

House Ways and Means Committee Subcommittee on Human Resources Welfare Reform Proposals Hearing

Testimony for the Record
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National Skills Coalition – a broad-based coalition of business leaders, union affiliates, education and training providers, community-based organizations, and public workforce agencies advocating for policies that invest in the skills of U.S. workers – is pleased to submit the following written testimony for the record on the discussion draft of the “Improving Opportunity in America Welfare Reauthorization Act of 2015.”

We wish to commend Chairman Boustany and other members of the House Ways and Means Committee for their commitment to modernizing and strengthening the Temporary Assistance for Needy Families (TANF) program. TANF is one of the nation’s most important safety net programs, providing cash assistance and other supports that have helped millions of low-income families weather periods of financial hardship. But it is a program that is held back by a number of restrictive requirements that have hindered the adoption of practices and strategies which could help more TANF recipients transition into well-paying and sustainable employment.

Last year, Congress took important – and bipartisan – action to update the nation’s workforce investment systems through passage of the Workforce Innovation and Opportunity Act (WIOA), legislation that reflects the growing recognition that in order to adequately address the skills needs of workers, jobseekers, and employers, we must do a better job of coordinating across multiple education, training, and supportive services programs. National Skills Coalition strongly supports the vision and goals of WIOA, and we believe that Congress should work to ensure that other federal investments in our nation’s workforce are aligned with this vision.

We are therefore encouraged to see that the discussion draft includes a range of proposed policy changes that will expand access to employment, education, and training for TANF recipients, including extending the lifetime limits on participation in vocational educational training; lifting statutory caps on the percentage of individuals in education and training that may be counted toward state work participation rates; and adopting new performance indicators for



individuals transitioning off of TANF that should create better incentives for states to focus on long-term outcomes for TANF participants. We are also supportive of efforts under the draft legislation to stimulate innovative training strategies through the new “Improving Opportunity Fund,” and of new requirements that would encourage states to include TANF as part of their broader workforce development planning.

At the same time, we are concerned that the draft legislation does not go far enough in bringing TANF in line with the realities of the 21st century economy, and in particular the need to ensure that all Americans – including TANF recipients – have access to the fullest possible range of high quality education and training services aligned to the skill requirements of local and regional industries. We therefore offer the following recommendations for strengthening the proposed legislation.

- **Increase funding for the state basic assistance grant.** The discussion draft proposes setting funding for the state basic assistance grant for Fiscal Years 2016-2020 at just under \$16.6 billion, which represents a modest increase over current levels but is approximately 30 percent below funding authorized under the Personal Responsibility and Work Opportunity Act in 1996, when adjusted for inflation. This continued erosion of TANF’s purchasing power has contributed to a significant decline not only in the number of individuals directly receiving assistance – the most recent data indicates that a monthly average of 3.9 million individuals received TANF benefits in Fiscal Year 2014, compared to the 11.4 million individuals receiving welfare assistance in 1997 – but also a significant decrease in the percentage of families with children in poverty who are receiving any cash assistance under the program, with the Center on Budget and Policy Priorities estimating that only one-quarter of such families received cash assistance in 2013.¹ While we recognize that in the current fiscal climate Congress must balance multiple competing and compelling interests, we believe that the positive changes outlined in the proposed legislation would be even more effective if TANF were to be funded at a level that corresponds with the actual scale of need.
- **Eliminate the “all-families” work participation rate.** National Skills Coalition strongly supports the proposed elimination of the “two-parent” work participation rate under section 9, but we are disappointed that the discussion draft maintains the all-families work participation rate as the central performance measure for state TANF programs. The problems with the work participation rate are well-documented and well-understood: it puts substantial pressure on work-eligible TANF recipients to participate in low-paying work activities that are unlikely to contribute to longer-term success in the labor market; creates administrative burdens for TANF agencies and service providers who must

¹ <http://www.cbpp.org/research/family-income-support/tanf-continues-to-weaken-as-a-safety-net>



document work participation; and provides limited incentives for states to develop and implement meaningful career pathways for TANF recipients.

The discussion draft points a better way forward. Under proposed section 7, states will now be required to negotiate performance levels relating to employment and median earnings of TANF leavers, similar to the performance indicators that are applied to the six core programs under the Workforce Innovation and Opportunity Act (WIOA). These measures would not only provide a better measure of TANF's success in helping recipients transition out of poverty and into family-sustaining employment, but would support greater alignment with other federal workforce and education investments. Rather than applying these measures to a relatively small percentage of the state basic assistance grant, the committee should seize this opportunity to jettison the work participation rate entirely and instead measure performance by how well state TANF programs are meeting the long-term employment needs of participants. The committee could also consider giving states the option to elect either work participation rates or the outcome indicators under section 7 as their primary performance measures.

In the event that the committee does not accept the recommendation to eliminate the work participation rate altogether, we would encourage the committee to consider steps that would reduce the administrative burdens on states and service providers in tracking participation. In particular, while we strongly support the committee's efforts to expand access to education and training programs, we are concerned that the current requirements relating to verification of work participation will make it difficult for community colleges, community-based organizations, and other training providers to enroll and serve TANF recipients. To alleviate these concerns, the committee could consider language that would allow successful participation in key federally-supported programs – including adult and youth training programs under WIOA Title I, adult education programs under WIOA Title II, and training services under the Supplemental Nutrition Assistance Program (SNAP) – to be automatically counted as meeting the minimum hour requirements. This step would make it easier for TANF recipients to obtain the skills and credentials they need to succeed in the labor market, while also reducing duplication of services at the state and local levels.

We note that the proposed performance indicator under section 7 relating to median earnings for TANF leavers is different from the WIOA indicator, in that it would measure earnings changes between the second and fourth quarters after program exit, rather than simply measuring median earnings during the second quarter after exit. To avoid confusion and ensure that states are able to better align investments under WIOA and TANF, we would encourage the committee to adopt a performance accountability framework that is as



closely aligned with WIOA measures as is practicable, including considering interim indicators of progress such as measurable skills gains

We would also respectfully encourage the committee to consider eliminating section 4 of the discussion draft, which would prohibit the Department of Health and Human Services from authorizing or approving waivers to the work requirements under TANF. While we recognize that this provision is intended to clarify Congressional intent with respect to work requirements, we believe it is important to maintain at least some administrative flexibility to support innovative strategies that allow states to achieve the broader purposes of poverty reduction and improved employment outcomes. We believe that eliminating any options for waivers may also undercut the committee's efforts under section 11 of the discussion draft to promote greater coordination and planning between TANF and other federal workforce programs.

- **Eliminate the current cap on vocational educational training.** The discussion draft leaves as an "open question" the possibility of lifting the current statutory cap on vocational educational training and secondary school attendance that may be counted towards a state's work participation rate. In the event the committee opts to retain the work participation rate as a measure of state performance, we strongly urge the committee to lift the cap on these activities.

According to the most recent data available from HHS, 41 percent of adults receiving TANF assistance in Fiscal Year 2012 had fewer than 12 years of formal education, and only 5.7 percent of adults had any form of postsecondary education. In an economy where as many as 80 percent of all new job openings will require at least some education and training beyond the secondary level², it makes little sense to impose restrictions on TANF recipients that limit their ability to access these skills. Lifting the cap will give states greater flexibility to design TANF programs that reflect the educational needs of participants, including through career pathways models that align adult education, job training, and supportive services to help low-skilled individuals transition into and advance in high-demand occupations.

- **Ensure that training grants under the proposed "Improving Opportunity Fund" are well-coordinated to state and local workforce investments.** Section 10 of the discussion draft proposes to replace the current TANF contingency fund with a range of competitive grants to support demonstration projects, including \$75 million to support training in in-demand occupations as defined under section 3 of WIOA.

² <http://www.nationalskillscoalition.org/resources/publications/file/middle-skill-fact-sheets-2014/NSC-United-States-MiddleSkillFS-2014.pdf>



National Skills Coalition strongly supports federal investments in high-quality job training, and we believe that the proposed training grant program – if implemented appropriately – provides a useful tool to improve connections between TANF and other workforce programs. We would recommend that the committee strengthen the existing language by explicitly encouraging states to propose strategies that are aligned with new programmatic requirements under WIOA, including the development and implementation of industry or sector partnerships as defined under section 3(26) of WIOA, and career pathways programs as defined under section 3(7) of WIOA. Given the relatively high percentage of TANF recipients who lack a high school diploma or recognized equivalent, we would also encourage the committee to include explicit linkages to adult education programs funded under WIOA Title II. Adding such language would send an important signal to states about the importance of leveraging and coordinating investments across programs, while also helping connect TANF recipients to workforce strategies that have demonstrated effectiveness in meeting the needs of low-skilled, low-income individuals.

Again, we applaud the Committee for their efforts to improve and modernize the TANF program, and we look forward to working with you to ensure that the final legislation supports meaningful opportunities for TANF recipients to fully transition into family-supporting employment.