



Committee On Finance

Max Baucus, Ranking Member

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Welfare Reform Hearing: Building on Success

Welfare reform is an important issue. We succeeded in passing a bipartisan bill out of this Committee last year and I hope we will be able to do so again.

Welcome Mr. Secretary. I'm glad to see you again. Your expertise is especially helpful to us when it comes to welfare reform.

The 1996 reform law was a fundamental change in our nation's welfare policy. The old system had failed. It was time to be bold and try something new. I was a strong supporter of it.

Under welfare reform, hundreds of thousands of Americans have exchanged a welfare check for a paycheck. That's why I consider welfare reform a success. And that's the success I want to build on. I'm glad the President has asked us to do better. Even with the success so far, we shouldn't declare victory and declare that welfare reform is done. There are still two million families on welfare. And many of the families who have left welfare are just one crisis away from falling back onto the rolls.

As we seek to reauthorize the 1996 law, I believe we should keep two goals in mind. First, we should do better in reaching troubled families still on welfare. Second, we should make sure that those families who have taken the tentative first steps onto the ladder of success keep climbing.

I want to thank the Administration for proposing higher work requirements and the concept of "universal engagement" of welfare recipients. If we get the details right, both of these will help us better reach families still on welfare. I also want to thank Senator Hatch, in particular, for his work on the "universal engagement" provision in the bipartisan bill approved by this Committee last year.

But I have some concerns with the proposal from the Administration. And the best way to illustrate those concerns is to talk about my home state of Montana. I've consulted with people all over Montana about welfare reform. We're proud of our

welfare reform program. In the most recent “high performance bonus” awards, Montana ranked number one in the country in getting welfare recipients into jobs.

A comprehensive evaluation by ABT Associates in 2001 found that Montana’s welfare reform program had made “impressive progress” toward the goal of family self-sufficiency. The evaluation also found that Montana’s program had a “strong commitment to moving welfare cases into employment as quickly as possible.”

In Montana, nearly half of those remaining on welfare are Native Americans. Making welfare reform work better on the reservations is our most important piece of unfinished business. With this goal in mind, I plan to reintroduce my “American Indian Welfare Reform Act.” And I hope to incorporate elements of my bill into a committee mark.

There is widespread agreement in Montana that the Administration’s proposal would require us to make a fundamental change in what we’ve been doing. First, it would cut off our successful waiver program. More importantly, instead of the “work first” strategy we have been using, we would have to implement a “workfare first” approach. That’s because the Administration’s proposal restricts “priority” work activities, by de-emphasizing job search and training in favor of workfare.

That might make sense in places like Manhattan, New York and other big, urban areas. But we don’t think it makes much sense for Manhattan, Montana – population 1,396 – or for other rural areas.

As our evaluation found, Montana is already committed to work. We’ve just taken a different approach to it – one that we think makes more sense in rural America. And Montana is not the only state where concerns have been expressed about being forced to change course. An official survey by state organizations found that more than 40 States considered the Administration’s work requirements to be a fundamental change in what they were doing.

In 1996, the welfare program was a disaster. It was broken, and major surgery was required. That surgery has been pretty successful. We need to keep going along that path, not force States into making major strategy shifts.

Another part of building on the success of the 1996 law is maintaining the support available for former welfare recipients now in the workforce. There’s a lot of talk about how the welfare rolls have dropped by half. It has, and that’s great news.

However, we know a lot less about the huge increase in child care help that’s gone along with the decreased rolls. The number of families getting child care help from TANF and the child care block grant has more than doubled since 1996. This makes sense – when a single mother takes a job, someone has to look after her children. We want those kids in safe, adult-supervised settings.

Some claim that there's plenty of money available to meet the higher work requirements. But this ignores the way States have invested the freed-up money from the fall in the welfare caseloads into child care and other work supports. That's what has paid for the big increase in the child care rolls.

If we don't provide additional resources to meet the higher work requirements, we are telling the States to cut help for low-income working families, including former welfare recipients. Otherwise, they don't have the money for the more demanding programs called for by the higher work requirements.

I'm not going to support something that will lead to child care cutbacks for low-income working families. It's bad policy, because it means some of those former welfare recipients will fall back on to the rolls when they lose their child care help. That's not doing better. And it's not fair. We told welfare recipients to get jobs and huge numbers of them have done so. We take credit for the success. We need to keep up our end of the bargain and help look after their kids while they work.

It's also an especially bad time to impose higher mandates on States without providing any additional funding. We all know about the tough fiscal circumstances facing States right now. Montana has already had to limit child care help for working families, and there's a waiting list of 700 families. I'm not going to make that worse. I want to find a way to help those 700 families on the waiting list now.

As I've said in past hearings – I remain concerned about the Administration's proposals to promote marriage with federal funding. Marriage is a personal and private choice, not one the government should interfere with.

Despite all the concerns I've just expressed, I see a lot of areas where we share common ground with the Administration's proposal. Let me mention a few.

- Senator Snowe has put forward a comprehensive set of child support reforms.
- Senator Breaux has a good bill to continue transitional Medicaid for another five years.
- Senator Lincoln has proposed an "employment credit" to sharpen the focus on real work.
- Senator Bayh has a good bill to promote responsible fatherhood.

All four of these ideas are part of the Administration's proposal. That's good news. I'm certain we can sort through the details together and come up with provisions that have widespread bipartisan support.

I look forward to working with Chairman Grassley to develop a strong bipartisan welfare reauthorization bill. I'm confident that we all want to do what's best for low-income families.