

Testimony of Stephen Cornell¹

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I have been asked to testify about the results of a study that I co-directed, completed last year, on the impact of welfare reform on American Indians and Alaska Natives. In the spring of 2001, the National Congress of American Indians (NCAI) asked two organizations to join together to provide them with an overview and evaluation of the experience of American Indians with welfare reform, and in particular of the impact on American Indians and Alaska Natives of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA). The two organizations were the Kathryn M. Buder Center for American Indian Studies in the George Warren Brown School of Social Work at Washington University, St. Louis, and the Native Nations Institute for Leadership, Management, and Policy in the Udall Center for Studies in Public Policy at The University of Arizona. Dr. Eddie F. Brown, director of the Buder Center at Washington University and I, director of the Udall Center at The University of Arizona, jointly supervised the study, which we delivered to NCAI at their annual convention in November, 2001.²

This testimony summarizes key findings from that study. I should note that the conclusions I am presenting in this testimony are not mine alone but represent the findings of the research team as a whole.

Methods

The funding available for this study was sufficient to support only modest field or survey research. Therefore, the study team employed four methods to analyze the impact of welfare reform. First, we reviewed all the available printed or internet accessible research, commentary, and opinion we could find that either looked at welfare issues among American Indians and Alaska Natives or seemed to offer relevant insights. These sources ranged from government and academic studies to testimony by tribal leaders to commentary by state officials to journalistic accounts of welfare issues.

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² The full report is Eddie F. Brown, Stephen Cornell, Miriam Jorgensen, Leslie S. Whitaker, Melinda Springwater, Michelle Hale, and Ami Nagle, "Welfare, Work, and American Indians: The Impact of Welfare Reform. A Report to the National Congress of American Indians." Dr. Eddie F. Brown and Dr. Stephen Cornell directed the study; Dr. Miriam Jorgensen oversaw preparation of the final report. The report is available in pdf format on the Udall Center website <udallcenter.arizona.edu>.

Second, Eddie F. Brown and Melinda Springwater carried out a mail survey with telephone follow-up of all tribal Temporary Assistance for Needy Families (TANF) program administrators, asking 44 questions on an array of issues related to TANF and associated programs. Of the 34 administrators, 28 completed the survey, providing critical information for our report.³

Third, various project staff had a number of less formally organized interviews and discussions with TANF staff, federal TANF officials, state officials, tribal leaders, and other professionals directly involved in welfare programs in Indian Country, as well as with a small number of welfare recipients. Some of these were carried out by telephone; others were done in person at conferences, in tribal offices, and elsewhere.

Finally, various members of the research team attended a number of conferences and meetings on Indian welfare reform in the summer and autumn of 2001, where we were able to listen to an increasingly vigorous debate in regard to these matters.

Welfare Reform and Tribal TANF Programs

The welfare reform legislation of 1996 offered Indian nations the opportunity to design and administer their own TANF and child support programs. Instead of requiring tribes to work through state governments to receive federal dollars for these social programs, this legislation allowed tribal governments to contract directly with the federal government. As of October of 2001, 34 tribal entities (both individual tribes and consortia of tribes) had taken over administration of their own TANF programs. These 34 programs included more than 170 tribes in 15 states and served between one third to one half of all American Indian and Alaska Native families enrolled in TANF. The other half to two thirds of these families were being served by state TANF programs.

While not all tribes have elected to take over administration of TANF and related programs, there have been substantial advantages in doing so. Direct control and the flexibility and design discretion that Congress has permitted have allowed tribes, in turn, to design programs that speak directly to distinctive reservation needs and circumstances. It also has improved the accessibility of welfare-related services, moving service provision closer to the populations being served and allowing those services to be more responsive to those populations. In effect, the law has both expanded opportunities for tribal self-government and improved the quality of reservation welfare services.

Despite these advantages, many tribes have elected *not* to take over TANF. The primary reason appears to be financial: tribes have received fewer resources than states for program administration and support and lack alternative resources that they can use to make up the shortfall. In addition, tribes face some challenges—such as transportation needs—that are particularly burdensome and that they have insufficient resources to

³ Eddie F. Brown and Melinda Springwater, "Tribal TANF Administrator Survey," raw data, Kathryn M. Buder Center for American Indian Studies, George Warren Brown School of Social Work, Washington University, St. Louis, 2001.

address. As a result, a significant number of tribes that wish to run their own TANF programs have been unable to do so.

Is Welfare Reform Working in Indian Country?

Since 1996, welfare reform in the United States appears to have been successful at reducing welfare caseloads in many states and moving substantial numbers of welfare recipients into jobs for at least some portion of the year. However, while the aggregate picture is in some ways encouraging, the detailed picture is more mixed. Particularly in the more rural areas of the United States, welfare rolls often have remained stubbornly high, and it is not clear that similar proportions of those leaving the rolls have found jobs or kept them.

These areas include many of the Indian reservations of the United States and many Alaska Native communities. Here, welfare reform has been much less successful. While many states have seen significant drops in overall welfare caseloads, American Indian caseloads have not dropped as fast. In Arizona, for example, while overall caseloads had fallen 59% by 2000, American Indian caseloads dropped only 40%, and on some reservations, the number of caseloads increased. In South Dakota, caseloads overall dropped 69% since the implementation of welfare reform but dropped only 9% among American Indians. In Montana, caseloads overall dropped 26% but *increased* 0.5% among American Indians.⁴

A predictable result of such differential caseload declines is that, in a number of states, American Indians increasingly dominate the welfare rolls as urban or semi-rural non-Indians make the transition to work and rural Indians fail to do likewise. In 1996, for example, Indians made up 60% of the welfare rolls in South Dakota; by 1999 that figure had risen to 76%. In 1996, 43% of the welfare rolls in North Dakota were Indian; by 1999 that figure was 58%. In 1996, Indians were 36% of the welfare rolls in Montana; in 1999 they made up 50% of the rolls.⁵ In such areas, one result of welfare reform has been to make welfare increasingly “Indian.”

While information on the impact of welfare reform on Indian family and community well-being is much more difficult to come by—very little systematic research has been done—the sparse data that are available are not encouraging. The U.S. Department of Health and Human Services has funded one longitudinal study of the

⁴ Shanta Pandey and Eddie F. Brown, “Implementation of the Temporary Assistance for Need Families (TANF) Program on American Indian Reservations: Early Evidence from Arizona,” U.S. Department of Health and Human Services, 1999; Shanta Pandey and Min Zhan, “How Are Families Faring under Welfare Reform?” U.S. Department of Health and Human Services, 2000; Administration for Children and Families, U.S. Department of Health and Human Services, “Temporary Assistance for Needy Families (TANF) Program: Third Annual Report to Congress,” Office of Planning, Research, and Evaluation, 2000.

⁵ Vee Burke, “Indian Tribes and Welfare Reform,” Congressional Research Service, Washington, DC, 2001; Administration for Children and Families, U.S. Department of Health and Human Services, “Temporary Assistance for Needy Families (TANF) Program: Third Annual Report to Congress,” Office of Planning, Research, and Evaluation, 2000.

effects of welfare reform on American Indians. This study—still underway—examined three tribal communities in Arizona. Among the findings to date: nearly a quarter of American Indians who had moved from welfare to work under the new legislation had stopped working within three months, and half were not working after one year. Only a small portion of those who had made the move were working full-time. Even among those with full-time employment, there was evidence of widespread hardship. Forty-five percent of the respondents to the study reported that they were unable to afford enough food for their families, and 21% reported that gas or electricity had been turned off because of their inability to pay utility bills. Respondents reported an average hourly wage of \$6.80 (average monthly wages of \$591), which is insufficient to lift their families above the federal poverty line. Finally, it appears that approximately 40% of those in these three communities who had left the welfare rolls did so without any employment at all.⁶

These findings are limited to the three tribes involved in the Arizona study; however, discussions with tribal TANF administrators and others familiar with welfare reform in Indian Country have lent them broad anecdotal support.

Reasons Why Welfare Reform Is Doing Relatively Poorly in Indian Country

There are a number of reasons why welfare reform is doing relatively poorly in Indian Country. More detailed findings are presented in our full report, but I will focus here on six factors that appear to explain much of the difference in outcomes: inadequate TANF funding, distinctive populations of welfare recipients, job scarcity, transportation, child care, and inadequate skills and job training.

Inadequate Funding

While being asked to accomplish the same things as states, Indian tribes have been denied some of the program resources that states have received. Compared to states, tribes suffer a variety of funding inequities. For example, states were able to choose from three funding formulas in determining TANF grant amounts, but tribes had no such choice. Instead, a tribe in a given state receives an amount based on the 1994 payment made by the federal government, under the Aid to Families with Dependent Children (AFDC) program, to that state for American Indian families living in specified service areas. Because most states did not keep AFDC data broken out by American Indian race/ethnicity, it is widely accepted that the 1994 data on which these payments were based were not reliable, typically undercounted eligible families, and diminished the funding available to tribal programs.

⁶ Pandey and Brown, *op. cit.*; Pandey and Zhan, *op. cit.*; Shanta Pandey, Eddie F. Brown, Ming Zhan, Sarah Hicks, and Patricia Welch, "State of Welfare Families on Reservations: Progress, Setbacks and Issues for Reauthorization." Working paper, Kathryn M. Buder Center for American Indian Studies, George Warren Brown School of Social Work, Washington University, St. Louis, 2001.

A less obvious funding hurdle is the lack of federal funding for infrastructure development and program start-up. Unlike states, which have received federal support for infrastructure building over the last 60 years of AFDC administration, tribal TANF programs do not receive support costs and start-up money from the federal government. This differential investment means many tribes, unlike states, take on TANF administration from a standing start, without the benefit of the administrative infrastructure that states have spent years developing. Some tribes have had to invest considerable sums of their own over and above federal TANF monies to get their programs off the ground, but many Indian nations, such investments are impossible: they simply lack the necessary resources. It is these sorts of funding issues that have discouraged many tribes from taking over TANF programs.

Other funding inequities include the fact that tribes receive none of the bonuses offered to states for reducing caseloads, unwed births, or teen pregnancies. Tribes also are not eligible (as states are) for funds to evaluate their programs—resources that have very useful to states.⁷ Finally, states are not required to contribute TANF Maintenance of Effort (MOE, or matching funds) to tribal TANF programs. While most states have opted to provide MOE to tribal TANF programs, those tribal programs that operate without MOE are serving their populations with 30-50% fewer resources than were available for their populations in 1994.

These funding shortages translate into shortages in staff, staff training, and services, limiting program effectiveness.

Distinctive Populations to Serve

The resource inequities noted above are exacerbated by the fact that tribal TANF populations typically include higher proportions of what are known in the literature as “hard-to-serve” clients who face multiple barriers to employment. A number of factors have contributed to this. Generations of dependency and economic stagnation (or worse) have produced reservation populations with high proportions of residents with little work experience and few job skills. Reservation populations also are relatively young and have historically low levels of education. In addition, deeply entrenched poverty, inadequate social services, high rates of certain kinds of diseases, and the scarcity of effective programs dealing with mental and behavioral health issues on reservations have produced some reservation welfare populations with a high proportion of individuals suffering from emotional, psychological, or behavioral problems that complicate the move from welfare to work. These inexperienced or troubled populations are particularly difficult—and expensive—to serve and often require complex programmatic responses that effectively integrate a variety of services.

Of course many states and counties have faced similar phenomena, but only after significant caseload declines—that is, after the most able workers have left the welfare rolls. Yet many tribal communities (similar to other rural communities facing extreme

⁷ See National Academy Press, *Evaluating Welfare Reform: A Framework and Review of Current Work*, interim report. Washington: National Academy Press, 1999.

poverty) have not seen comparable declines in caseloads. This suggests that tribal programs have proportionately more “hard-to-serve” clients. It also means that these programs typically have had to focus more of their attention and energy on helping tribal welfare recipients overcome significant barriers to employment that are rooted not solely in external circumstances but in individual client histories as well. Anecdotal reports from TANF program staff are that many clients have deeper and more multi-faceted needs than anticipated.

Consequently, even if “dollars per client” were equalized between state and tribal cases, the “dollars necessary per positive outcome” would remain unequal, as many reservation populations are proportionately more costly to serve.⁸

Job Scarcity

Job scarcity is an overwhelming barrier to TANF program success in Indian Country. Program managers on many reservations—particularly rural ones—confront an enormous “job gap”: the difference between the size of the labor force, including discouraged workers, and the number of jobs generated in local economies. In such conditions, *everyone*—not just welfare recipients or “hard-to-serve” populations—has difficulty finding jobs.

This fact is apparent in reservation unemployment rates. Rural Indian reservations, like other rural areas, did not experience the same degree of job growth and increased employment that much of the U.S. experienced in the late 1990s. Reservation unemployment and poverty rates remained discouragingly high in these years. According to the Bureau of Indian Affairs, average unemployment across all Indian reservations in 1999 was 43%; on some rural reservations it was in the 70 and 80% range or higher.⁹ There is no reason to believe there has been any significant decline in these rates since then.

Under such conditions, many of those leaving the welfare rolls face a stark set of options: either leave their homelands in search of work somewhere else—by no means a guaranteed choice and an extremely difficult one for many reservation families—or rely on the already-overburdened, informal family support networks through which many reservation residents, trapped deep in poverty, struggle to survive.

Current welfare policy has paid little attention to this problem. In a sense, the supply side has been ignored: moving people from welfare to work is an admirable policy goal, but it has little chance of success if there is no work to move to. Where will the jobs that reservation welfare recipients need come from?

⁸ See Sarah L. Hicks and Eddie F. Brown, “The Future of Welfare Reform: Considerations for Reauthorization.” Washington: National Congress of American Indians, 2000.

⁹ U.S. Department of the Interior, Bureau of Indian Affairs, Office of Tribal Services, “Indian Labor Force Report, 1999.” Washington: Bureau of Indian Affairs, 1999.

One response by some tribes has been increased efforts at public-sector job creation, expanding tribal government so as to absorb more of the unemployed. But this strategy holds little long-term promise. It is politically risky, tying employment to government funding decisions, many of which are outside tribal hands. It is economically limited because public sector activity lacks the dynamic, inherent, job-creating potential that productive economic activity offers. Finally, it is unlikely to produce anything like the number of jobs that reservation economies need.

This points to a major shortcoming in welfare programs in Indian Country: the lack of attention in federal policy to reservation economic growth.

Transportation

Even if there were significant numbers of new jobs available in Indian Country, reservation residents face other obstacles to employment. The two obstacles most often mentioned by program directors, welfare recipients, and others to whom we talked were transportation and child care.

The lack of transportation is an enormous obstacle facing welfare recipients trying to obtain and keep employment on many reservations. The distances many people must travel to work on large, rural reservations are often long. Large numbers of Indian families—in the Arizona study, it turned out to be a majority of welfare recipient respondents—do not own an automobile. Public transportation is almost completely absent. This combination of factors leaves many TANF recipients effectively stranded. In a very real sense, moving from welfare to work is impossible for many reservation residents because there is no way for them to get there.

There are some federal programs, such as the Access to Job and Reverse Commute Grants, which are intended to assist states and localities in developing new or expanded transportation services that connect welfare recipients to jobs or employment services. However, tribal access to these funds has been limited. This particular program requires a state letter of endorsement and a 50% tribal funding match, and its priorities reflect a federal emphasis on projects that already use mass transportation. Tribes typically have few funds for the required match, and most rural reservations have no mass transportation at all.

In short, the transportation problem is substantial, but tribes have few funds to deal with it.

Child Care

The other frequently mentioned obstacle to work force entry by welfare recipients is the lack of child care services. The 1996 legislation expanded the Child Care and Development Fund (CCDF), which assists low-income families and those leaving welfare in obtaining child care so that they can participate in training and education and, ultimately, go to work. Tribes can take advantage of these funds and have considerable

flexibility in doing so. In addition, PRWORA increased certain funds that tribes could use to support child care. These developments have had positive effects, although CCDF expires this year.

Even with these additional funds, however, child care services in Indian Country are inadequate to the need and constitute a significant obstacle to employment for many reservation residents who have no access to child care options. Many of the currently available services or programs run into other problems as well. Some Indian families distrust large child care centers or have difficulty—thanks to the transportation problems already discussed—getting their children to centers that are far away. For cultural reasons, many Indian families also prefer Indian service providers, who are often in short supply.

This points to what tribal TANF administrators reported as the single largest barrier to effective child care delivery to TANF clients: the lack of qualified child care providers. Solving this problem will require recruitment and training—for which there are few funds.

Inadequate Skills and Job Training

Successful movement of welfare clients into sustained employment also depends on client skills and knowledge and on clients' ability to function successfully in work environments and in specific job situations. As already noted, many reservation populations are young and have limited work experience. In addition, many welfare clients need improved skills and training if they are to be successful in the labor force. Finally, there are significant numbers of persons in reservation welfare populations who suffer from various kinds of behavioral health problems, such as substance abuse, that confront tribes with complex training and treatment tasks. This combination of factors makes the tribal job and skills training challenge a daunting one.

A number of federal programs provide direct funding to tribes so that they may provide employment services and training to tribal citizens living on or near reservations. Several of these programs, such as the Department of Labor's Welfare-to-Work (WtW) program and the Native Employment Works (NEW) program in the Department of Health and Human Services, are targeted at TANF recipients; others target a broader Indian service population.

However, despite enormous needs, federal funding for tribal employment and training programs has not increased at all since PRWORA, with the sole exception of the two years of tribal WtW funding. The NEW funding level was frozen by PRWORA. Meanwhile, the constant dollar value of Indian funding under first the Job Training and Partnership Act of 1982 (JTPA) and now the Workforce Investment Act of 1998 (WIA) has declined by more than 50% in the last decade and a half.¹⁰ In short, a critical piece of the welfare-to-work puzzle is severely underfunded in Indian Country.

¹⁰ Norm DeWeaver, "Constant Dollar Value of Indian Job Training Programs, 1984-2000." Indian and Native American Employment and Training Coalition, Anchorage, Alaska, 2001.

One federal law that has been of great advantage to some tribes is Public Law 102-477, the Indian Employment, Training and Related Services Demonstration Act. This law allows tribes that receive funding for several employment-related programs to combine these resources and integrate diverse employment, training, and related services (such as child care), even if these services are funded by different federal agencies. Integration allows tribes to pool resources, operate programs under a single plan, single budget, and single reporting system, and focus more on client needs than on federal program priorities. The law provides no additional funding, and not all eligible tribes have chosen to participate in the provisions of the Act (which requires application to the Secretary of the Interior). But tribes participating in 477 report that the Act serves its facilitative purposes. They have been able to save staff time, reduce paperwork, reallocate funds, and respond where needs are greatest. Many have established “one-stop” welfare service operations that are much easier for welfare clients to deal with. In particular, the 477 tribes report serving substantially more people and improving the effectiveness of their services.

In view of the paucity of funding for training and employment services in Indian Country, programs such as 477 that allow pooling of resources and integration of services become even more important, for they allow Indian nations to bring local knowledge and experience to bear in the allocation of funds and the ground-level organization of programs, greatly increasing potential program efficiencies. Programs such as 477 are an important component of the welfare system and deserve support.

Conclusion

Our study looked at a number of other welfare-related program areas, such as child support enforcement, Medicaid, and the Food Stamp Program. Our full report includes additional details not only on these programs but on the findings summarized in the preceding pages.

Our primary conclusion is that the combination and concentration of obstacles to welfare reform on Indian reservations means that current welfare policies are bound to fail in much of Indian Country. In the areas of TANF administration, transportation, child care, and job training, funds are simply inadequate to the task that Indian nations face. The obstacles to employment are enormous; the available resources are modest.

We are particularly concerned by the fact that current policy largely ignores economic growth as a welfare reform strategy for Indian Country. Even if the funding problems with TANF and its related training programs can be solved—and these are substantial—and even if federal policy were to provide Indian nations with more flexibility and control over the design and implementation of reform—and we believe it should—a sobering fact remains: without an economic growth strategy—that is, without jobs—welfare reform in Indian Country will fail. Either it will drive significant numbers of tribal citizens further into poverty as they lose support and find no alternatives, or it will force large numbers of them to leave their homelands in search of employment,

undermining tribal communities and embittering Indian peoples. Neither outcome is acceptable to Indian nations, and neither outcome should be acceptable to the United States.

Finally, much of what is known about welfare reform and American Indians comes from a very small number of studies, a broad pool of anecdotal information, the insights of practitioners working in TANF and related programs, and inferences drawn from work on non-Indian populations. These sources are significant, but they leave some of the most important questions about welfare reform and its impacts in Indian Country unanswered. As the reauthorization debate on PRWORA gets underway, we simply do not know much of what we need to know. The decision-making that lies ahead will lack much of the grounding in reliable information that good policy-making requires.

In the meanwhile, welfare policy—whatever concrete form it takes—will continue to play a disproportionately large role in the lives of Indian people. As much as any population in the country—and more than most—they will bear the direct effects of welfare policy decisions. Surely they deserve policies built on reliable knowledge of the impact reform has had and of the ways it might be improved.

Some key areas in which additional research and evaluation are sorely needed:¹¹

1. What happens to those who leave the welfare rolls?

At the state level, leaver studies have been critical in helping policymakers understand how well their TANF (and related) programs are operating. There is almost no such information on American Indians. This makes it difficult for tribes to know how well their programs are working and for states to determine how program impacts vary among different state populations.

2. How do the impacts on *Indians* of tribally run TANF programs differ from the impacts on *Indians* of state-run TANF programs?

American Indians' option to receive TANF services under either a state or tribal program (but not both) raises this key research question, but no systematic study has been done, across states, of how Indians fare under the two types of policy regime.

3. What effect does TANF have on migration onto and off the reservation?

Migration by welfare recipients or former recipients has direct effects both on the burdens borne by state and tribal programs and on the burdens borne by welfare-receiving individuals and their immediate and extended families. Similarly, state or tribal program specifics may have direct effects on migration. Apart from small-sample studies and anecdotal evidence, we simply don't know what the relationship is between TANF and the movement of Indian populations.

¹¹ A more complete research and evaluation agenda, with considerably more detail, is outlined in the full report.

4. How effective are current employment and job training efforts?

We know very little about how effective job training efforts are in either (1) preparing welfare clients to obtain and retain jobs or (2) assisting tribes in improving the skills of their labor pools in ways that are linked to—and thereby support—tribal development strategies.

5. On any reservation, what is the state of the job supply, what is the state of the labor supply, and how can the two be linked?

Studies of reservation job supplies are scarce, but they can make a critical contribution to the effort to design policies that address local needs. Without such studies, it is difficult to appreciate the challenge that welfare reform faces in Indian Country. Additionally, few tribal governments have a reliable, detailed idea of the nature of their own labor force, but such information could help guide investments in job training and development. The two bodies of information together could help tribes provide better services to their people.

6. How can data gathering and evaluation efforts be revised to accommodate tribal priorities and circumstances?

Systematic data gathering on tribal TANF programs, related programs, and their results is rare, crippling both tribal and federal efforts to develop more effective and efficient welfare policies. Furthermore, evaluation standards reflect federal and state priorities. Subject to federal and state funding decisions, tribes have to conform to federal and state reporting practices. But these seldom take tribal priorities or distinctive reservation circumstances into account.

7. What specific federal and state policies would assist tribes in creating sustained, self-determined economic growth?

Without economic growth, welfare reform on many reservations is unlikely to be successful. What practical policies will support reservation economic growth?