

June 6, 2002 letter - welfare reform

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The Honorable Max Baucus
Chairman, Senate Finance Committee
219 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Charles Grassley
Ranking Member, Senate Finance Committee
219 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Baucus and Senator Grassley:

We are writing on behalf of the nation's Governors to commend your leadership in seeking a truly bipartisan approach to the reauthorization of the Temporary Assistance for Needy Families (TANF) block grant. Welfare reform was enacted in 1996 on a bipartisan basis, and we believe reauthorization is a key opportunity to renew this historic partnership. We encourage your timely consideration of legislation that acknowledges the resounding success of welfare reform throughout the nation thus far and provides states the tools to move to the next stage of welfare reform.

We appreciate that many of the provisions included in the pending reauthorization proposals in the Senate reflect principles included in the welfare reform reauthorization policy adopted by the Governors at the Winter Meeting of the National Governors Association (NGA). We also appreciate the fact that many of the Governors' principles are also reflected in the President's proposal for welfare reform. A copy of the NGA policy is attached for your review.

The flexibility of the TANF block grant was the cornerstone of the 1996 reforms. This flexibility has allowed 50 different states to operate 50 different programs and has given states the ability to allow local communities to develop their own unique approaches to addressing families' needs at the community level. Governors believe it was this flexibility, rather than a one-size-fits-all approach, that led to the great success of welfare reform.

Governors believe that the emphasis on work should continue to be paramount in welfare reform. States continue to build on their proven success of promoting work -as well as retention and advancement strategies - and urge Congress to build on this success with workable and achievable goals. Governors support the notion that TANF clients should be engaged in work preparation or employment activities. Governors also believe that states should have greater flexibility to define what counts as a work activity to help them meet performance targets under the TANF program. As states address recipients' needs on a more individualized basis, many states are finding that a combination of activities on a limited basis, such as work, job training, education, and substance abuse treatment, leads to the greatest success for some individuals. Congress should recognize the success of these tailored approaches to addressing an individual's needs. We also encourage you to continue the special consideration currently given to recipients with children under age six as you address TANF work requirements.

For many families, a successful transition from welfare to work is based on the reliability of child care assistance. As more welfare recipients move from welfare to work, the need for child care funding will increase. Governors believe funding for child care should continue to be a priority for the federal government, and we appreciate that pending reauthorization proposals recognize this need. We hope Congress will resist the temptation to earmark additional child care funds so that states will have maximum flexibility in expanding access to child care for low-income families.

We encourage you to provide states the option to continue or renew existing TANF waivers, and Governors strongly support enhanced waiver authority that would allow states to develop innovative approaches for greater program integration and alignment among programs that serve low-income families.

Governors support the following provisions, which are included in pending Senate proposals, and believe they should be incorporated into a final welfare reform reauthorization package.

- States should have the option to serve legal immigrants with TANF funds and to enroll legal immigrant pregnant women and children in Medicaid and the State Children's Health Insurance Program (SCHIP).
- The federal government should provide \$2.8 billion each year for the Social Services Block Grant as promised to states in 1996.
- States should have enhanced flexibility to maintain rainy-day accounts and to use carry-over TANF funds for non-cash assistance, such as child care and transportation.
- States should continue to receive credit for helping to move families off welfare, and placement into private sector employment after leaving welfare should be valued and encouraged through a meaningful system of credits and bonuses.
- States should have greater flexibility with respect to expenditures considered "countable" toward maintenance-of-effort funds.
- The federal government should continue to provide funding for the TANF supplemental grants and the TANF contingency fund, and should make modifications to improve states' ability to access the TANF contingency fund.
- Transitional Medical Assistance (TMA) for recipients who move from welfare to work should be continued without reducing state Medicaid administrative funds.
- States should have the option to passthrough a greater share of child support collections to families so long as the federal government is required to forego its share of retained collections.

The nation's Governors look forward to working with you on a bipartisan basis as we move toward the next stage of welfare reform.

Sincerely,

Governor John Engler
Chairman

Governor Paul E. Patton
Vice Chairman

Attachment



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