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Sargent Shriver National Center on Poverty Law

Advancing Justice and Opportunity

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Hearing on Welfare Reform: A New Conversation on Women and Poverty

**Senate Committee on Finance
September 21, 2010**

Thank you for the opportunity to testify about the current status of women and poverty, and what the status of women means for welfare reform. The Sargent Shriver National Center on Poverty Law champions fair laws and policies so that people can move out of poverty permanently. Specifically, the Women's Law and Policy Project's mission is to create and promote legal and policy solutions to improve the lives of low-income women and girls.

This testimony includes three main components. First is a brief discussion of women and poverty in Illinois. Second is a set of critical suggestions to improve TANF when it is reauthorized. Third is information regarding the innovative changes to Illinois TANF which have recently been implemented and should serve as a guide for further amendments to TANF.

Poverty and TANF in Illinois

Nearly 10% of Illinois families experienced poverty last year.ⁱ Only one in nine Illinois families in poverty receive TANF.ⁱⁱ Among families with children under 18, over 15% were poor, and the data is even more daunting for female-headed households. Among female-headed households with children under 18, the proportion of families living in poverty soars to near 39%, and for such households with children under five the poverty rate is over 45%.ⁱⁱⁱ In Illinois, 8.5% of children are growing up in extreme poverty (under one half the poverty line),^{iv} and many are not being helped by TANF at all. Even before the recession, increasing TANF participation rates to the AFDC levels would have lifted 800,000 children out of extreme poverty nationally.^v TANF is currently not reaching the vast majority of eligible families, and our families are suffering because of it.

Looking Forward – Goals for TANF Reauthorization

Measure Success with the Alleviation of Poverty

As we work towards re-authorization of Temporary Assistance for Needy Families (TANF), we must design the program to be a robust and flexible safety net focused on the economic wellbeing of the poor and very poor. In order to do so, we must first measure success in terms of alleviating and ending poverty, not caseload reduction.

While caseloads have plummeted across the country,^{vi} measures of poverty and extreme poverty have remained stubbornly high over the last decade, only to rise further during the current recession.^{vii} Women and children are disproportionately likely to experience poverty and extreme poverty.^{viii} This reveals that, while there are a great many causes for the reduction in TANF caseloads,^{ix} a decline in the profound need for a robust safety net with cash assistance simply is not one of them.

State Accountability and Flexibility

We must ensure state accountability for the use of funds *to help the poor* while at the same time allowing adequate flexibility for each state to best serve its own needs. While states should be subject to more stringent reporting requirements and a more narrow focus on alleviating poverty, this must be accompanied with greater flexibility for states to try creative new programs and invest in what works. The Temporary Assistance for Needy Families (TANF) emergency contingency fund (ECF) has now expired. Before it ended, the funding stream prompted state creativity all around the

country and put one quarter of a million people to work. Here in Illinois, 25,000 parents in low-income families who had been displaced from employment by the recession or otherwise were in need of employment, got jobs that paid \$10 an hour and added to their work experience and future employability. Reauthorization should further encourage subsidized work and state creativity in using TANF and MOE funds to alleviate poverty.

It is critical that TANF reauthorization also allow greater flexibility in meeting the work requirement so that women can use their limited period of cash assistance to increase their skills. Our current restrictions on education and training push heads of households – predominately women – into low-skill, low-wage, dead-end jobs, and continue the cycle of poverty. By contrast, allowing more flexible education and training to count towards the TANF work requirement will allow women to access careers which pay a family sustaining wage and increase long-term financial independence.

Encourage Education and Training that Work

In reauthorizing TANF, Congress must remove barriers to education and training for public benefits recipients and other low-income people. Given the strong link between educational attainment and earnings, low-income people must be afforded the opportunity to participate in education and training that will improve their earning capacity. This includes Adult Basic Education (ABE), English as a Second Language (ESL), high school and general education development (GED) certificate programs, vocational training, and higher education. Policies that discourage access to quality education and training for low-income people must end.

Those eligible for public benefits programs must be seen as integral to our economy. They must be seamlessly folded into the larger workforce, education, and economic development systems and not treated as just an afterthought. The Obama Administration and Congress have made great strides in this direction, but more must be done to invest in policies and programs that target low-income people and move them out of poverty and into career-path employment. Examples include: Transitional Jobs, bridge programs, a guarantee of at least two years of post-secondary education or training, financial aid policies that support working adults and other nontraditional students, and helping two- and four-year colleges play an increasing role in workforce development by promoting innovation in program content and delivery, including partnerships with community based organizations that serve women and minorities. Reauthorization presents an opportunity to incentivize states to address these issues by creating performance measures based on clients' employment, earnings, education, and skill development and their successfully addressing barriers to work, rather than a short-sighted focus on caseload reduction.

Increase Benefits

We must expand TANF in terms of the amount of benefits, the proportion of eligible individuals served, and the eligibility of families with earned income below the poverty line. First, we must increase the value of cash assistance so that families can attain a reasonable standard of living. Illinois, like many states, provides TANF grants which are so low they do not even raise a family to one-half the poverty line. In fact, the basic TANF grant in Illinois for a family of three is only \$399 to \$432 a month, depending on county.^x Once significant increases in the value of cash assistance have been achieved, Congress should index TANF to inflation. Grants must be sufficient to help

temporarily stabilize a family while they get back on their feet and move towards economic independence. Second, it is imperative that every person who is eligible for public benefits actually receive them in the amount and for the duration necessary, and be provided the social services and work supports needed to increase individual capabilities. Third, as Illinois has, we must increase the earned income disregard to further encourage employment and support a smooth transition to economic self sufficiency. Finally, we must eliminate asset limits on TANF receipt.

Require the Family Violence Option

Although most states have adopted some form of the Family Violence Option (FVO), an overhaul is necessary since the FVO is underutilized and is not serving its intended purpose. First and foremost, Congress must replace the state option with a mandate with minimum standards for screening, service referral, caseworker training, and waivers.

A challenge for survivors of domestic or sexual violence is securing and maintaining TANF benefits. The safety and recovery needs of these survivors may be jeopardized by TANF requirements, such as cooperating with child support enforcement, participating in work activities, and the 60-month time limit on receiving benefits. Either regulatory or statutory changes should allow states to deduct individuals who receive FVO waivers from the federal work participation rate upfront, not after the rate is calculated and applied only if a state does not meet its participation rate

Following the example of Illinois, Congress should expand the FVO to include survivors of sexual violence (sexual assault, child abuse, teen-dating violence, and stalking).

IL TANF Reforms

In Illinois, we have made significant strides to increase the accessibility of TANF. In January 2010, Illinois enacted Public Act 96-0866, which made both substantive and procedural changes to TANF in Illinois.^{xi} By making benefits available sooner, and to more poor individuals, our TANF program has become a more robust safety net during the recession. In fact, Illinois has experienced a relatively significant increase in TANF receipt during the recession, rising approximately 32% since April, 2008^{xii} and 10% in just the two months since Public Act 96-0866 went into effect on July 1, 2010.^{xiii}

Substantively, the law increases earned income disregards in two ways. First, the law disregards all earned income below 50% of the poverty line in determining initial TANF eligibility. Second, the law increases the amount of the earned income disregard applicable once an application is approved – raising the disregard to three-fourths from two-thirds of a recipient's earned income. This encourages employment and keeps families eligible for limited assistance until they reach the federal poverty level.

Procedurally, Public Act 96-0866 increased the efficiency of the application process to better assist poor and vulnerable families and children. Improvements include: requiring benefits to be paid within 30 days of the date of application instead of 45 days; making benefits payable from the date of application rather than 30 days after application; and allowing applicants 30 days after their application before they are required to participate in work-related activities.

These policies, taken together, have assisted vulnerable Illinois families, and represent reasonable, practical policies which should be implemented nationwide. We have seen during the

recession that TANF provides inadequate benefits to too few recipients, creates insurmountable hurdles for victims of domestic and sexual violence, and does not allow the state-level creativity and aggressive response that the recession has required. TANF reauthorization presents the opportunity to re-dedicate the program to its most critical goal, the alleviation of poverty, while at the same time furthering the aims of reducing dependency on aid and strengthening families.

Thank you for the opportunity to address these important issues. I would be happy to follow up with you on any of these issues. I can be reached at 312-368-3303 or wendypollack@povertylaw.org.

ⁱ U.S. Census Bureau, American Community Survey 2009, Illinois, Selected Economic Characteristics, *available at* http://factfinder.census.gov/servlet/MYPTable?_bm=y&-geo_id=04000US17&-qr_name=ACS_2009_1YR_G00_CP3_1&-context=myp&-ds_name=ACS_2009_1YR_G00_&-tree_id=309&-_lang=en&-redoLog=false&-format=.

ⁱⁱ *Id.*

ⁱⁱⁱ *Id.*

^{iv} U.S. Census Bureau, American Community Survey 2009, Illinois, Table S1703: Selected Characteristics of People at Specified Levels of Poverty in the Past 12 Months, *available at* http://factfinder.census.gov/servlet/SITTable?_bm=y&-context=st&-qr_name=ACS_2009_1YR_G00_S1703&-ds_name=ACS_2009_1YR_G00_&-CONTEXT=st&-tree_id=309&-redoLog=true&-geo_id=04000US17&-format=&-_lang=en.

^v Kay Brown, General Accounting Office, Testimony Before the Subcommittee on Income Security and Family Support, Committee on Ways and Means, House of Representatives, *Temporary Assistance for Needy Families: Implications of Changes in Participation Rates* 6 (2010), <http://www.gao.gov/new.items/d10495t.pdf>.

^{vi} The average decline in caseload from 1995 to 2005 was 87%. Kay Brown, General Accounting Office, Testimony Before the Subcommittee on Income Security and Family Support, Committee on Ways and Means, House of Representatives, *Temporary Assistance for Needy Families: Implications of Changes in Participation Rates* 1 (2010), <http://www.gao.gov/new.items/d10495t.pdf>.

^{vii} Nationally, 6.3% of individuals were in extreme poverty (below 50% of the poverty line) in 2009. This is significantly greater than the 5% in 2000. U.S. Census Bureau, American Community Survey, Calculations by the Center on Budget and Policy Priorities, <http://chn.org/pdf/2010/ACSDepPovbyState2000-09.pdf>.

^{viii} National Women's Law Center, Poverty among Women and Families, 2000-2009: Great Recession Brings Highest Rate In 15 Years (2010), <http://www.nwlc.org/resource/poverty-among-women-and-families-2000-2009-great-recession-brings-highest-rate-15-years>.

^{ix} A discussion of some reasons, particularly the extremely significant decline in the proportion of eligible individuals who are on TANF, appears in: Kay Brown, General Accounting Office, Testimony Before the Subcommittee on Income Security and Family Support, Committee on Ways and Means, House of Representatives, *Temporary Assistance for Needy Families: Implications of Changes in Participation Rates* 1 (2010), <http://www.gao.gov/new.items/d10495t.pdf>.

^x Illinois Department of Human Services, TANF Worker Action Guide 25-03-05, *Table of Monthly Allowances*. *Available at:* <http://www.dhs.state.il.us/page.aspx?Item=12673>.

^{xi} The text of the bill is available at: <http://ilga.gov/legislation/publicacts/fulltext.asp?Name=096-0866>.

For more information, *see* Dan Lesser, Illinois General Assembly Moves to Repair Frayed Safety Net for our Most Vulnerable Families, Sargent Shriver National Center on Poverty Law, May 2009, <http://www.povertylaw.org//newsroom/2009-press-releases/2009-05-15.pdf>

^{xiii} Illinois Department of Human Services, *Just the Facts* reports: <http://www.dhs.state.il.us/page.aspx?item=43824>, <http://www.dhs.state.il.us/page.aspx?item=44375>.

^{xiii} Public statements of Jennifer Hrycyna, Associate Director, Human Capital Development, Illinois Department of Human Services. October 4, 2010.