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Chairman Ryan, Ranking Member Van Hollen, and Members of the Committee:

Thank you for inviting me to testify today. I consider it a privilege to have the opportunity to speak with members of the House Budget Committee.

In response to instructions from the Committee, I'm going to talk about "The War on Poverty at 49"; the positives and negatives of the current welfare system; and changes that could be made at both the State and Federal levels that would have a positive impact on poverty levels.

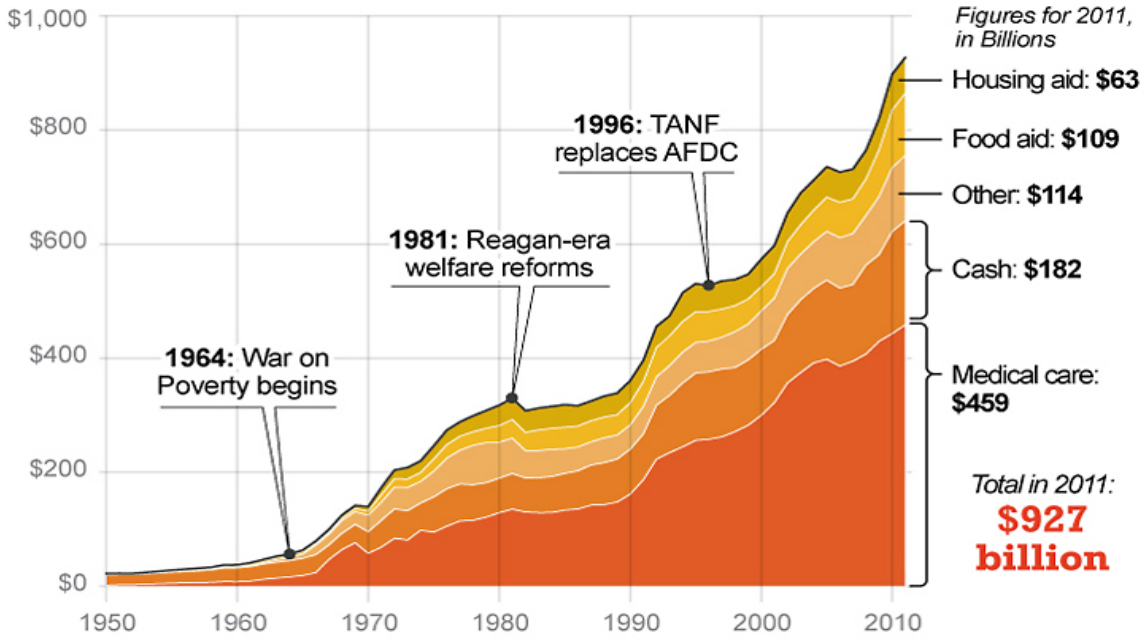
Introduction

The War on Poverty officially began in the United States on January 8th, 1964 during President Lyndon Johnson's first State of the Union Address. On that day the President opened the initial salvo in a war that the American people are still fighting forty-nine years later. When Johnson stated, "This administration today, here and now, declares unconditional war on poverty in America" (1), he was setting into motion a series of social welfare initiatives that have caused reverberations in American society and within the American family that are still being felt today. By the end of the Johnson administration in 1969, forty new programs aimed at eliminating poverty had been started. Today, these programs remain the foundation of our current welfare system. As the War on Poverty nears the half century mark it is vital that the nation takes a fresh look

at these programs, with the purpose of ascertaining if they have had the intended effects on the people that they were designed to serve. If it is determined that they have not had the desired outcomes, or even worse had a negative impact on the populous, then we must decide what changes need to be made in order to help get us closer to winning this vital battle.

Background

Currently, there are 60 means-tested programs funded and directed by the federal government. The make-up of this staggering catalog include: 12 programs providing food aid; 12 programs funding social services; 11 programs for housing assistance; 10 programs providing cash assistance; 9 vocational training programs; 3 energy and utility assistance programs; and 3 child care and child development programs (2). In addition, there are an overabundance of similar programs that are funded and operated at the state and local level. Federal and state governments spend close to a trillion dollars a year on means tested benefit programs with the goal of reducing poverty (3).



Source: FamilyFacts.org

The number of programs and the tax-payer investment continue to climb at an alarming pace. The growth in anti-poverty programs has surged by 49 percent in just the past decade, even after adjusting for inflation (4). It is not a new revelation that the War on Poverty has failed to progress as President Johnson had envisioned. At the onset of the War on Poverty in 1964 the U.S. poverty rate stood at 19 percent. According to the latest census figures, today's poverty rate stands at 15.1 percent (5), only a few percentage points below the 1964 level. This meager reduction in poverty levels occurred even with the federal and local governments spending more than $15 trillion on poverty abatement programs over the past 49 years (6).

Even taking into account the increasing financial price tag attached to the War on Poverty, these costs pale in comparison to the price associated with the negative societal impacts of these programs. The new welfare programs developed from 1964 to 1996 were based upon the Aid to Families with Dependent Children Act (AFDC) which was passed as part of the New Deal in 1930. Policy makers at the time intended the program to spare widows with children from having to work outside the home. Because of the nature of housework and the societal views regarding mothers working, it was thought that government aid should be used to keep mothers home with their children. The program policies were based on the assumption that the father of the children was dead. When AFDC was used as the foundation for all of the new poverty abatement programs, it negatively impacted the family structure of the people receiving government assistance. Under these programs' policies the welfare payments to support children were made to the single parents, usually single mothers. The eligibility of government assistance was threatened if there was a male in the home. The structure of the War on Poverty programs

before 1996 discouraged stable family relationships by punishing those in poverty if there was an employed or employable male within the home. In no racial group were the effects of these policies more greatly felt than that of black-Americans. In 1960 only 19.1 percent of black-American children were being raised in a single-mother home (7). Today that number has ballooned to 50.4 percent (8). It is alarming that since the modern civil rights movement, the family structure for black-Americans has crumbled more than at any time in the generations following slavery. The long term consequences of the War on Poverty resulted in driving fathers away from their families, encouraging poor single-parent families and dramatically increasing unwed adolescent child bearing.

By the 1980s, even the staunchest supporters of the War on Poverty could not ignore the damage that was being done to poor families. With policies that punished stable families and individuals who held any type of meaningful employment, generations of families were locked in the never ending cycle of welfare dependency. Led by my former boss, Wisconsin Governor Tommy Thompson the nation started to reform the failing welfare system. Wisconsin replaced AFDC with Welfare to Work (W-2) as the primary poverty abatement program. The reform in Wisconsin was a revolutionary way to look at government assistance. We believed that lavishing welfare benefits on recipients without asking anything in return locked people into a trap of welfare dependency, never gaining the life skills or employment history to rise significantly above the poverty line. With W-2 we stopped looking at government assistance as a welfare program, instead viewing it as a jobs program. We established work requirements that needed to be met in order to receive benefits and developed programs to aid in obtaining child care, health care, transportation and job training so that participants could

meet the work requirements. As a result of the reforms we starting making in 1987, Wisconsin cut its number of welfare cases by 93 percent by the beginning of the 21st century (9).

It didn't take long for the rest of the nation to take note of the successful reforms in Wisconsin and demand change at the federal level. Heeding the public's demand for reform, in 1996, Congress replaced AFDC with Temporary Assistance for Needy Families (TANF). TANF changed the entitlement nature of welfare. By its very name, it was intended to be temporary aid with time limits. Along with that change, Congress established four new goals for welfare. First, assistance should be given to needy families so that children could be cared for in their own homes. Second, government should promote job preparation, employment and marriage in lieu of cash welfare payments. Third, government should promote programs that discourage and reduce the number of children born out-of-wedlock. Fourth, government should encourage the formation and maintenance of two-parent families. The conversion from AFDC to TANF is by far the single most important social policy development since the beginning of the War on Poverty. After TANF was created, welfare rolls dropped by roughly half (10) while poverty dropped to its lowest recorded level in U.S. history for black children by the year 2001 (11).

Given the initial success of TANF, why has the poverty level in the United States returned to levels almost as high as when the War on Poverty has began? It is easy to attribute the entire increase to the Great Recession. But in doing so, people are failing to see the entire picture regarding the cause of poverty. Welfare reform has reduced the number of families receiving assistance but has not necessarily addressed the underlying

problems that detract from positive outcomes for children. A greater emphasis on family issues could be the key to promoting positive child outcomes in families receiving welfare. Shifting the focus on welfare reform from mother focused to a focus on both of the child(ren)'s parents is the answer.

Since the beginning of the War on Poverty, the focus of welfare was always on assisting mothers, with the total exclusion of the roles fathers play in a family's ability to rise from poverty. One might conclude that the single-minded focus on mothers indicates that fatherhood is an unworthy role for a man. We have made a societal statement that fatherhood is only about money and that men are not expected to nurture their children. In the way we structure welfare, we have indicated that men are not important to whether or not a family succeeds. But study after study has shown that when fathers are <u>not</u> involved in the lives of their children, kids are more likely to live in poverty, commit crime and fail in school. One does not need a study to see the results of fatherlessness, just look at the inner cities across the nation! The need for involved fathers is just common sense. Children who live in single-parent homes tend to have more emotional, educational and physical problems than children living with both parents. While both boys and girls suffer from welfare's singular focus on women, boys are impacted by the negative effects in much harsher ways. Boys make up a majority of youthful substance abusers, the majority of homeless children and the majority of children in foster care. In addition, 70 percent of all youths in state operated institutions come from fatherless homes (12). A boy living in a single-parent home is twice as likely to be incarcerated as his peer living with a mother and a father, regardless of the parents' race, income or

education level. Under the current welfare system, men are vilified, marginalized and disconnected from society.

Faced with the staggering costs of this war, with little evidence that the programs have accomplished much in addressing the root causes of poverty, the American people are demanding change in the battle plan. In a recent Rasmussen Report study, nearly half of the American people surveyed said that they believe that our nation's welfare programs do the opposite of their intended purpose and instead increase the level of poverty in the United States (13). Based upon the current poverty rate and the number of families who are stuck in the cycle of dependency generation after generation, the American people are right to question our current welfare system. The goal should change—we are not fighting an endless war—government is limited in what it can do and should do. Government can provide, with caution and humility, incentives for families to become self sufficient. To do that the nation will have to go where we have never gone before.

Recommendations

As in the last century, Wisconsin is leading the way in reshaping the War on Poverty. Just as my former boss Tommy Thompson revolutionized the system with Welfare to Work, my new boss Governor Scott Walker is reshaping the debate with initiatives to address the underlying issues that cause generational poverty. Governor Walker has focused on four factors when looking to restructure Wisconsin's social safety net, keeping in mind that the the goal is creating positive outcomes for children and families. First is that underlying conditions may contribute to a family's precarious

economic situation. Second is that strengthening families requires attention to fathers as well as mothers; it still takes two. The third factor is that a child's neighborhood and community also play an important role in supporting children and families. Finally, work is more than just a means to a paycheck; rather it is an important part of developing a sense of worth and a means by which a family and individual is integrated into the community. By keeping the focus on child well-being and efforts to address the other goals of TANF, specifically keeping families together, reducing out of wedlock births and encouraging two-parent families, Wisconsin is serving as a model for the rest of the nation on how to promote child well-being and ending dependence on government benefits.

With these goals in mind, Governor Walker has just signed into the budget the expansion of Wisconsin Works benefits to non-custodial parents, which generally means the father in the family. This serves the dual purpose of focusing on the creation of jobs and engaging fathers to help them gain the tools to be more positively engaged in society and the lives of their families. As I've indicated, for decades, human services focused mainly on the mother and her children and that most families on welfare are single-parent families. A variety of studies has made it abundantly clear that children living in single-parent families are at a higher risk for negative outcomes such as a lifetime of poverty, incarceration and homelessness. This approach clearly has not worked! Most families on welfare are single-parent families. But, when children in single-parent families receive financial support from the non-custodial, non-resident parent they are less likely to live in poverty and the chance of them breaking out of the welfare trap increases. Governor Walker's vision in re-engaging fathers recognizes what should be common sense—

fathers matter! Fathers are extremely important influencers of their kids, whether they live with their children or not. Thus, if children's well-being is a serious concern in the War on Poverty, then the needs and aspirations of fathers must also be served. An additional benefit of focusing on non-custodial fathers is that men who have gainful employment get married. On the other hand, men without jobs don't marry and women don't marry men without jobs. Promoting marriage was one of the most important aspects of welfare reform. Marriage is vastly important for children's well-being! By removing barriers for non-custodial fathers to gain job training and access to meaningful work that will support families, we begin to re-enable family stability and marriage. Work helps establish a sense of being and purpose for men and gets us closer to the attainable family goal of self-sufficiency.

Focusing the structure of welfare services on the entire family is a vital change in helping the needy overcome the barriers to independence. It is important to maintain and strengthen the work requirements that were established in TANF. In July of this year, the U.S. Department of Health and Human Services granted itself authority to "waive compliance" with all of the work provisions in the TANF program. This is a decision that seriously threatens the gains that have been made in reducing the welfare caseload under TANF. Following this course is a move in the opposite direction of what is needed if we are to truly help more people become self sufficient and integrated into the community. The TANF work requirements were anything but onerous. They require that 30 to 40 percent of able-bodied recipients engage in a wide variety of things that are considered work activities, including government funded job training programs, for a total of 20 to 30 hours per week. According to Professor Lawrence Mead at New York University,

TANF was so successful because it required welfare mothers to go work with a clear-cut work requirement (14). Professor Mead not only extolls the benefits of the work requirement, but he believes that having a similar work requirement for men is the key for reconnecting men with the workforce and having a serious chance at urban reform in the United States. The work requirements in TANF must be preserved at all costs and even expanded into other poverty abatement programs like the Supplemental Nutritional Assistance Program (SNAP)!

If we are truly going to assist families in becoming self-sufficient, we need to give the people seeking assistance the tools of self-sufficiency. This means job training, as well as an appreciation that work, not government, is what will lead them to a better life. The American people seem to understand the need to have work requirements attached to our welfare assistance better than many policy makers. In a recent Rasmussen Report survey, 83 percent of American adults favor including work requirements to all welfare aid (15). Wisconsin Governor Scott Walker listened to the voices of the people! In the latest biennial budget Wisconsin established requirements that most able-bodied adults spend at least 20 hours a week working or getting job training in order to receive SNAP benefits. People who do not meet the 20 hour a week work requirement would have their SNAP benefits limited to three months of assistance over three years. This is a step in the right direction. We saw significant damage done to families by not having work requirements under AFDC; we are starting to see a similar cycle of dependency with SNAP. The current SNAP program asks almost nothing from non-working, able-bodied recipients in order to obtain benefits. This means that the program does nothing to help lead people towards self-sufficiency. Historically, about half of food stamp assistance has

gone to families with children who have received benefits for more than eight years. Fundamental reform of SNAP is needed in order to refocus the program on promoting employment and independence from government assistance for able-bodied, working-age recipients. The rest of the nation should follow the lead of Governor Walker by starting to reform SNAP through work requirements.

If the goal of work requirements for public assistance is to help people find employment that can support a family, then the nation must address the issue of the welfare cliff. The welfare cliff is the point at which people who have advanced in the work place and climbed up the income ladder lose all of their welfare assistance. The way in which all of our aid programs are structured is that your income either makes you eligible for benefits or makes you ineligible for benefits. This approach actually serves as a disincentive for people to become more self-sufficient. A recent paper demonstrated how through the stacking of welfare benefits, many individuals receiving welfare stand to lose financially by increasing their income (16). If we are serious about using tax-payers' dollars to provide assistances that helps families become self sufficient and reducing the number of people who are dependent on the tax-payers for their financial well-being, then we must change the policy to provide more flexibility to states and a inclusion of fathers and men. Men and fathers should not have to commit a crime to get the tools they need to become self-sufficient or care for their families.

We also need to address the temptation recipients have to not take the steps needed to improve their employment skills because they are comfortable with their financial status when government assistance is added on top of their work income. The best approach to removing this temptation is by the implementation of fixed time limits.

Recipients of all means tested public assistance programs should face a deadline at which point their assistance is cut off. Incentives to work should be arranged in a manner that assists families in being ready for self-sufficiency when they meet these time limits. Congress often is most productive when a deadline is looming or there is an urgency to act; the majority of people are the same way. Time limits force change!

Conclusion

The War on Poverty has not experienced the success that Lyndon Johnson envisioned. Due to the policies governing how assistance has been administered, far too many Americans are now dependent on the tax-payer. This is not fair to either the people stuck in the system or to the tax-payers who are funding these programs. Being responsible wards of tax-payer dollars is our sacred duty as policy makers. We can do a better job. Through sensible reform that focuses on the benefits of work, puts a greater emphasis on family and engages both parents in accepting their responsibility for the family the made, government can remove itself from people's lives. Independence from welfare programs empowers the poor to experience more liberty and allows them to contribute their talents to the community. As a result, the nation benefits from a more integrated society where all of our citizens' talents and knowledge are utilized.

1) http://www.pbs.org/wgbh/americanexperience/features/primary-resources/lbj-union64/

2) http://news.investors.com/ibd-editorials-perspective/091710-547746-more-proof-we-canand8217t-stop-poverty-by-making-it-more-comfortable-.htm?p=full

3) http://www.familyfacts.org/charts/310/since-the-war-on-poverty-began-in-1964-welfare-spending-has-skyrocketed

4) http://www.heritage.org/research/reports/2012/10/federal-spending-by-the-numbers-2012

5) http://aspe.hhs.gov/hsp/12/povertyandincomeest/ib.shtml

6) http://www.cato.org/sites/cato.org/files/pubs/pdf/PA694.pdf

7) http://aspe.hhs.gov/hsp/trends/tables.pdf

8) http://www.census.gov/prod/2011pubs/p70-126.pdf

9) http://www.ontheissues.org/2008/Tommy_Thompson_Welfare_+_Poverty.htm

10) http://www.cato.org/sites/cato.org/files/pubs/pdf/PA694.pdf

11) http://www.heritage.org/research/reports/2003/06/sharp-reduction-in-black-child-poverty-due-to-welfare-reform

12) http://thefatherlessgeneration.wordpress.com/statistics/

13) http://www.rasmussenreports.com/public_content/business/general_business/july_2012/49_say_current_government_programs_increase_level_of_poverty_in_u_s

14) http://www.manhattan-institute.org/html/cb_44.htm

15) http://www.rasmussenreports.com/public_content/business/jobs_employment/july_2012/83_favor_work_requirement_for_welfare_recipients

16) http://www.aei.org/files/2012/07/11/-alexander-presentation_10063532278.pdf