

**Statement of Hon. Wade F. Horn, Ph.D., Assistant Secretary for Children and Families, U.S. Department of Health and Human Services, Washington, DC**

Mr. Chairman, Mr. Kildee, and members of the Committee, I am pleased to appear before you today to discuss the next phase of welfare reform. Shortly after the President outlined his reauthorization proposal "Working Toward Independence" in February of 2002, and again early in 2003, the House passed bills that would

achieve the necessary next steps outlined by the President. Mr. Chairman, I note that you are one of the original cosponsors of H.R. 240, which was introduced the very first day that this Congress convened. I would like to take this opportunity to express my heartfelt thanks to you for your leadership and to the Committee for its unceasing efforts to enact the next phase of welfare reform to further improve the lives of low-income Americans.

It has been three years since President Bush first proposed his strategy for reauthorizing TANF and the other critical programs included in welfare reform. During this time, the issues have been debated thoroughly but the work has not been completed and States have been left to wonder how they should proceed. We believe it is extremely important to finish this work as soon as possible and set a strong, positive course for helping America's families. Secretary Leavitt and I are convinced that working together with you, we will be successful.

The enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 has had a profound, positive impact on our nation's vulnerable families. With our State partners, our accomplishments have far surpassed even the most optimistic goals. With heightened expectations of personal responsibility and greater opportunities, millions of families have moved from dependence on welfare to the independence of work. We have provided the necessary work supports, child care, and transportation to ensure that parents can get to work and stay there without worrying about the safety and well-being of their children.

Building on these successes, President Bush laid out a clear path for the next phase of welfare reform. The proposal is guided by four critical goals that will transform the lives of low-income families: strengthen work, promote healthy families, give States greater flexibility, and demonstrate compassion to those in need. These are the guideposts that shaped the Administration's proposal for TANF, and child care. This framework has not changed.

As we prepare jointly to move forward on making the President's welfare reform proposals a reality, I would like to use my time today to highlight the key provisions of the President's welfare reform package of most interest to this Committee and update you on the important progress we have made in strengthening families since the President's proposal was unveiled. I will begin with TANF, the cornerstone of our welfare reform efforts.

#### *Temporary Assistance for Needy Families*

As the Assistant Secretary for Children and Families, I have heard one consistent theme about the Temporary Assistance for Needy Families program—TANF is a remarkable example of a successful Federal-State partnership. This Committee and Congress granted States tremendous flexibility to reform, design, and operate their welfare programs. Initially, some questioned the wisdom of this course of action and expressed concern about a potential "race-to-the-bottom." Instead, States effectively emphasized work, while providing families with needed training, job opportunities, and work supports. In recent years after enactment of welfare reform, States have reported an average of 843,000 new job entries each year. As a result, millions of families have been able to end their dependency on welfare and achieve self-sufficiency. The welfare caseload has declined by 55 percent and the total number of families receiving assistance is now lower than at any time since 1970.

Some other positive outcomes we have seen since the law's passage include:

- Employment among never-married mothers has grown to unprecedented levels. For example, between 1996 and 2003, the employment rate for never-married mothers increased 28 percent, from 49.3 percent to 63.2 percent.
- Contrary to critics who claimed that welfare reform would impoverish one million children, the child poverty rate declined, with 1.6 million fewer children in poverty. Overall child poverty rates declined from 20.5 percent in 1996 to 17.6 percent in 2003. The poverty rate among African American children declined from 39.9 percent to 33.6 percent—lower than at any time before welfare reform was enacted, when child poverty rates for African American children were 40 percent or higher. Similarly, the poverty rate among Hispanic children declined from 40.3 percent to 29.7 percent. Although the poverty rate has increased some since 2000 as a result of the recent recession, the surge in job creation over the past 20 months portends favorably for renewed improvement in poverty rates.
- The birth rate for teenagers continues to decline, as does the number of births to unmarried teens.

But even with this notable progress, much remains to be done, and States still face many challenges. While the basic structure and goals of TANF remain strong, we are concerned about some unfavorable trends. Despite the success in moving families from welfare to work, a majority of adult TANF recipients are not engaged in employment-related activities. In fiscal year 2003, States reported that only 31

percent of families with an adult recipient participated in the required 30 hours of TANF work activities. We need to reverse this trend so that all TANF recipients are given the opportunity to become self-sufficient.

States also have been less effective in placing clients with multiple barriers (such as mental health issues, addiction, learning disabilities, and limited English proficiency) in work. We need to ensure that these barriers are addressed and that every family is given work opportunities leading to self-sufficiency. But our efforts cannot stop there. We also need to develop more effective models of post-employment supports that lead to career development and wage progression, programs that sustain and keep families together, and programs that enable low-income, non-custodial fathers to help their families both financially and in non-financial ways.

Consequently, our efforts to reauthorize TANF build on our past success and address current challenges by:

- strengthening the Federal-State partnership;
- requiring States to help every family they serve achieve the greatest degree of self-sufficiency possible through a creative mix of work and additional constructive activities;
- improving program performance and, therefore, the quality of programs and services made available to families; and
- permitting States to integrate the various welfare and workforce investment programs operating in their States.

I would like to offer some detail on each of these elements.

#### *Strengthen the Federal-State Partnership*

Although national caseloads are now less than half of what they were when the TANF block grant was first established, we propose to maintain the current level of support for TANF of \$16.5 billion each year for block grants to States and Tribes and an additional \$319 million for annual Supplemental Grants to States that have experienced high population growth and have historically low funding levels. This will allow States to maintain investments they have made in supporting families' transition from welfare to work, strengthening families, and providing other benefits and services that support the goals of the TANF program. It also will permit them to develop innovative programs to address remaining challenges.

Other key policy changes that will increase State flexibility include: eliminating limitations on services for the unemployed by defining "assistance" so that rules tied to such spending will not apply to child care, transportation, and other support services; allowing States to designate and obligate "rainy day funds"; and revising current restrictions on funds carried-over from one year to the next by allowing such funds to be spent on any service or benefit that achieves a TANF purpose.

#### *Maximize Self-Sufficiency Through Work*

A key component of our reauthorization proposal is to maximize self-sufficiency through work. States will be required over time to make certain that the percentage of TANF recipients engaged in work and productive activities grows and that the primary focus is on participation in work—subsidized or unsubsidized employment, on-the-job training, and supervised work experience or community service. States also will be required to engage all TANF families with an adult in self-sufficiency activities and they must develop, and regularly monitor progress on, individual plans for each family that include appropriate activities leading to self-sufficiency.

The current caseload reduction credit, the effect of which has been the elimination of the participation rate requirement in most States, will be phased out and replaced by an employment credit. The result of these policy changes will be to reinstitute a meaningful work participation rate requirement while increasing flexibility in how States can achieve that standard.

#### *Improve Program Performance*

Under TANF, States have become great innovators. But, the shift in focus to a work, and family support program has presented management challenges. Therefore, our fourth reauthorization component highlights improving program performance and accountability. For example, we replace the current High Performance Bonus with a \$100 million Bonus to Reward Employment Achievement. Targeted on meeting the employment goals of TANF, it will reward States for successful job placements, sustained work, and wage growth.

#### *Program Integration*

For any organization to succeed, it must never stop asking how it can do things better. Using the flexibility under programs such as TANF and the One-Stop Career Center service delivery system under the Workforce Investment Act (WIA), States have made great strides towards transforming and integrating their public

assistance programs into innovative and comprehensive workforce investment programs. But, with greater flexibility even more can be accomplished. The final key element of our TANF proposal, therefore, seeks to enable far broader State welfare and workforce program integration through the establishment of new State program integration demonstrations. The proposed demonstrations could modify all aspects of selected Federal programs, including funding and program eligibility and reporting rules, enabling States to design fully integrated welfare and workforce development systems that could revolutionize service delivery.

I would like to turn now to child care, a key support service for low-income families.

#### *Child Care*

Access to child care assistance can make a critical difference in helping low-income families retain employment. Therefore, the Administration remains committed to preserving the key aspects of the child care program: parental choice, administrative flexibility for States and Tribes, inclusion of faith-based and community-based organizations, and development of literacy and other early learning skills for children in care; while maintaining the underlying structure and financing of these essential child care programs.

Our proposal supports maintaining the historically high level of funding for child care, including \$2.1 billion for the Child Care and Development Block Grant and \$2.7 billion for Child Care Entitlement—a total of \$4.8 billion for what is referred to as the Child Care and Development Fund or CCDF. In addition, States continue to have the flexibility to use TANF funds for child care both by transferring up to 30 percent of TANF funds to CCDF, and by spending additional TANF money directly for child care. When TANF funds are considered, as well as Head Start and other State and Federal funding sources, over \$18 billion currently is available for child care and related services for children.

Funding available through CCDF, TANF, and the Social Services Block Grant will provide child care assistance to an estimated 2.2 million children this year. This is a significant increase over the number served just a few years ago; in 1998, about 1.8 million children received subsidized care.

These substantial child care resources support our expectation that all families will be fully engaged in work and other meaningful activities by ensuring that safe, affordable child care is available when necessary.

#### *Other Elements of Welfare Reform*

Although I have focused on the areas of primary interest to your committee, I would be remiss if I did not briefly highlight other key areas of our proposal that play a critical role in the well-being of children, teenagers, and families. Indeed, we establish improving the well-being of children as the overarching purpose of TANF.

In support of that overarching purpose, our proposal seeks to improve child well-being through programs aimed at encouraging responsible fatherhood and healthy marriages. By discontinuing the Out of Wedlock Birth Reduction Bonus and redirecting part of the High Performance Bonus Funding, we provide \$200 million for programs aimed at promoting family formation and healthy marriages. We also provide \$40 million in funding for the support of responsible fatherhood and healthy marriage programs to reverse the rise in father absence and its subsequent impact on children.

Further, because child support is a critical component of Federal and State efforts to promote family self-sufficiency and child well-being, we build on the success of the program to direct more support to families, increase the amount of support collected, and increase funding for the access and visitation program. If enacted, our child support proposals will result in almost \$3.4 billion in additional financial support to families with a federal cost of only \$52 million.

The third piece of our welfare reform strategy supports reauthorization of the State Abstinence Education Program contained in PRWORA. In 2000, there were almost 19 million new cases of sexually transmitted diseases in the U.S. and, historically, about one-quarter of these cases have been teenagers. We know that those teens who choose to abstain from sex will not contract such diseases and will not become pregnant. The State Abstinence Education Program helps people develop inner strength, take charge of their lives, and direct their energies to healthy and productive choices. The goal of abstinence education is to encourage our Nation's youth to make the healthiest decisions for themselves, and our approach links these programs to positive youth development programs operated by community-based and faith-based groups.

*Conclusion*

Mr. Chairman, the proposal I bring before you today contains many different elements. What binds these fundamental elements together is the desire to improve the lives of the families who otherwise would become dependent on welfare. In his second inaugural address, the President stated that in America's ideal of freedom, citizens find the dignity and security of economic independence. He expressed the vision of an ownership society, making every citizen an agent of his or her own destiny. These ideals certainly fit the President's concept of welfare reform as well as those embodied in HR 240. The Secretary and I stand ready to work with you on the next steps to making economic independence within the reach of America's neediest families. I would be happy to answer any questions you have.

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