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Interstate Variation in Welfare Benefits and the Migration of the Poor: Substantive Concerns and Symbolic Responses

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Abstract

Nearly all states are thinking about reforming their welfare systems, and several states—particularly those that offer high welfare benefits—are taking action. A major concern is that poor people are moving to high-benefit states in order to receive the benefits offered by those states. It is unclear, however, if this "welfare migration" is extensive enough to break the budgets of high-benefit states. Nevertheless, legislators in those states are seeking to stop it, usually through two-tier benefit schedules whereby new arrivals to a state are temporarily paid the welfare benefits they would have received had they remained in their original state. The authors discuss the extent to which two-tier benefit schedules represent substantive reform or symbolic action. In their estimation, current strategies for welfare reform fail to address the causes of poverty and welfare dependency and may only intensify the antagonism many Americans feel toward the poor.

Interstate Variation in Welfare Benefits and the Migration of the Poor:
Substantive Concerns and Symbolic Responses

Welfare reform has been back on the national agenda since President Clinton announced in his 1994 State of the Union Address that he means to "end welfare as we know it."[1] At the center of his attack on welfare is a two-year time limit for the receipt of public assistance.[2] Rather than waiting for the President's plan to make its way through Congress, states have been developing their own reforms in response to the pressure to reduce the welfare rolls and cut costs. States have been experimenting extensively in trying to reduce people's reliance on public assistance, especially since the Omnibus Budget Reconciliation Act of 1981 granted them authority to experiment with welfare-to-work programs.[3] Subsequently, a "new paternalism" has engulfed the states and they have sought waivers from the federal government authorizing them to demonstrate the effectiveness of various conditions attached to receiving public assistance.[4]

Given the substantial discretion states have in the decentralized system for providing public assistance, including the setting of benefits, *national* welfare reform has proven hard to achieve.[5] Getting states to agree on uniform standards for public assistance has historically been difficult. The recent state reforms, in fact, in part reflect an interstate conflict—the issue of "welfare magnets" or the idea that relatively high benefits in some states encourage people to move in from other states in order to receive those high benefits.[6] While the evidence for this sort of "welfare migration" is sparse and highly contestable, state policymakers have not only been talking about this controversial issue but are taking actions. Most commonly, their responses take the form of erecting two-tier benefit schedules that offer newcomers for a period of time the benefits they would have received if they had stayed in their previous states of residence.[7] Although the U.S. Supreme Court in 1969 struck down state durational residency requirements in *Shapiro v. Thompson* as unconstitutional violations of a citizen's Ninth Amendment implied right to travel,[8] several states have sought to use two-tier benefit schedules to impose durational residency requirements for receiving full benefits in those states. The espoused goal is to discourage welfare migration from other states.[9] As the following analysis suggests, some state policymakers may very well be concerned about welfare migration as a substantive issue; however, two-tier proposals may be little more than weak gestures in the symbolism of welfare magnet politics.

The analysis that follows examines the welfare magnet issue and its consequences for the system of providing public assistance in the United States. First we review data on interstate variation in benefit levels in order to see whether states are allowing the welfare magnet issue to affect benefit levels. Then we examine the evidence on welfare migration to assess the extent to which it can be said that people move from one state to another in order to receive higher welfare benefits. Following that is a consideration of the substantive and symbolic dimensions of the welfare magnet issue. Next we look at the specific responses being proposed by states. We follow this with a consideration of the legality of these proposed responses and conclude with a discussion of alternatives.

BENEFIT DECLINE: A COMPETITION TO THE BOTTOM?

While the welfare magnet issue has come to include efforts by states to restrict access to public assistance generally, most efforts attempt to prevent new residents of a state from taking full advantage of that state's Aid to Families with Dependent Children (AFDC) program.[10] AFDC is the main public assistance program for non-aged poor families with children.[11] Since its creation by the Social Security Act of 1935, AFDC has been a national-state program in which the federal government sets basic guidelines and reimburses states for some of the costs of the program (in recent years, 50 percent to 80 percent, depending on the ratio of state per capita income to national per capita income). States continue to have substantial discretion in AFDC, including the ability to set benefit levels. As Paul Peterson and Mark Rom have emphasized, the variation in benefits has historically been wide.[12] In 1960 for the forty-eight contiguous states and Washington, D.C., monthly benefits for a four-person family with no other income varied from a low of $50 in Mississippi to a high of $230 in Washington—almost a fivefold difference. As of 1993 benefits ranged from $633 a month for a family of three with no income in California to $120 in Mississippi, still approximately a fivefold difference.[13]

Comparing the difference in benefits between the most generous state (California) and the least generous state (Mississippi) does not give us a representative picture of the variation in benefits, since the benefits in California and Mississippi are considerably higher and lower, respectively, than the average state benefit. For this reason, we have organized states into low-, medium-, and high-benefit groups based on their benefits in 1960. When examined from this perspective, it becomes apparent that although the variation in benefits persists, the gap is narrowing. As shown in Table 1, the difference between the low and high groups declined from 1960 to 1989. The average monthly benefit for a four-person family with no countable income in 1960 was $362.75 in low-benefit states and $821.69 in high-benefit states—a difference of $458.94; by 1989, the corresponding figures were $298.19 and $513.35, a $215.16 difference. This reduction in the gap has accompanied a decline in the real value of benefits, particularly in high-benefit states. It is possible that other states have supplanted the previously high benefit states and that the variation in benefits was as wide in 1989 as in 1960. Yet, examination of the standard deviation in these benefits for each year indicates that the variation in state AFDC benefits began to decline markedly after 1975.[14] There indeed has been a reduction in the variation of AFDC benefits coming with a decline in the real value of those benefits, especially in the high-benefit states. Nonetheless, the persistence of a substantial amount of variation across the states in AFDC benefits remains a real phenomenon that logically is a concern for policymakers who are worried about their states becoming welfare magnets.

TABLE 1

Average Monthly AFDC Benefits for a Four-Person Family with No Other Income, by State Benefit Levels in 1960 (in 1989 Dollars)

	Low-Benefit States	Medium-Benefit States	High-Benefit States	All States
1960	$362.75	$611.59	$821.69	$603.23
1964	377.69	600.08	773.71	587.71
1968	411.77	679.41	821.83	641.43
1970	399.62	715.15	804.63	643.17
1975	383.74	660.84	730.73	594.61
1980	335.79	563.04	640.73	515.78
1985	308.44	481.11	553.27	449.77
1989	298.19	472.06	513.35	429.63
N	16	16	17	49
Percentage Change				
1960–1989	-17.80	-22.81	-37.53	-28.78
1975–1989	-22.29	-28.57	-29.75	-27.75

Sources: See Appendix.

Notes: The numbers in the table are averages for each group of states. Alaska and Hawaii are not included because 1960 data for them are not available. The District of Columbia is included. States are divided into thirds according to their AFDC benefit levels in 1960.

One possible factor in both reducing the variation across states and decreasing the real value of AFDC benefits over time is the Food Stamp program.[15] Originally offered in some counties by the national government as early as World War II, the Food Stamp program was expanded by the Food Stamp Act of 1964. Changes enacted by Congress in 1970 and in the Agriculture and Consumer Protection Act of 1973 made Food Stamps available across the country on a uniform basis annually adjusted for changes in the cost of living. While the nationalized Food Stamp program was intended to replace national food commodity distribution programs which had been available since the 1930s, it was also intended to supplement other income including AFDC. Yet, there is evidence that many states have substituted Food Stamps for part of the AFDC grant.[16] National increases in Food Stamp benefits have allowed state policymakers to forego increasing AFDC. This seems to be especially true of policymakers in high-benefit states where perhaps the feeling was prevalent that benefits were already high enough and supplemental Food Stamps were unnecessary (see the "High States" column in Table 1). Even if it were more frequently practiced in high-benefit states, there is evidence that all states participated in substitution that allowed AFDC benefits to decline (compare the decline in each of the columns in Table 1). All states have witnessed erosion in their real AFDC benefits since the establishment of a nationwide Food Stamp program. The average decline exceeded one-quarter of the real value of the monthly benefit, falling from $594.61 in 1975 to $429.63 in 1989 for a four-person family with no other income (see "All States" column in Table 1). The decline in high-benefit states was more than one-third of the real value of the grant, while the decline in low-benefit states was below one-fifth.

In assessing benefit change, we therefore need to look at the combined AFDC–Food Stamp package. Since 1974, Food Stamps—which, unlike AFDC, is funded entirely by the federal government—has been added to the benefit package of all but a few AFDC recipients. Food Stamps boosts the real value of public assistance in all states: in 1993, the monthly benefit for a family of three with no income was $632 when Food Stamps and AFDC were combined, but only $391 just counting AFDC; Food Stamps represents a substantial and growing proportion of the benefit package and helps to reduce the variation across states.

The major effect that Food Stamps has had in reducing variation in welfare benefits is found in the way Food Stamp benefits are calculated.[17] While Food Stamps provides benefits to all eligible low-income families on the basis of their income, including AFDC, the program uses a reduction rate of $1 in Food Stamps for approximately every $3 in income. Since Food Stamps are fully federally funded and AFDC is only partially federally funded (according to state per capita income so that it is almost always the case that high-AFDC-benefit states tend to receive federal support for a lower proportion of their benefits than low-benefit states), states stand to lose about $.30 in fully federally funded Food Stamps for every $1.00 increase in partially federally funded AFDC (with the loss usually greater in high-benefit states). All states, including most especially high-benefit states, have the incentive to forego raising AFDC in order to maximize their receipt of Food Stamps.[18] Therefore, the system for financing Food Stamps not only discourages raising AFDC grants, it also reduces variation across the states.

Food Stamps reduces variation not just in AFDC benefits but in the combined AFDC–Food Stamp package as well. The higher a family's AFDC monthly benefit, the lower their Food Stamp allocation. Recipients in low-AFDC-benefit states get more Food Stamps than recipients in high-benefit states. The net result is that Food Stamps had by 1989 reduced the variation in benefits across states markedly—from about 6 to 1 from the highest to the lowest state when only AFDC is counted ($144 to $824.01) to about 2.2 to 1 when AFDC and Food Stamps are combined ($403.81 to $879.80).[19] The standard deviation for combined AFDC–Food Stamp benefits has declined consistently since 1975, indicating that this combined package has not only reduced variation in benefits across the states but that the variation is declining.[20] This reduced variation is in good part attributable to the decline in benefits among higher-benefit states which, according to Table 2, allowed their monthly combined AFDC–Food Stamp benefits for a family of four with no other income to decline (in constant 1989 dollars) from an average of $858.47 in 1975 to $662.35 in 1989.

Substantial variation in benefits across the states, however, continues even when Food Stamps are counted along with AFDC. One reason for the continued variation is that all other states also allowed their combined grants to decline, if not quite as steeply as the high-benefit states (see Table 2). Therefore, taking Food Stamps into account does not eliminate the benefit variation that can breed fear of "welfare magnets." In 1989, the monthly combined AFDC–Food Stamp benefit (in 1989 dollars) for a family of four with no other income in high-benefit states was on average $662.35 compared to $511.73 for low-benefit states—enough of a gap for some policymakers to fill with the welfare magnet issue.

Some analysts have considered the welfare package to include Medicaid as well.[21] Costing out the real value of Medicaid to recipients is technically difficult and theoretically questionable. In the extreme case, it seems nonsensical to add the cost of a life-ending operation to the buying-power of a deceased recipient. Yet, free medical care under Medicaid reduces the need to devote other funds to paying for a health insurance policy. With that in mind, Table 3 examines the change in value and variation across the states of the combined AFDC–Food Stamp–Medicaid package.[22] The figures in Table 3 in good part replicate the trends in Table 2: reduction in variation, decreases in benefits, greater declines among high-benefit states, and the persistence of enough variation so that some states will freeze their benefit levels to avoid becoming a welfare magnet.

In a critique of Peterson and Rom, Thomas Dye adds to their evidence of persistent variation in welfare benefits across states.[23] But unlike Peterson and Rom, Dye does not believe that states take their cues from each other in setting benefit levels, nor does he feel that the decentralized system of providing public assistance works to the disadvantage of the poor. Yet, both Dye and Peterson and

TABLE 2

Average Monthly AFDC–Food Stamp Benefits for a Four-Person Family with No Other Income, by State Benefit Levels in 1960
(in 1989 Dollars)

	Low-Benefit States	Medium-Benefit States	High-Benefit States	All States
1960	$362.75	$611.59	$821.69	$603.23
1964	377.69	600.08	773.71	587.71
1968	588.96	776.31	876.00	749.79
1970	582.77	803.66	866.27	753.25
1975	615.58	809.55	858.47	763.18
1980	762.25	707.86	762.25	674.79
1985	523.78	644.64	695.15	622.70
1989	511.73	633.44	662.35	603.73
N	16	16	17	49
Percentage Change				
1960–1989	41.07	0.04	-19.39	0.00
1975–1989	-16.87	-22.91	-22.85	-20.89

Sources: See Appendix.

Notes: The numbers in the table are averages for each group of states. Alaska and Hawaii are not included because 1960 data for them are not available. The District of Columbia is included. States are divided into thirds according to their AFDC benefit levels in 1960.

TABLE 3

Average Monthly AFDC–Food Stamp–Medicaid Benefits for a Four-Person Family with No Other Income, by State Benefit Levels in 1960 (in 1989 Dollars)

	Low-Benefit States	Medium-Benefit States	High-Benefit States	All States
1960	$362.75	$611.59	$821.69	$603.23
1964	377.69	600.08	773.71	587.71
1968	635.33	841.40	954.42	813.32
1970	631.97	872.70	949.48	820.73
1975	673.65	891.06	956.68	842.87
1980	619.06	787.91	857.19	756.81
1985	599.64	723.71	791.44	706.70
1989	593.71	723.19	770.16	697.21
N	16	16	17	49
Percentage Change				
1960–1989	63.67	18.25	-6.27	15.58
1975–1989	-11.87	-18.84	-19.50	-17.28

Sources: See Appendix.

Notes: The numbers in the table are averages for each group of states. Alaska and Hawaii are not included because 1960 data for them are not available. The District of Columbia is included. States are divided into thirds according to their AFDC benefit levels in 1960.

Rom are mistaken about the extent to which variation in benefits has persisted. Their mistake comes from using an inappropriate statistic to assess variation in the real value of benefits.[24] This leads them to understate the extent to which variation in state AFDC benefit levels has declined over the last thirty years. Figure 1 graphs AFDC benefits in the forty-eight contiguous states and Washington, D.C., from 1968 to 1989 and shows a decline in variation that cannot be dismissed by statistical calculation.

Dye also misstates the way in which benefit variation and interstate competition in benefits can easily co-exist. It is distinctly possible that states that historically have had higher AFDC benefit levels have in the last twenty years become increasingly concerned about whether they are welfare magnets and have responded in ways which have reduced, but not eliminated, variation. Variation continues but declines under these circumstances—just as our data indicate. Therefore, while variation persists, it may not so much be an indication of how states make AFDC benefit decisions in isolation as much as that variation is itself a point of concern which state policymakers, particularly in historically high benefit states, take into account in setting public assistance levels.

Our data then not only provide evidence about benefit variation and benefit decline; they also provide a basis for suggesting that state policymakers could be setting AFDC benefit levels with an eye towards how their actions compare with other states, as they do in other areas of public policy.[25] There has been a strong tendency for high-benefit states since the mid-1970s to let their benefits decline in real value at a faster rate than benefits in other states, bringing their benefits more in line with the average state, reducing variation across the states, and contributing to an overall decline in benefits. High-benefit states resist raising their benefits, more so than relatively low benefit states. These (non-)actions have further reinforced the ongoing decline in welfare benefits among all states. Between 1975 and 1989, the real value of the combined AFDC–Food Stamp–Medicaid monthly benefit for a four-person family with no countable income dropped in real terms 17 percent in the

Figure 1 here

average state, from $824.84 to $697.21 (measured in 1989 dollars). A similar pattern exists for the combined AFDC–Food Stamp package and an even steeper decline for AFDC benefits alone. In all three cases, high-benefit states have led the way in allowing their benefits to decline. This trend has continued into the 1990s, with AFDC benefits declining from 1975 to 1993 an average of 34 percent in real terms.[26] It is true that many factors may be helping to produce these results, including economic slowdowns, taxpayer revolts, state deficits, and an increasingly chilly political climate for welfare. The dynamics of financing public assistance itself (and Food Stamps in particular) is a factor in discouraging increases in high-benefit states. But a strong case can be made that the welfare magnet issue is making its contribution, if not as a real concern among policymakers, then as a convenient symbol rationalizing benefit reductions and exploiting the fear among voters that their state does risk becoming a welfare magnet.[27] While alternative explanations for this phenomenon need to be considered, there is good reason to think that this pattern is in part attributable to policymakers' fears in some states about having to shoulder the responsibility for the poor from other states. Although these fears may not be grounded in evidence and may actually be misplaced, they are very real. They lead states to make welfare policies that contribute to the decline in benefits and to devise schemes that offer lower benefits to new residents.

IS THERE "WELFARE MIGRATION"?

What is the factual basis for those fears about welfare magnets? The research on welfare migration has grown in recent years with additional studies. As Dye has explained, "[e]arly studies suggested that the poor migrate for job opportunities and family reasons with little knowledge of welfare rules and payments in various jurisdictions. More recent studies suggest that the poor migrate opposite net flows and toward high benefit states."[28] Even more recent studies than those reviewed by Dye cast doubt on the extent to which there is significant welfare migration.[29] Yet, the cumulative effect is heightened inconclusiveness. Major reviews of the numerous studies on whether people migrate for higher benefits leave the picture very cloudy indeed.[30]

A thoughtful analysis has been completed by James R. Walker.[31] He provides evidence suggesting there is not a welfare migration phenomenon. Identifying possible welfare magnet flows between contiguous states where one state offers a grant at least $100 higher, Walker examined the net migration of families likely to qualify for AFDC across contiguous border counties in order to develop a control for regional effects. Using census data, he found as much out-migration to the border county in the lower-benefit state as in-migration to the border county in the higher-benefit state. But because Walker's study is limited to border counties, it can by no means be considered definitive.

Peterson and Rom also stress Walker's point at looking at net migration but articulate a different understanding of what "net" means. Based on their study of the welfare magnet controversy in Wisconsin, Peterson and Rom suggest that "The Wisconsin case vividly illustrates several characteristics of state policymaking systems throughout the United States. First, the welfare magnet debate in Wisconsin, as elsewhere, focused exclusively and misleadingly on the effect of welfare benefits on the in-migration of poor people. The effects on outward migration do not have the same political significance, and therefore both sides in the debate ignored one-half of the relevant information. . . . No matter how misleading the evidence relied upon in this debate, there was little doubt that the magnet issue affected formulation of welfare policy."[32] Yet, when Peterson and Rom discuss the net effect of welfare out- and in-migration, they include people remaining in the state as well as moving out and coming in. In other words, they are interested in specifying the effect of benefits in *retaining* in-state recipients who might otherwise leave as well as *attracting* welfare recipients who arrive from out of state. Their primary conclusion from examining data for the forty-eight contiguous states and Washington, D.C., is that welfare benefits have a significant "net" effect in this sense of the term. They find that states with relatively high benefits at one point in time tend to see their poor populations growing over the subsequent period.[33] They suggest that this occurs in part because states are *retaining* recipients if not *attracting* them, or some combination of both. For Peterson and Rom, this sort of net effect is sufficient to make it understandable that some states are concerned about being welfare magnets even if most often they relied on inadequate information to frame their concerns. Peterson and Rom write:

> State redistributive policies are less generous than a national policy in part because low-income people are sensitive to interstate differences in welfare policy. This does not mean that large numbers of poor people rush from one state to another with every modest adjustment in state benefit levels. But the data do suggest that over time, as people make major decisions about whether they should move or remain where they are, they take into account the level of welfare a state provides and the extent to which that level is increasing. The poor do this to the same extent that they respond to differences in wage opportunities in other states.[34]

If it turns out that welfare migration is largely about *retention* rather than *attraction*, then two-tier welfare benefit schedules are likely to have little effect on a state's AFDC caseload. It is possible that *retention* is a qualitatively different problem, if no less important, than *attraction* and that the proponents of two-tier benefit schedules are focusing on *attraction*.

Thomas Corbett's review of the literature leads to even more ambivalence about welfare migration.[35] His analysis of the available evidence is particularly noteworthy for its comments on the conceptual problems with studying welfare migration, many of which revolve around the difficulty of identifying in census or other data the specific act of moving from one state to another in order to receive higher welfare benefits.[36] Many studies simply study surrogate phenomena that leave their results open to question. For instance, most studies concern the movement of persons living in poverty, overlooking or at least deemphasizing the fact that most persons in poverty do not receive public assistance.[37] Second, studies that attempt to isolate welfare migration risk neglecting how such interstate moves are the result of decisions involving a variety of factors, with the availability of better welfare benefits being in many cases probably not a very significant factor even among persons living in poverty or currently receiving welfare. In addition, "push" factors such as high crime rates may weigh more heavily in the migration decision than a "pull" factor like higher welfare benefits. Yet, only a few isolated surveys of newly arrived persons have sought to account for push factors. No study, for example, has been completed that specifically accounts for the effect of differential crime rates on welfare migration. Third, it is probably more meaningful to assess welfare migration for particular states than to try to estimate its extent nationally. For this reason, in recent years as certain states, such as California, Illinois, Wisconsin, and Minnesota, have become concerned about being a welfare magnet, they have commissioned studies specific to their states.[38]

Corbett offers many good suggestions about what needs to be done if future research is to clarify the issue. First, he emphasizes that we should not naively assume that sound data will always puncture social myths that are often the basis for public policy; instead, we need to recognize that such myths may thrive and influence public policy not in spite of data but because of data. Strong myths can influence the production of research as well the making of public policy. This has proven to be particularly problematic on the welfare magnet issue. Policymakers who are keen to take action in the name of stemming the tide of out-of-staters seeking public assistance have at times commissioned studies and twisted interpretation of results to reinforce pre-established prejudices about the poor and welfare recipients.

Second, Corbett pleads for "conceptual clarity" that will enable researchers to specify just what it is they mean by "welfare migration" so that they can identify it when they see it. Third, he wants better standards of proof than, for instance, simply indicating that a certain percentage of recipients come from out of state or that a certain percentage of poor persons moved from one state to another. Last, Corbett hopes for evidence that is better related to policy.

This last point is particularly well-worth stressing on the welfare magnet issue. For instance, it might very well be the case that the welfare migration issue ought to be seen, as Peterson and Rom have argued, as one of *retention* as well as attraction. If that is the case, then the two-tier benefit schedules being proposed by states in order to stem the alleged tide of welfare migration very much miss the mark. In any case, the lack of definitive research on welfare migration means that for now any policy changes dedicated to addressing the welfare magnet issue are suspect.

SYMBOLS VS. SUBSTANCE IN THE WELFARE MAGNET ISSUE

The rush to make policy without strong evidence that there is indeed a problem of welfare migration into a state ought to raise questions. Whether states ought to be concerned about becoming welfare magnets, whether concern among policymakers is actually contributing to the decline in benefits, and whether they can legally implement the actions that are currently being initiated are issues at the forefront of interstate relations today. Then again, it is important to realize that talk about changes in public assistance, such as two-tier benefit schedules, has both substantive and symbolic qualities. Substantively, state policymakers are hoping that attaching conditions to the receipt of public assistance will lead recipients to behave appropriately (i.e., in ways that will lessen their need to rely on public assistance). Symbolically, state policymakers are hoping that tightening the conditions under which people receive assistance will not so much as force recipients to behave as intended as deter people from coming onto or staying on the welfare rolls.[39]

It is therefore distinctly possible that the growing interest among state policymakers in the welfare magnet issue may have both substantive and symbolic dimensions, with one dimension being stressed over the other in different instances. In some states, talk of restricting the access of newly arrived persons to public assistance or, more commonly, of two-tier benefit schedules with persons coming from out of state receiving lower benefits or the benefits of their former state may be just that—talk, designed to denigrate the receipt of public assistance and discourage attempts to improve assistance and generally make welfare-taking even more unpopular than it already is. Policymakers interested in using the symbol of "welfare magnets" for the rhetorical purpose of rationalizing tightening and cutting public assistance have no need for sound data. Yet competent research could hopefully play a role in impeding such symbolic politics.[40]

At the extreme, rhetoric about "welfare magnets" tends to blend into xenophobia. Fear of outsiders of all kinds and how they pose a threat to a state's established way of life is easily detectable not too far beneath the surface of much "welfare magnet" rhetoric. Such talk cannot only appear racist but is.[41] The symbol of the "welfare magnet" follows up on the exploitive effects of the infamous Willie Horton advertisement that Bush supporters ran in the 1988 presidential campaign. Welfare magnet rhetoric also allows welfare recipients to be lumped in with other outsiders as a collective class of persons who should not qualify as full citizens entitled to the benefits the state has to offer. Newly arrived welfare recipients are to be considered disenfranchised as much as illegal immigrants.

In fact, policymakers in California and other states are increasingly speaking and acting in ways that are blurring the distinction between out-of-state U.S. citizens who come seeking benefits and illegal immigrants. California's Governor Pete Wilson has been particularly insistent on pushing the Clinton administration to deny benefits to U.S.-born children of illegal immigrants so as to discourage non-U.S. citizens, especially from Mexico and other parts of Latin America, from coming to California to bear children and qualify for public assistance.[42] The welfare magnet issue can be conveniently used to fan the flames of xenophobia and generate support for reductions in public assistance to even U.S. citizens, whether they are children of non-citizens or just people coming from another state. Welfare magnet rhetoric can help intensify an "us" vs. "them" mentality that encourages treating welfare recipients as "others" who do not deserve "our" support. Stressing the welfare magnet issue makes cutting the welfare budget even easier than it normally is.

Yet, some policymakers are earnestly concerned about welfare migration as a substantive issue and are trying to limit newly arrived recipients' access to the same benefits received by long-time residents.

TWO-TIER BENEFITS AND THE WAIVER PROCESS

Regardless of whether the welfare magnet issue is more symbol than substance, states are taking action with real consequences for the benefits provided to newly arrived applicants for public assistance. States are attempting to institute legal restrictions denying newcomers access to the same benefits that long-time residents can receive even though the United States Supreme Court struck down durational residency requirements in 1969 in the *Shapiro* decision. Since then, newly arrived families have been able to receive public assistance when they met other eligibility requirements, prompting states to become increasingly concerned about whether their benefit levels attract recipients from other states.

With *Shapiro,* there was good reason to think that the durational residency requirement would become a relic of the past. In the last few years with the growing concern about the welfare magnet issue, renewed interest in durational residency requirements has reached new levels of intensity with several states creating commissions to study the issue and recommend action. States like Wisconsin have not just studied the issue but have acted. Concerned in particular about people moving from Chicago to Milwaukee, Wisconsin has sought to offer new arrivals lower benefits. Using the "waiver process" initiated by the federal government, Wisconsin has gained approval to start an experiment in 1995 where new arrivals will be provided benefits for six months at the rate of their former state, thereby creating a two-tier AFDC benefit schedule. California has adopted a similar schedule that pays new arrivals for one year at the benefit level of their state of origin. Illinois offers new state migrants a set reduced benefit for one year. Wyoming has applied for a waiver to limit for twelve months the grant level of families moving to the state to the lesser of either the Wyoming state grant or that of the state of origin. Other states are contemplating doing the same.

The two-tier benefit schedule therefore has emerged as the most popular state innovation for addressing the welfare magnet issue. Yet, making a two-tier benefit schedule part of a state AFDC program requires approval of the federal government. Before *Shapiro v. Thompson*, states could set durational residency requirements for AFDC benefits without making a special request to the federal government to exempt them from the general guidelines for establishing an acceptable state AFDC program that qualified under the Social Security Act for receiving federal reimbursements. Now states need to obtain a waiver from the Secretary of the U.S. Department of Health and Human Services in order to make such a change in their AFDC program.[43] President Bush promoted the waiver process in his January 1992 State of Union Address as a way to enable states to "reform the welfare system."[44] By the end of the Bush administration, eleven states had gained approval and six more were awaiting approval for new waivers to revise parts of their AFDC programs. Most often the waivers authorized experimentation or demonstration programs for limited durations and geographic areas, usually for several years and usually for selected counties. By the time President Clinton committed himself in his January 1994 State of the Union Address to "end welfare as we know it," six states had submitted requests or gained approval for waivers authorizing two-tier benefit schedules that in one way or another offered newly arrived persons to the state different AFDC benefits than those offered to recipients who had been living in the state for an extended time.[45]

THE LEGAL LIMIT ON INTERSTATE RESTRICTIONS

The legality of these changes is in doubt. The U.S. Supreme Court on January 18, 1994, let stand a Supreme Court of Minnesota decision in *Mitchell v. Steffen* (504 N.W. 2nd 198, Minn. 1993) that overturned the state's 1991 legislation instituting a two-tier benefit schedule for the state's General Assistance program that provided newly arrived recipients with "60 percent benefits for 6 months." The Minnesota Supreme Court ruled that the two-tier benefit schedule in question "`penalizes' the fundamental constitutional right to migrate." In its decision, the Court noted, "The assumption that out-of-state poor people move to a new state because of higher welfare benefits is apparently unproven and in some doubt. There are many factors to account for migrating to Minnesota, such as job opportunities, the presence of family and friends, etc. Then, too, the net impact of in-migration and out-migration has been estimated at about zero."[46]

Whether the Minnesota decision is a fatal blow to the idea of two-tier benefit schedules remains an open question. States want to establish such schemes and the federal government has been willing to approve them. Governor Tommy Thompson's administration in Wisconsin is hoping that its two-tier benefit schedule will survive constitutional challenge on the grounds that, unlike Minnesota's plan, Wisconsin's calls for the state to pay newcomers the benefits of their previous state even if they are higher than Wisconsin's. Their argument is that their particular two-tier benefit schedule does not discriminate against newcomers and does not prohibit their Ninth Amendment right to travel because they are in each case entitled to receive the benefits of their previous state.[47] Wyoming's proposal for a two-tier benefit schedule was eventually rejected by Secretary of Health and Human Services Donna Shalala, because it applied a set benefit to the newly arrived just as Minnesota's two-tier schedule did for its General Assistance program.[48]

States therefore are increasingly interested in establishing two-tier benefit schedules designed to reduced welfare migration. They are taking the issue seriously, even if often the symbolic value of "welfare magnets" is most useful in rationalizing overall retrenchment of public assistance rather than as a basis for earnestly dealing with welfare migration. States are also becoming very creative in devising schemes that they hope will pass constitutional muster and allow them to discourage welfare recipients from other states becoming an additional burden to their already pressed fiscal limits. Yet, if welfare migration is grossly overstated, or if it is part of a more complex multi-dimensional phenomenon of poor persons escaping intolerable conditions, then state responses in the form of two-tier benefit schedules are sorely misplaced. Instead of fanning the flames of the "welfare magnet" issue, policymakers around the country ought to be working to improve opportunities for persons living in poverty everywhere.

CONCLUSION

Given the spottiness of evidence on welfare migration even in particular locales where there is reason to think that it is substantial, one has to wonder about the advantages of instituting two-tier benefit schedules. Their major consequence may be in reinforcing prejudices against welfare recipients generally as people who are looking to get something for nothing. Welfare magnet reforms may largely encourage greater suspicion of the poor. In the process, such actions may do little more than undermine public support for more ambitious efforts to assist the poor and provide them with the resources and supportive services that can enable them to improve their life chances.

But the growing popularity of the two-tier benefit schedule suggests that many state policymakers take the welfare migration issue seriously and are interested in addressing it on substantive more so than symbolic grounds. These policymakers do not just talk about their states becoming welfare magnets; they legislate against them.

Nonetheless, while there surely is welfare migration, the extent of such migration into any one state remains unknown. In many cases, it may be quite marginal after the net effects of welfare migration out of the state are taken into account. Whether two-tier benefit schedules are the best way to solve the issue is also open to question. This is especially the case if, as Peterson and Rom have suggested, the welfare magnet issue is not so much about the *attraction* of out-of-state residents as it is about the *retention* of in-state residents. Also, if in fact welfare migration is really most often part of a more complex migration decision, two-tier benefit schedules are not likely to stem the flow of people moving from one state to another. If migration is more strongly associated with pressing push factors, such as attempts to flee desperate circumstances, than with the pull of higher welfare benefits, then public policy needs to be directed at addressing the circumstances that are motivating migration. Lastly, whatever the conclusions about welfare migration, two-tier benefit schedules may not survive constitutional challenges.

Therefore, welfare reform has to be about more than the interstate conflict over who pays for which welfare recipients. If it is not, then states will continue on in their competition to keep welfare benefits down and will further pursue efforts to limit access to public assistance. The growing furor over welfare magnets thus underscores the limitations of state welfare reform and the need for a national policy change that rises above parochial state interests.[49] The obsession with welfare magnets also points to how state welfare reform remains mired in limited issues that only address the symptoms and not the causes of welfare dependency and poverty. Given the evidence that migration by the poor is often associated with escaping desperate circumstances, these reforms must be larger than anything concentrated on welfare per se. It is necessary to address urban decay and rural decline, the decline of employment for unskilled workers, the deterioration of public schools, the rising problems of drugs, and the breakdown of social norms more generally.

Now more than ever before the solutions to welfare dependency lie outside the welfare system itself in economic and social policies that will promote growth and build community in ways that include and not exclude persons living in poverty. While President Clinton has sought to "end welfare as we know it," the welfare magnet issue suggests that this includes ending extensive reliance on the states for finding solutions to the welfare dependency problem. Only a national commitment to addressing the root causes of welfare migration and other practices associated with poverty will provide an adequate response.

APPENDIX

Sources for Data in Tables 1–3:

AFDC Benefits: 1960, 1964, and 1968—U.S. House of Representatives, Committee on Ways and Means, *Background Material and Data on Programs within the Jurisdiction of the Committee on Ways and Means* (Washington, D.C.: U.S. Government Printing Office, 1969), Table 17, p. 576. 1969–1981—Richard Kasten and James Todd, *Transfer Recipients and the Poor during the 1970s* (Durham: Duke University Press, 1983). 1982–1983: *Quarterly Public Assistance Statistics* (Washington, D.C.: U.S. Department of Health and Human Services), Table 25 in April–June 1982 issue and Table 24 in April–June 1983 issue. 1984–1989—Unpublished data supplied by the U.S. Department of Health and Human Services.

Food Stamp Benefits: 1969–1986—Unpublished data supplied by the U.S. Department of Agriculture. 1987–1989—U.S. House of Representatives, Committee on Ways and Means, *Background Material and Data on Programs within the Jurisdiction of the Committee on Ways and Means: "The Green Book"* (Washington, D.C.: U.S. Government Printing Office, 1990), Table 9, p. 1275.

Medicaid Benefits: All years—Unpublished data ("State Medicaid Tables") supplied by the U.S. Department of Health and Human Services. Used to calculate an estimated average Medicaid expenditure per recipient.

Formula for estimating the combined AFDC–Food Stamp package for a family of four with no other income for each state for each year: (.7 x State Maximum AFDC Benefit) + National Food Stamp

Benefit Maximum. Note: AFDC recipients lose approximately $.30 in Food Stamps for every $1.00 of reported income from all sources including AFDC.

Formula for estimating the combined AFDC–Food Stamp–Medicaid package for a family of four with no other income for each state for each year: (.7 x State Maximum AFDC Benefit) + (National Food Stamp Benefit Maximum) + (.368 x Average Medicaid Expenditure). Note: AFDC recipients incur less expenses than the average Medicaid recipient. For detailed explanation of the adjustment in average Medicaid expenditures, see Robert B. Moffitt, "Has State Redistribution Policy Grown More Conservative?" *National Tax Journal* 43,2 (Summer 1990), p. 131.

Endnotes

[1]Clinton first used the phrase during the 1992 campaign and continued to reference it during the first year of his presidency. See Jason DeParle, "Whither on Welfare: Even Though They Please Moynihan Clinton's Actions Are Far From Bold," *The New York Times*, February 3, 1993, p. A9. Also see Douglas J. Besharov with Amy A. Fowler, "The End of Welfare as We Know It?" *The Public Interest* 111 (Spring 1993): 95–108; and Laurence Lynn, Jr., "Ending Welfare Reform as We Know It," *The American Prospect* 15 (Fall 1993): 83–92.

[2]In particular, see Lynn, "Ending Welfare Reform as We Know It."

[3]Richard P. Nathan, *Transforming Promises into Performance: The Management Challenge of Implementing Workfare* (New York: Columbia University Press, 1993), pp. 3–5.

[4]For a survey of state innovations that require approval from the federal government, see Michael Wiseman, "Welfare Reform in the States: The Bush Legacy," *Focus* 15,1 (Spring 1993): 18–36.

[5]For an examination of how the federal structure for providing public assistance serves to militate against national reform, see Theda Skocpol, *Protecting Soldiers and Mothers: The Political Origins of Social Policy in the United States* (Cambridge: The Belknap Press of Harvard University Press, 1993), pp. 526–31; Frances Fox Piven and Richard A. Cloward, *Regulating the Poor: The Functions of Public Welfare*, updated edition (New York: Vintage Books, 1993), pp. 433–40; and Paul E. Peterson and Mark C. Rom, *Welfare Magnets: A New Case for a National Standard* (Washington, D.C.: Brookings Institution, 1990), pp. 84–118.

[6]See Peterson and Rom, *Welfare Magnets*, pp. 48–83.

[7]See Wiseman, "Welfare Reform in the States," pp. 23–25.

[8]394 U.S. 618, 89 S. Ct. 1322, 22 L.Ed. 2d 600 (1969).

[9]See Besharov with Fowler, "The End of Welfare as We Know It?"

[10]These efforts will be discussed later in the paper.

[11]See *Characteristics of State Plans for AFDC Under Title IV-A of the Social Security Act* (Washington, D.C.: U.S. Department of Heath and Human Services, 1993).

[12]Peterson and Rom, *Welfare Magnets*, pp. 6–10.

[13]*Living at the Bottom: An Analysis of AFDC Benefit Levels* (New York: Center on Social Welfare Policy and Law, 1993), p. 25.

[14]The standard deviation across the states in monthly AFDC benefits (in constant 1989 dollars) for a four-person family with no other income was, in 1960, $204.4; in 1970, $220.2; in 1980, $178.5; and in 1989, $149.6.

[15]See Maurice MacDonald, *Food, Stamps and Income Maintenance* (New York: Academic Press, 1977).

[16]See Robert B. Moffitt, "Has State Redistribution Policy Grown More Conservative?" *National Tax Journal* 43,2 (Summer 1990): 123–42.

[17]Ibid.

[18]For simulations suggesting that states practice this sort of budgeting for public assistance, see ibid. Also see Peterson and Rom, *Welfare Magnets*, pp. 50–83.

[19]See the Appendix for the method for calculating the combined AFDC–Food Stamp package.

[20]The standard deviation across the states in the monthly AFDC–Food Stamp benefit (in constant 1989 dollars) for a family of four with no other income was $140.3 in 1975; $125.0 in 1980; $104.8 in 1985; and $104.7 in 1989.

[21]Moffitt, "Has State Redistribution Policy Grown More Conservative?" pp. 128–39.

[22]See the Appendix for the formula for calculating the combined AFDC–Food Stamp–Medicaid package.

[23]Thomas R. Dye, "The Policy Consequences of Intergovernmental Competition," *Cato Journal* 10,1 (Spring/Summer 1990): 59–73.

[24]Peterson and Rom, *Welfare Magnets*, p. 8, Table 1-1, use the coefficient of variation for assessing

change in the variation of state AFDC benefits as measured in constant dollars. The coefficient of variation is the standard deviation divided by the mean and it puts variation in comparable terms for unrelated data "entirely different in magnitude or units of measure" (Patricia E. Gaynor and Rickey C. Kirkpatrick, *Introduction to Time-Series and Forecasting in Business and Economics* [New York: McGraw-Hill, Inc., 1994], p. 38). Yet, the use of the coefficient of variation on data already adjusted in constant dollars is a statistical non sequitur that reduces variation to relatively trivial amounts. The standard deviation is a more appropriate statistic for examining the degree of variation in the real value of state benefits at various points in time. Using the standard deviation indicates a marked decline in the variation of state welfare benefits from 1960 to 1989 (see note 14). From the early 1970s until 1989, the decline in variation in state benefits was accompanied by a decrease in the mean benefit. States have increasingly narrowed around a declining average. This trend has probably continued into the 1990s. Dividing the standard deviation by the mean only serves to obscure how variation has declined while benefits have decreased.

[25]For an excellent analysis on states taking cues from each other in fiscal policy, see Anne C. Case, James R. Hines, Jr., and Harvey S. Rosen, "Copycatting: Fiscal Policies of States and Their Neighbors" (National Bureau of Economic Research, Cambridge, Massachusetts, July 1989). Also see Jack L. Walker, "The Diffusion of Innovation among the American States," *American Political Science Review* 63 (September 1969): 880–99; and Virginia Gray, "Politics and Policy in the American States," in *Politics in the American States*, 4th edition, eds. Virginia Gray, Herbert Jacob, and Kenneth N. Vines (Boston: Little, Brown & Company, 1983), pp. 3–26; and Russell Hanson, "The `Content' of Welfare Policy: The States and Aid to Families with Dependent Children," *Journal of Politics* 44 (1983): 771–88.

[26]*Living at the Bottom: An Analysis of AFDC Benefit Levels*, p. 25.

[27]The strongest case is made in Peterson and Rom, *Welfare Magnets*, pp. 50–83.

[28]Dye, "The Policy Consequences of Intergovernmental Competition," p. 69.

[29]See James R. Walker, "Migration among Low-Income Households: Helping the Witch Doctors Reach Consensus" (paper presented at the Summer Research Workshop on Problems of Low-Income Populations, Institute for Research on Poverty, University of Wisconsin–Madison, Madison, Wisconsin, June 1993).

[30]See Dye, "The Policy Consequences of Intergovernmental Competition"; Peterson and Rom, *Welfare Magnets*, pp. 60–63; and Thomas Corbett, "The Wisconsin Welfare Magnet Debate: What Is an Ordinary Member of the Tribe to Do When the Witch Doctors Disagree?" *Focus* 13,3 (Fall and Winter 1991): 19–28.

[31]Walker, "Migration among Low-Income Households: Helping the Witch Doctors Reach Consensus."

[32]Peterson and Rom, *Welfare Magnets*, pp. 47–48.

[33]Ibid., pp. 75–82.

[34]Ibid., p. 83.

[35]Corbett, "The Wisconsin Welfare Magnet Debate."

[36]Also see Walker, "Migration among Low-Income Households: Helping the Witch Doctors Reach Consensus," pp. 1–8.

[37]This is true for both the Walker and Peterson and Rom research.

[38]It is interesting to note that policymakers in Minnesota and Wisconsin often suspect Illinois as the primary source for their newly arrived welfare recipients, while legislators in Illinois suspect still other states. See Corbett, "The Wisconsin Welfare Magnet Debate."

[39]For a discussion of the substantive and symbolic dimensions of public assistance, see Sanford F. Schram, "Post-Positivistic Policy Analysis and the Family Support Act of 1988: Symbols at the Expense of Substance," *Polity* 24,4 (Summer 1992): 633–55.

[40]See Corbett, "The Wisconsin Welfare Magnet Debate."

[41]See ibid.

[42]The State of California estimates that the number of AFDC recipients in California who are U.S. citizens and children of undocumented and amnesty alien parents increased 74 percent, from 94,454 to 164,076, between January 1991 and January 1993 after increasing 65 percent between January 1988 and January 1991. See Michael Wiseman and Alexandra Minicozzi, "Evaluation of Policy Effects on the California AFDC Caseload by Caseload Modeling" (paper presented to the Institute for Research on Poverty, October 7, 1993). After lobbying President Clinton for months on this issue, the President himself began to consider cutting aid to the children of illegal immigrants. See "Governors Want Money to Pay for Mandates," *Star Tribune*, January 31, 1994, p. 8A; and "Clinton May Seek to Cut Welfare for Immigrants," *Star Tribune*, December 20, 1993, p. 5A.

[43]See *The Rush to Reform* (Washington, D.C.: Center on Social Welfare Policy and Law, November 7, 1993; and *Recent Developments in the Use of HHS Waiver Authority* (Washington, D.C.: Center on Social Welfare Policy and Law, November 9, 1993).

[44]Wiseman, "Welfare Reform in the States," p. 18.

[45]See *Recent Developments in the Use of HHS Waiver Authority*, p. 2.

[46]*Mitchell v. Steffen*, 504 N.W. 2nd 198 (Minn. 1993).

[47]Personal communication from Amy Hanauer, research associate, on the staff of Wisconsin State Senator Gwendolynn S. Moore (D-Milwaukee).

[48]See "Wyoming New Opportunities and New Responsibilities Project Approved by HHS" (Washington, D.C.: U.S. Department of Health and Human Services, 1993).

[49]See Peterson and Rom, *Welfare Magnets*, pp. 119–50.