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In 1996, thanks in large part to members of this committee, Congress passed and President Clinton signed into law a sweeping, bipartisan welfare reform bill. Since that time, the welfare rolls have fallen by half, the employment of mothers heading families – especially never-married mothers – has reached an all-time high, and child poverty has declined substantially for the first time since the early 1970s. In fact, in 2000 poverty among black children reached the lowest level ever. Even after the recession, employment by single mothers is still near its historic high reached in 2000 and child poverty – including poverty among minority children – is still much lower than in 1996 when welfare reform passed. Moreover, the reforms of welfare for noncitizens, of child support enforcement, and of Supplemental Security Income for children have had their intended effects, savings taxpayers billions of dollars and increasing the integrity of these programs – and in the case of child support enforcement, helping custodial mothers achieve self-sufficiency. No policy has only positive effects, but on the whole the 1996 welfare reform law stands as one of the most successful pieces of social legislation ever enacted.<sup>1</sup>

As is customary for reform legislation, the authors of the 1996 law sunset funding for several of its new programs – including Temporary Assistance for Needy Families (TANF) and the entitlement portion of the Child Care and Development Block Grant (CCDBG) – at the end of fiscal year 2002. Beginning late in 2001 and continuing into 2002, the Bush Administration worked closely with Republican members of this committee and with representatives of the Republican leadership in both Houses to fashion a reauthorization bill. That bill, the Personal Responsibility, Work, and Family Promotion Act, was introduced on April 9, 2002 and passed by the House in timely fashion on May 16. As amazing as it might seem, there has been virtually no further progress on reauthorization since that original bill passed the House in the spring of 2002.

During the rest of the 107<sup>th</sup> Congress, which ended in 2002, the Senate was unable to bring a bill out of committee and the legislation died. At the beginning of the 108<sup>th</sup> Congress, the House again introduced and enacted a reauthorization bill, but again the Senate was unable to pass a bill. The Finance Committee did manage to get a bill out of committee, only to have it die on the floor before it could receive an up or down vote.

Over the course of the three-year debate, many issues have separated the parties. These include the strength of the work requirement, expanded waiver authority for states to allow more coordination between a wide range of programs that support work (sometimes called the “superwaiver” proposal), the amount of new money for child care, and the provision on promoting marriage. The work issue has perhaps been the most controversial. Republicans are proposing to tighten the definition of work by restricting credit for education, increasing the weekly hours of required work to 40, and replacing the caseload reduction credit with a rolling credit that ensures strong work requirements no matter how much states reduce their caseload.

Even though these specific work requirements turned out to be controversial, it is worth noting that a prominent Democratic organization, the Democratic Leadership Council, with support from many Democratic Senators including Hillary Clinton, Tom Carper, and Evan Bayh, supported a bill with work requirements that were nearly as strong as those in the House bill. In any case, it is a routine matter for Democrats to initiate legislation to the left, and Republicans to initiate legislation to the right, of positions they could support in a final bill. Indeed, it is conventional wisdom in Washington that introducing a bill at the outset of a legislative debate that represents your best and final offer would be bad strategy. The real issue is what position a party is willing to adopt at the conclusion of final negotiations. In the legislative context, that means the final position to which members of each party would agree in a House-Senate conference. Since the Senate has never passed a bill, no one can claim that Republicans have not been willing to deal. The context for dealing has yet to occur.

It is to be expected that each party would blame the other for whatever goes wrong in Washington, but a time comes to pay less attention to assigning blame and more attention to finding solutions. That time is at hand. I fervently hope that members of this committee and all members of the House, the Senate, and Bush administration will be

willing to stop blaming the other side and agree to compromise provisions that will permit a five-year reauthorization of this important program.

It seems clear, and has for three years, that three major issues prevent agreement between the parties. These issues are the work requirement, the superwaiver, and the amount of new money for child care. Although the Republican initiative on marriage has gotten lots of press attention, it seems that much of the controversy has died down during the course of the debate and opposition seems to have waned. Even the *Washington Post* had kind things to say about the administration's marriage proposal.<sup>2</sup>

On the work requirement, I believe the solution has been obvious for some time. The work requirement in current law has only one flaw, the caseload reduction credit. When welfare reform was enacted in 1996, governors wanted credit for helping families leave the rolls. Their proposal was to count every family that left the rolls as meeting the work requirement. Clay Shaw and other Republicans on this committee, perhaps with support from some Democrats, always held firmly to the position that counting all welfare leavers as meeting the work requirement was an unambiguously bad idea. It is the nature of welfare caseloads to have lots of turnover. Mothers leave and rejoin welfare for a host of reasons, and they were doing so long before states had any serious work requirements. To give states credit for this natural rate of turnover in the welfare caseload was to completely gut the work requirement. After all, a given state could have a 50 percent turnover in its caseload in a given year and yet experience an actual increase in its caseload if more people came onto the rolls than left.

But Chairman Shaw and most members of the committee agreed with the governors that states should get some credit against the work requirement for helping families leave the caseload. To avoid the problem of counting the natural churning in the caseload, credit was given for net reductions in the caseload. Consider a simplified example. If a state had 100 families on welfare and 50 families left the rolls while only 25 joined the rolls, the state's net caseload reduction would be 50 minus 25 divided by 100 or 25 percent. Under the subcommittee provision, the state would get to subtract its caseload reduction from the work requirement for that year. If the work requirement were 50 percent, the revised work requirement would be 50 percent minus 25 percent or 25 percent. The underlying concept in this approach is that states should get credit for

welfare exits only to the extent that they exceed welfare entries. After all, perhaps the major purpose of welfare reform is to help people leave (or avoid) welfare and to support themselves primarily through their own efforts.

But after enactment of the 1996 law, a severe problem arose with the caseload reduction credit. Caseloads all over the nation plummeted as never before. Whereas the rolls of the Aid to Families with Dependent Children (AFDC) program had not declined for more than two consecutive years since 1960 and then only by a few percentage points, after 1994 the caseload fell every year and the national caseload declined by about 60 percent. Because of the caseload reduction credit, the typical state had no work requirement (50 percent work requirement minus 50 percent net caseload decline equals zero work requirement). Clearly, if anyone had known what a dramatic impact welfare reform and the good economy of the 1990s would have on caseloads, the caseload reduction credit would have been written differently in the 1996 law. Given these facts, I believe simply fixing the caseload reduction credit and leaving the other features of the 1996 work requirement in place would be sufficient. This provision should not, of course, be in the initial Republican bill, but I believe it would adequate as the final compromise provision. Here's the bottom line: as long as states are required to have half their caseload in a work program in which most of those counting toward the requirement are actually in a job and in which participants must work at least 30 hours per week, the work requirement will be more than adequate. I am not aware of any evidence that going beyond these characteristics of a work requirement would produce any benefits for welfare families or states. But going beyond these requirements would certainly cost states more money.

The solution on the superwaiver provision is to drop the universal waiver provision and enact authority for just three to five states to experiment with the new flexibility provided in the House bill. As a concept, the superwaiver is excellent policy.<sup>3</sup> But I have noticed that since House Republicans have been fighting to create this broad new waiver policy, few if any states have lobbied aggressively to support the policy. In addition, when I have asked state officials to provide examples of how they would use the waiver authority, they have had difficulty articulating how they would like to coordinate their welfare, work, training, education, food, and housing programs in ways that they

now cannot. Perhaps some states may be able to come up with constructive proposals, but there is no evidence that states are planning to take advantage of the superwaiver provision. It's simply not worth fighting to give something to states that they say they want in the abstract, but cannot provide clear examples of how they would use if given the new authority. On the chance that several states will actually think of good ways to coordinate their programs, I think it good policy to allow a few states to have the expanded flexibility provided by the superwaiver. Such states may be able to figure out ways to use the superwaiver to promote efficiency by better aligning their work support programs. If that were to happen, Congress could debate whether to expand the superwaiver to additional states.

The third and in many ways most difficult issue is the amount of new money for child care. Arguably this is the single provision that has done the most to prevent Congress from passing a bill. Last year, the Senate wanted at least \$7.0 billion over five years in new money, but House Republicans were willing to provide only \$1 billion. The best argument in support of the Democratic call for big new money is that so many welfare mothers have now gone to work that there is a substantial increase in the demand for child care. Whatever Congress decides to do about the problem with the work requirement is likely to intensify the need for child care. Even if Congress fixed only the caseload reduction credit, states would still have stiff new work requirements that apply to those on the welfare caseload and they would continue to have a very large number of mothers who have left the rolls for work, many of whom will need child care to continue working. As the need for child care expands, the President's budget shows that the number of child care slots that could be paid for with funds from the CCDBG will decline in the years ahead.<sup>4</sup> Democrats also argue that the quality of some child care is low. With more money, states could raise child care standards and perhaps improve some of the facilities that provide low quality care.

Republicans respond that states have more money for child care than ever, most of which is federal. They have money from the CCDBG, Title I, Head Start, the Child and Adult Care Food Program, and many other smaller programs, around \$25 billion in total counting the states' own spending. Moreover, states can use more money from the TANF block grant for child care, either by transferring it into the CCDBG or by spending

it directly out of TANF. Even if states need more money for child care, Republicans argue that they already have more than ever and that their TANF caseload is smaller than ever, leaving more money to use for child care.

This year there will be a new, or at least more intense, consideration for this committee in negotiating how much new money could be made available for child care. I refer, of course, to the new seriousness with which the Bush administration and the Congress appear to be approaching the federal deficit. I strongly support action to reduce the deficit, even if it means making painful cuts in social programs or raising revenues.<sup>5</sup> The president's goal of cutting the deficit in half within five years is the very least Congress should accomplish. Given the enormous pressure on spending this year, it will be difficult to increase funding for any domestic programs. Indeed, many members of Congress and the Bush administration, as well as outside observers, are predicting that Congress will use the reconciliation budget procedure this year to force reductions in spending. If so, this committee will be required to produce many billions of dollars in spending cuts or revenue raisers. It is difficult to see how major new funding for child care is compatible with reconciliation. For every dollar by which this committee increases spending on child care, you will be required to cut an additional dollar above your reconciliation amount somewhere else. The \$1 billion over five years in new child care money offered by the House for the last three years seems generous under the spending pressure Congress faces this year. In short, if there is to be a bill this year, Democrats and the group of Senate Republicans who supported \$7 billion for child care are going to have to substantially reduce their demands.

In summary, if Republicans back off somewhat on the work requirement and the superwaiver, Democrats should be willing to reduce their demand for additional child care money. The details of a deal that the majority of both Republicans and Democrats could accept could flow from these three main ingredients of a bipartisan compromise.

On the other hand, if Republicans and Democrats cannot reach agreement this year, Republicans can use the reconciliation budget procedure to pass a bill that few or even no Democrats support. The main threat against passing a welfare reauthorization bill that does not have several billion dollars in new child care spending is that Senators supporting additional child care spending could organize a filibuster against the bill. A

Senate filibuster can be stopped only by a 60-vote majority. Thus, in effect, controversial legislation can be passed in the Senate only if it can attract 60 votes. But a reconciliation bill is not subject to filibuster. The negotiations over TANF reauthorization should be conducted with the understanding that if bipartisan agreement cannot be reached by, say, July, Republicans will include their own version of reauthorization in the reconciliation bill. The Byrd Rule in the Senate may cause modest problems with this approach by requiring some provisions in the bill to be dropped, but the main TANF block grant and most other major provisions would escape the Byrd Rule. It is worth recalling that the 1996 welfare reform law was passed as part of reconciliation and most of its provisions survived the Byrd Rule.

The reasons for passing a reauthorization bill this year are legion. I'm sure that members from both sides of the aisle would agree that the orderly conduct of Congressional business is preferable to creating programs and then keeping those administering the programs at the state and local level in limbo for several years while Congress debates the future of the program. Further, state administrators, who on the whole have done a commendable job of implementing welfare reform (and many additional provisions in the 1996 welfare reform law, especially child support enforcement), have now waited for three years to learn whether TANF funding will be continued at its present level and whether the programs will be substantially changed. The main consideration here is that the people who have implemented reform and oversee it on a day-to-day basis deserve to know what Congress expects in the future. They should not be kept waiting any longer.

I think there is another powerful reason for enacting a reauthorization bill this year. In addition to fixing the work requirement, the most important provision in the reauthorization bill may be the funds to promote marriage. Ironically, the importance of marriage to poor and low-income Americans was brilliantly established long ago by one of the most implacable foes of welfare reform, the late Senator Daniel Patrick Moynihan. In 1965, as an Assistant Secretary in the Department of Labor, Moynihan wrote a report arguing that a major reason black Americans were not making greater social and economic progress was that too many black children were being reared in female-headed families.<sup>6</sup> Moynihan was particularly concerned about the growing number of children

born to never-married parents. Since the Moynihan report was published, all the problems that so alarmed him have gotten much worse. Further, social science research has provided abundant evidence that proves Moynihan was right – both adults and children do better in married-couple families. As compared with children from married-couple families, children reared in female-headed families perform poorly in school, are less likely to graduate, are more likely to have babies as teenagers, are more likely to have mental health problems, and are less likely to be self-supporting as adults.<sup>7</sup>

Members of this committee may recall that in 1983, a commission sponsored by the Department of Education held that “if an unfriendly power had attempted to impose on America the mediocre educational performance that exists today, we might well have viewed it as an act of war.”<sup>8</sup> That colorful claim could be applied with equal force to the explosion of single-parent families in the nation. The implication of the social science research on the long-term effects of the deterioration of marriage is that the nation spends additional billions of dollars on the excess teen pregnancy, welfare use, and poor school performance associated with the single-parent child rearing.

This problem is particularly acute among black Americans. The rate of nonmarital births among blacks is about 70 percent.<sup>9</sup> At least half of the remaining black children experience divorce. Thus, around 85 percent of black children, compared with somewhat more than 50 percent of white children, spend a considerable portion of their childhood in single-parent families. In addition to high non-marital birth rates, a major cause of this problem is the severe decline in marriage rates among blacks. In 1950, 62 percent of black women were married, a rate only slightly less than the rate for white women. But by 2002, the rate had plummeted to just 36 percent for black women, a fall of nearly 40 percent, and their marriage rate was almost 35 percent lower than the rate for white women.

Research on parents who have babies outside marriage suggests that many of these young couples would actually like to be married. Sara McLanahan and her colleagues at Princeton have shown that about half of these couples live together at the time of the marriage and an additional 30 percent say they are in a loving relationship. Thus, almost 80 percent of these couples are romantically involved at the time of birth. Further, interviews with the mothers and fathers show that most of them have high ideals



about the importance of marriage and are thinking of marriage for themselves.<sup>10</sup> Yet very few of the couples actually marry. Given these facts, it makes sense to try to design programs that could help young, unmarried parents fulfill their desire to marry. These programs should provide couples with marriage education that features training in relationship skills, reducing family violence, financial planning, and other skills that they can use to sustain their relationship. Additional services should also be offered to the couples, especially employment services for both the mothers and fathers. If these programs could actually succeed in promoting marriage rates among these couples, the mother and father, the children, and society would all benefit.

The Department of Health and Human Services (HHS) has already begun conducting research on programs designed to work with these young couples and help them fulfill their dream of being married. HHS will in all probability soon be launching a major project of this type in Baltimore and several other sites around the country. But given its sparse resources, HHS cannot possibly mount the wide range and variety of pre-marriage programs that are needed to help the nation find effective ways to help these couples move toward their goal of marriage. For that, we need provisions like those in the House and Senate TANF reauthorization bills that would provide around \$1.5 billion over 5 years to mount scores of demonstration projects around the nation, most involving churches and other community organizations. The history of social interventions shows that most of them do not work. For this reason, we need to implement and study many different types of programs in order to find the most effective approaches to maximizing the number of children living in married-couple families. The Bush administration is following this approach, but on a far too limited scale. Only when TANF reauthorization passes will the nation have adequate resources to meet the challenge of developing effective programs.

The nation has waited three years for Congress to reauthorize the 1996 welfare reform law, one of the most important and successful social programs of recent decades. In the interest of promoting self-sufficiency, we should let the states get on with the task of helping mothers leave or avoid welfare in favor of work. Equally important, Congress should expand the goals of welfare reform to launch the nation in the relatively new

direction of helping young unmarried parents achieve marital stability for themselves and their children. This is an agenda that should not wait.

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- <sup>1</sup> Ron Haskins, "Welfare Reform: The Biggest Accomplishment of the Revolution" in *Republican Revolution Ten Years Later*, edited by Chris Edwards (Washington: Cato, forthcoming).
- <sup>2</sup> "The Left's Marriage Problem," *Washington Post*, April 5, 2002, p. A22.
- <sup>3</sup> Pietro S. Nivola, Jennifer L. Noyes, and Isabel V. Sawhill. (2004). "Waive of the Future? Federalism and the Next Phrase of Welfare Reform," *WR&B Policy Brief*, no.29 (Washington: Brookings).
- <sup>4</sup> Office of Management and Budget, "Budget of the United States Government: Fiscal Year 2006," (Government Printing Office, 2005).
- <sup>5</sup> Ron Haskins, Alice Rivlin, and Isabel Sawhill, "Getting to Balance: Three Alternative Plans," in *Restoring Fiscal Sanity: How to Balance the Budget*, edited by Alice Rivlin and Isabel Sawhill (Washington: Brookings, 2004).
- <sup>6</sup> Daniel P. Moynihan, *The Negro Family: The Case for National Action* (Washington: U.S. Department of Labor, 1965).
- <sup>7</sup> Sara McLanahan and Gary Sandefur, *Growing Up With a Single Parent: What Hurts, What Helps* (Cambridge: Harvard University Press, 1996); Paul Amato, "The Impact of Family Formation Change on the Cognitive, Social, and Emotional Well-Being of the Next Generation," *Future of Children* (2005, forthcoming).
- <sup>8</sup> National Commission on Excellence in Education, *A Nation at Risk* (Government Printing Office, 1983).
- <sup>9</sup> Stephanie J. Ventura and others, "Nonmarital Childbearing in the United States, 1940-99," *National Vital Statistics Reports* 48, No. 16 (Washington: National Center for Health Statistics, 2000).
- <sup>10</sup> Sara McLanahan, "Racial and Ethnic Differences in Marriage among New, Unwed Parents," *Fragile Families Research Brief* 25 (Princeton, 2004).