our distinguished witnesses today on what has worked since the 1996 Act and where we can improve. The President has identified several areas where he believes we can better assist families make the transition from assistance to self-sufficiency. I commend the President on his leadership. I, too, believe there are some areas associated with the 1996 Act where improvement is warranted.

As this chart demonstrates, currently, states should be meeting a 45 percent participation rate. This is shown in the first column. However, as a result of the case load reduction credit, shown in the second column, most states actually have to meet an adjusted work participation rate of zero, shown in the third column. Now I understand that states are not at a zero percent participation rate. I understand that nationally, states actually average around 34 percent, but clearly, this is one area where we can do better. If states know they don't have to meet a higher work participation rate, there is not a great deal of incentive for states to move individuals into meaningful activities.

As this next chart demonstrates, the majority of adults receiving assistance report zero hours of activity. I believe that the honor and dignity associated with meaningful work is crucial to moving families into self-sufficiency. This being the case, I recognize that for some individuals, moving from no work activity into part-time activity is a considerable lift. Currently, a state can only get credit toward its work participation if a client is engaged in 30 hours of activity. I think it is important for the states to work to move more individuals into increased meaningful activity. I think there is merit to allowing states to get partial credit toward their overall work participation rate for individuals moving toward full time employment.

As we look to improve the 1996 Act, I also believe that we need to consider whether we have done all we can to fulfill the fourth purpose of the 1996 Act. This fourth purpose was to encourage the formation and maintenance of two parent families. I believe that we need to do more to promote healthy families and that this will have a significant impact on child well-being. Naturally, these policies must have an emphasis on forming and maintaining healthy relationships.

The hearing today will have two panels. On the first panel, we are most fortunate to have the distinguished Secretary of Health and Human Services, Tommy Thompson, who was a leader on this issue when he was governor and who brings a great deal of passion and insight to welfare reform policies.

The second panel will include: Howard Hendrick, Secretary for Health and Human Services for the state of Oklahoma, who will describe Oklahoma's healthy families initiative; Marilyn Ray Smith, Deputy Commissioner and "Four D" Director, Child Support and Enforcement Division for the state of Massachusetts will testify on child support policies; Larry Temple, from the Texas Workforce Commission will testify from a practitioner's perspective on running a work program. Texas has won consecutive High Performance Bonuses for Job Entry; and, Margy Waller, Visiting Fellow, The Brookings Institution, will provide her recommendations for TANF reauthorization.