



**Testimony of Heather Reynolds
Michael L. Smith Managing Director
Wilson Sheehan Lab for Economic Opportunities (LEO)
University of Notre Dame**

**Before the U.S. House of Representatives
Committee on Ways and Means
Subcommittee on Work and Welfare**

March 29, 2023

Introduction

Thank you, Chairman Smith, Chairman LaHood, Ranking Member Davis, and Members of the Committee. I serve as the Managing Director of the Wilson Sheehan Lab for Economic Opportunities, or LEO, at the University of Notre Dame, where we work with innovative service providers to build rigorous evidence around programs designed to move people permanently out of poverty. Our mission is to reduce poverty in the United States through evidence-based programs and policies.

Prior to joining LEO, I spent almost two decades as CEO of Catholic Charities Fort Worth. The clients we had the honor to serve are people who taught me about poverty, about struggle and strength, and about the incredible disconnect that exists between policy and on-the-ground work.

The TANF program is one that was particularly head scratching to me in my days as a provider and now in the role I have at Notre Dame. I observed many clients who benefitted from TANF and many more who were working poor and not

qualified. I observed how recipients often were required to do various activities to keep their benefits, but those activities did little to appropriately support them into the workforce. In the research we conduct at LEO, I see studies that show us what works to put people on a pathway out of poverty—often a combination of flexible financial assistance paired with intensive case management.

These experiences lead me to express three main points with you today.

My first point is that **TANF needs to be restructured in a way that does not make people worse off, but instead gives them a way out.**

I will never forget Kristina as I sat in on a meeting with her about savings. As her case manager broached the subject, Kristina, a single mom with two children, responded with “I am a good saver.” Her strategies were sound—every time she used her debit card, she got \$5 cash back and put it towards her savings. Her case manager asked where she saved it. “In a plastic piggy bank in the back of my closet.” And when her case manager asked her how much she had, she shared, “Oh, around \$6,000.”

This single mom was a great saver—no doubt. She only worked part-time because she had small children to care for and no help after fleeing a horrific domestic violence situation. She was going to vocational school, supported by Catholic Charities, to be ready for a full-time job once her youngest hit kindergarten—a job that would pay her a living wage and solve future benefit needs. Until then, she couldn’t put her money in a safe place like a bank. Why? It would be an asset and she would lose all public benefits, including TANF. She would have to spend her savings over the next few months to make up for the loss of benefits. She would have to try to get back on benefits, and the time lapse would cause her to go into debt. When she did get that living wage job, she would have no savings. What she would have would be plenty of debt. She had to keep her money in the back of her closet, because it was the soundest financial decision she could make in her situation.

Kristina needed her TANF dollars, her part-time job, and support from Catholic Charities to stay afloat while she worked to improve her earnings and her family’s stability.

LEO recently completed a study where there were similarities to the services Kristina received. The Bridges to Success program is designed to provide working poor residents of Rochester, New York with economic mobility mentors. These mentors help participants move out of poverty, one issue at a time, by focusing on housing, family support, debt and savings, education, and employment.

Participants set explicit goals and work to achieve self-sufficiency while being provided with financial incentives along the way. This pairing of mentorship and financial help allows the clients to handle today and make measurable steps closer to a life outside of poverty tomorrow.

LEO's rigorous study, a randomized controlled trial of Bridges to Success, measured the impact of the program on the working poor individuals it serves. And participants, compared to a control group, are more likely to be employed, and this result persists over time.

Why does this program get such great results? Because it meets a family where they are today and sequences services in a variety of domains to get them where we want them to be tomorrow. Programs like this understand the fine dance of how to move a family out of poverty.

My second point is that **TANF needs to be designed in a way where financial assistance is flexible and case management is robust.**

I met Rosa's family when they were just about to be evicted. Her husband was working but making only about \$24,000 a year. Rosa needed to get to work.

Catholic Charities got Rosa a job and she quit. We got her another job and she quit. Many would say Rosa wasn't serious about working. But Rosa's case manager knew her too well to believe that. Rosa was placing her two-year-old son in a daycare situation that most of us mamas would shudder at. It was all she could afford.

Her case manager made a deal with Rosa. Rosa would find a safe, reasonably priced childcare center. We would pay for the first three months of childcare, and then half of the next three months, as long as Rosa kept a job. This afforded Rosa

the opportunity to meet all of her goals—a safe place for her son, the ability to work, and the ability to get six months of paychecks under her belt before the whole childcare bill fell to her.

And guess what? Rosa is now a certified IT specialist, promoted three times over the last six years. Her family is thriving, and she never asked for help since. Rosa benefited from flexible funding to help with her most pressing need—safe, quality childcare—so that she could work and increase her family's financial standing.

We have research to back up this flexible, robust approach. LEO recently completed a randomized controlled trial study of the Padua program. Padua is a holistic case management program designed by Catholic Charities Fort Worth to address the unique assortment of barriers faced by families in poverty. Because of small caseloads, they are able to build strong relationships with families. Families have access to strategic, flexible financial assistance that case managers can use to incentivize the behavior that leads them to achieve their goals.

Padua clients were 25% more likely to be employed, and those who were unemployed when offered Padua services earn 46% more. They are 60% more likely to be stably housed 24 months later and experience a sharp decline in credit card debt that persists over time.

My third point is that **we need evidence to lead the way.**

TANF funds are used for many things including job training, childcare, and cash assistance. And unfortunately, we do not have great information about which of these efforts are effective. In some cases, we have research that demonstrates they are ineffective. Evidence building and usage has to be key in any welfare reform efforts.

At LEO, we have over 90 research projects building evidence to help us understand what works. We take the most creative leaders in this space and design research studies, studying the impact of their services. It is hard enough to run a social service agency and then add on top of that a research study. But these organizations do it because they believe if they can understand their impact, it can be used to scale and replicate their work. Many of our provider partners serve

TANF recipients who work, and they also serve poor families who work but do not qualify for TANF. To get people to move out of poverty (whether that includes TANF or not), we need evidence-based programs that work.

It is your role to pay attention to this evidence and to use it. As policymakers, we need you shouting from the rooftops—or said another way, allocating policy dollars to allow evidence-based services to scale, because they work.

Case in point is the Goodwill Excel Center of Central and Southern Indiana, which operates 15 tuition-free, public charter high schools that support adult learners in completing their state-certified high school diploma. The Excel Center provides small classes on a flexible schedule, assistance with transportation, on-site childcare, and life coaching.

It works—and some states are following the evidence. Arizona recently allocated \$12 million to replicate this model in Phoenix. Indiana is currently considering the Governor's proposal to expand Excel Centers statewide with \$14 million appropriations over the next two years.

It's your turn—you want to see people off of government programs and frankly, the majority of people on government programs want to see themselves off of them too. Let's invest where the evidence directs us—the Goodwill Excel Centers are a great example.

Closing

In closing, it is an honor to serve at the University of Notre Dame, which has a clear mandate to be a force for good in our country. The research we are producing continues to tell us that the way low-income Americans achieve a life outside of poverty is through flexible financial assistance paired with mentorship or case management. The answers are there—we just need you to follow the evidence.