University of Wisconsin–Madison
Institute for Research on Poverty

Focus

Volume 11

Number 1

Spring 1988

Special Issue
Welfare Reform and Poverty

This special issue of *Focus* was made possible by a grant from the Rockefeller Foundation.

ISSN: 0195-5705

Introduction

by Sheldon Danziger, Director,
Institute for Research on Poverty

The outlook for reducing poverty in the late 1980s remains severe for many demographic groups. Even if the current economic recovery continues until the end of the decade, poverty will decline only to the levels of the late 1970s. Poverty rates, as officially measured, for all minority children, white children living in single-parent families, minority elderly persons, and elderly white widows all exceed 20 percent. A national rate of 20 percent led President Johnson to declare the War on Poverty, which consisted of a broad range of social and labor market interventions that placed little emphasis on welfare.

Today, however, the welfare reform debate has become divorced from antipoverty policy. And, as the papers in this issue of *Focus* make clear, welfare reform will not—even if successful—resolve the many problems of poverty. It should, however, reduce dependency and provide enhanced social and labor market services to welfare recipients. It therefore represents an improvement over the status quo.

What is required if we are to significantly reduce poverty over the next decade is a comprehensive antipoverty effort. Such an effort should focus on the diverse needs of all of the poor and should include tax reforms, child support reforms, employment and training program reforms, health insurance reforms, educational reforms, and welfare reforms. In this context, welfare reform is but one of many antipoverty strategies. As Robert Lerman points out in his essay in this issue, the other reforms will aid many current welfare recipients, but they will also aid many poor and near-poor families who now receive little or no public aid.

For example, there are two very distinct groups of families with children in poverty. One, which contains about 3 million children, currently receives no transfers at all (i.e., no social security or unemployment insurance or AFDC or food stamp benefits). The heads of these families work substantial amounts, but end up with incomes that, on average, are about $5,000 below the poverty line.[1] Since these families are not welfare recipients, they will gain little from most current proposals. Those living in single-parent families will gain from the increased emphasis on child support enforcement discussed in Irwin Garfinkel's essay.

The second group contains about 15 million children who live in families that receive, on average, about $5,000 in government welfare and nonwelfare benefits. The heads of these families work relatively little and are the target for the work and training programs described by Judith Gueron in this issue. Yet their poverty gaps average about $4,000,[2] an amount substantially greater than the gains from the programs that Gueron reviews.

As Michael Novak emphasizes, most analysts and policymakers now avoid the simple statements that characterized the antipoverty policy debates of the late 1960s and early 1970s. Those debates typically viewed the poor either as, on the one hand, victims of their own inadequacies, often mired in a culture of poverty, or, on the other, as victims of societal deficiencies such as inadequate schooling, lack of labor market opportunities, and discrimination. Now there is an appreciation of the diversity of the poverty population—an awareness that the polar views of individual inadequacies and societal inequities each apply to only a small portion of the poverty population. The poverty problem of the elderly widow differs from that of the family whose head seeks full-time work but finds only sporadic employment; the poverty of the family head who works full time but at low wages differs from that of the family head who receives welfare and either cannot find a job or does not find it profitable to seek work.

A consensus has emerged in the mid-1980s that only the poverty of those not expected to work, such as the elderly and the disabled, should be addressed with expanded welfare benefits. This represents a dramatic shift from the consensus of the 1970s that cash welfare benefits should be universally available (e.g., President Nixon's Family Assistance Plan and President Carter's Program for Better Jobs and Income). Unfortunately, although there is consensus that cash welfare should not be extended to the working poor, most current welfare reform proposals do not provide nonwelfare alternatives to address their needs.

The political problems involved in launching a major antipoverty effort are significant. The budget deficit imposes considerable restraint on the scope of interventions because even the most cost-effective employment, education, and training policies do not produce net benefits until several years after their costs have been incurred. Furthermore their efficacy has been questioned. In the early 1980s the antipoverty programs of the War on Poverty and the Great Society came under frequent attack. Elsewhere I have argued that these attacks are misguided for at least three reasons.[3] First, they tend to treat welfare recipients in female-headed families as representative of the entire poverty population and as having received large and increasing amounts of public aid. Second, they ignore the major success of the War on Poverty and Great Society period. As Senator Moynihan points out, most of the increased social spending was targeted on the elderly and yielded a dramatic decline in their poverty rate. Third, they neglect the poverty caused by economic stagnation since the early 1970s and the uneven distribution of the benefits of economic growth in the current recovery.

Welfare reform has remained an elusive goal of public policy for more than two decades and it is unclear whether we can expect this situation to change. An optimist may argue that if the current incremental reform is successful it will be a necessary first step toward a renewed antipoverty effort—for it can begin to move those who are long-term, nonworking welfare dependents onto a ladder whose first rung contains the working poor, and which offers an eventual escape from poverty. According to this view, the increased public concern with the homeless and children in poverty, and a willingness (revealed by polls) to spend more on social welfare issues stand in sharp contrast with the situation of the late 1970s, when the taxpayer revolt and attacks on the ability of government to deal with social problems were gaining momentum.

An optimist would also point to the bipartisan welfare demonstration projects and reforms currently being implemented in various states—e.g., Employment and Training (ET) Choices in Massachusetts, Greater Avenues for Independence (GAIN) in California, Realizing Economic Achievement (REACH) in New Jersey, the Family Independence Program (FIP) in the state of Washington. Each program hopes to turn a welfare check into a paycheck—even if, at first, the total amount of the check is unchanged. If these programs succeed in transforming nonworking, poor welfare recipients into the working poor, then, according to the optimistic scenario, this group will be viewed more favorably by the public. And once employed, these women will benefit from the nonwelfare reform policies—tax reforms, child support reforms, health insurance reforms—discussed by Lerman, Garfinkel, and others.[4]

There is, of course, a pessimistic interpretation of the current debate. It emphasizes instead the budget deficit and the public's basic hostility to welfare programs. According to this view, expressed by Joel Handler in his essay, even the limited reforms before Congress are not likely to pass, and if one does, it will be underfunded and its implementation will be flawed. Then the hopes for the "new-style" workfare will turn into a disappointing repetition of the Work Incentive Program (WIN) experience.

If meaningful welfare reform is not now possible, then nonwelfare reforms can reduce poverty for the working poor, but only for the working poor. The Tax Reform Act of 1986, for example, greatly benefited the working poor.[5] And neither the current incremental welfare reforms nor the reforms outside of welfare targeted on the working poor will be sufficient to significantly alleviate the underclass problem—the spatial concentration of joblessness, teen pregnancy, crime, long-term welfare dependence, and neighborhood disorganization in the inner city that William Julius Wilson describes in his new book.[6] In 1989, a special issue of *Focus*, also sponsored by the Rockefeller Foundation, will address these issues.

According to an even more pessimistic scenario, the large deficits now in place for the foreseeable future and the high probability that a recession is on the horizon mean that the increased concern with poverty will soon diminish. Current programs will remain as they are and both poverty and welfare dependency will increase with the unemployment rate.

This issue of *Focus* is organized as follows. Senator Daniel Patrick Moynihan points to the fact that children are now twice as likely as adults to be poor. Although many majority children are adequately provided for by Survivors Insurance, the program to aid most poor minority children—AFDC—has been cut back. Poor children today receive less support than they did 20 years ago. Moynihan discusses both what should and what can be done to aid these children through welfare reform.

Michael Novak raises the policy issues related to those among the poor who appear to lack sufficient autonomy. Habits they have acquired and choices they have made prevent them from meeting their responsibilities. They drop out of school, have children out of wedlock, refuse jobs that are available to them, take drugs, become alcoholics. Such behavior is seen not only in the black inner city but in white communities. Those most in need of assistance now are children under 16 and their mothers, frequently little more than children themselves.

Novak believes that cash alone cannot help them. They need counseling, training, and the formation of habits and disciplines to make them independent and increase their self-esteem. He calls on the entire society to act to address the problems of behavioral dependency through support of the family. He suggests that if all of us—the churches, the media, employers, labor unions, schools and universities, and professional associations, as well as government—act in unison, we can reverse present trends.

Irwin Garfinkel reviews the evolution of public policy dealing with parental responsibility. Today noncustodial parents are under greater legal pressure to pay child support, and custodial parents are expected to work rather than stay at home to care for their young children. Both of these views have evolved over the past quarter century in response to the increase in single-parent families, at least half of whom are in perilous economic straits, and to changes in the work effort of married women.

The Wisconsin Child Support Assurance System (CSAS), proposed by Garfinkel, requires all parents living apart from their children to share their incomes with the children. An assured benefit provides a minimum child support benefit when the noncustodial parent has no or low income. With a work-expense offset, even part-time work at relatively low wages will enable welfare recipients to escape dependence.

Judith Gueron examines the effectiveness of work-welfare programs for AFDC recipients in six states where welfare applicants or recipients were randomly assigned to the program or to a control group. She notes that these results apply only to the types of initiatives already attempted and are affected by the economy in these states.

The programs emphasized immediate job placement. With limited resources, most offered low-cost services and imposed only short-term obligations, but were moderately successful. Employment rates and earnings increased, and there were some welfare savings. Those who benefited most were women with limited or no recent work history. Outlays were usually more than offset by projected savings in two to five years.

According to Robert I. Lerman, too much faith is being placed on the ability of welfare reforms to turn AFDC recipients into self-sufficient workers. Given their capacities and existing wage rates, few of these women will be able to support their families adequately even if they work full time for the entire year. He has devised, therefore, a "bridge" system to help all low-income families to live decently and with self-respect outside of the welfare system.

This reform package would consist of five elements: (1) a child support assurance program; (2) a wage rate subsidy program for family heads; (3) a refundable child tax credit; (4) state health insurance programs to replace and supplement Medicaid; and (5) enhanced training for those remaining on welfare.

Joel Handler questions the ability of the new consensus on welfare to achieve its goals—the replacement of cash income support with a contract whereby recipients have an obligation to try to become self-sufficient in return for income support and services. The consensus has rehabilitative overtones: responsibility, education, training, the moral values of work and independence, and trying to do something about changing the culture of poverty. But according to Handler, "a deep hostility to the female-headed household in poverty has always been present in American social welfare history, and the changes in AFDC over the past decades and especially those being promoted today reflect the reemergence of that hostility."

Using GAIN in California as an illustration, Handler predicts that in an environment of scarce resources and administrative constraints, the services and support that were crucial to obtaining the consensus will be reduced and then disappear. Administrative sanctions will be strengthened and imposed more readily. Money will be saved by reducing the size of the rolls through the imposition of penalties. Welfare mothers will once again be viewed as the "undeserving" poor.

Should one be optimistic or pessimistic about antipoverty policy and welfare reform? Will the current welfare reform debate follow the pattern of earlier ones that ended with the defeat of President Nixon's Family Assistance Plan and President Carter's Program for Better Jobs and Income? Or is the present situation different because of the seemingly broad consensus among both academics and policymakers? This special issue of *Focus* cannot answer these questions. The perspectives of the authors differ. If optimism can be said to prevail, it is a very muted optimism. ■

---

[1]Sheldon Danziger, "Antipoverty Policy and Welfare Reform," paper prepared for the Rockefeller Foundation Conference on Welfare Reform, Williamsburg, Va., February 16–18, 1988, Table 4.

[2]Ibid. The poverty gap is the amount by which income falls below the official poverty line.

[3]See Danziger and Peter Gottschalk, "The Poverty of *Losing Ground*," *Challenge*, May–June 1985, pp. 32–38, and "How Have Families with Children Been Faring?" IRP Discussion Paper no. 801-86, 1986.

[4]See Lerman and Garfinkel in this issue; Danziger, "Antipoverty Policy and Welfare Reform"; and David Ellwood, *Poor Support: Poverty in the American Family* (New York: Basic Books, forthcoming 1988).

[5]See Eugene Steuerle and Paul Wilson, "The Earned Income Tax Credit," *Focus* 10:1 (Spring 1987), 1–8; and Daniel H. Weinberg, "The Distributional Implications of the Tax Reform Act of 1986," *Focus* 10:3 (Fall 1987), 11–14.

[6]*The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy* (Chicago: University of Chicago Press, 1987).

FOCUS is a Newsletter put out four times a year by the

Institute for Research on Poverty
1180 Observatory Drive
3412 Social Science Building
University of Wisconsin
Madison, Wisconsin 53706
(608) 262-6358

The Institute is a nonprofit, nonpartisan, university-based research center. As such it takes no stand on public policy issues. Any opinions expressed in its publications are those of the authors and not of the Institute.

The purpose of *Focus* is to provide coverage of poverty-related research, events, and issues, and to acquaint a large audience with the work of the Institute by means of short essays on selected pieces of research. A subscription form with rates for our Discussion Papers and Reprints is on the back inside cover. Nonsubscribers may purchase individual papers from the Institute at $3.50 for a Discussion Paper and $2.00 for a Reprint.

Focus is free of charge, although contributions to the U.W. Foundation-IRP Fund sent to the above address in support of *Focus* are encouraged.

This special issue was made possible by a grant from the Rockefeller Foundation. Sheldon Danziger, IRP Director, conceived of the project and commissioned the essays. *Focus* is edited by E. Uhr.

Our poorest citizens—Children

by Daniel Patrick Moynihan

The following is excerpted from a statement addressed to President Reagan by Senator Daniel Patrick Moynihan in response to the President's 1988 State of the Union address *(Congressional Record,* 100th Congress, 2d Session, Vol. 134, No. 4, January 28, 1988, S308).

In 1964, poverty was essentially a problem of the aged. More than a quarter of the aged were poor. But programs enacted under President Johnson and President Nixon, primarily within the Social Security area, greatly reduced poverty among the elderly. I refer especially to Medicare, to Supplemental Security Income, and to the increase and subsequent indexing of Old Age Insurance benefits.

In 1986, 12.4 percent of the elderly were poor according to the Census Bureau's official measure. This is a wholly unacceptable level of poverty among the aged. Even so it is a much reduced level, and this was anticipated.

By contrast, of a sudden we look up to find there are more poor Americans today than a quarter century ago, and that the poorest group in our population are children.

Moreover, in actual numbers and as a proportion of the age group—one in five—poverty is greater among children today than it was a quarter century ago.

As we approach the end of the twentieth century, a child in America is almost twice as likely to be poor as an adult. This is a condition that has never before existed in our history. Most probably, it has never before existed in the history of the human species.

How has this come about? At one level the answer is simple. It is, as Samuel H. Preston put it in the 1984 Presidential Address to the Population Association of America: "The earthquake that shuddered through the American family in the past 20 years." The 20 years, that is, from the beginning of the poverty program.

Which is to say a new poverty problem has emerged. As the Census has just reported, in 1986, nearly one in every four—23.5 percent—children lived with only one parent, 2-1/2 times the proportion in 1960. The vast majority—89 percent—of these 14.8 million children lived with their mothers. These include 18.3 percent of all white children, 53.1 percent of all black children, and 30.4 percent of all Hispanic children.

Estimates of the number of children who will live with a single parent at some point during childhood are yet more striking. Arthur Norton of the U.S. Bureau of the Census predicts that 61 percent of children born in 1987 will live for some time with only one biological parent before reaching 18. Inevitably, large numbers of these children require some form of public assistance.

Further, in providing such assistance, we have created an extraordinary institutional bias against minority children. The Social Security Act has two provisions for the care of children in single-parent families. The first is Aid to Families with Dependent Children, enacted into law as part of the original 1935 Social Security Act. The second is Survivors Insurance, added to the act in 1939. The characteristics of these two populations are quite different. The majority of the children receiving SI benefits are white. The majority of the children receiving AFDC are black or Hispanic.

Since 1970 we have increased the real benefits received by children under SI by 53 percent. We have cut the benefits of AFDC children by 13 percent. The U.S. government, the American people, now provide a child receiving SI benefits almost three times what we provide a child on AFDC.

To those who say we don't care about children in our country, may I note that the average provision for children under SI has been rising five times as fast as average family income since 1970.

We do care about some children. Majority children. It is minority children—not only but mostly—who are left behind.

Poor children on average receive less support today than they did 20 years ago. Is it any great wonder, on the edge of privation or worse, that they do not become model scholars? Surely, if someone a quarter century ago had predicted we would treat our children so, the rest of us would have predicted the troubles the children now have.

Why has this come about? Why this institutional bias? I believe we know why. Welfare has become a stigmatized program. Children dependent on it—as many as one child in three before reaching 18—are stigmatized as well. That surely is what institutional bias means.

Our legislation, with 56 cosponsors, is designed to get rid of that stigma by emphasizing child support and the education and training adults need to get off welfare. There has been a great deal of talk about both, but the federal government has really never backed either. Once that stigma is gone, or diminished, states will once again feel the moral obligation to maintain and even increase AFDC payments to dependent children. They are free to do so now. They do not. We want to change this.

Let me declare my own conviction in this matter. AFDC should be a national program, with national benefits that keep pace with inflation, in exactly the same way that Survivors Insurance is a national program with national benefits.

Had the Family Assistance Plan been enacted, we would now have a national program. Had President Carter's Program for Better Jobs and Income been enacted, we would have a national program. As a White House aide, I helped fashion the first for President Nixon. I supported the second in the Senate. Neither proposal became law. Both fell before a coalition of those who thought the benefits were too great and those who thought them too little.

But that is history. Our federal budget deficit is such that there is no possibility whatever of establishing national AFDC benefit standards at this time.

Welfare reform must become the art of the possible or it will become a diversion of the essentially unserious. ■

The new war on poverty

by Michael Novak

Michael Novak is George Frederick Jewett Scholar in Religion and Public Policy and director, Social and Political Studies, the American Enterprise Institute for Public Policy Research. He chaired the Working Seminar on Family and American Welfare Policy, which produced the report *The New Consensus on Family and Welfare* (Washington, D.C.: American Enterprise Institute; and Milwaukee, Wis.: Marquette University, 1987).

Almost a quarter century has passed since the launching of the War on Poverty, and it is time to pay tribute to those who achieved so much through the efforts there begun. Not everything worked as planned, of course. Still, if we were to imagine the United States in 1988 *without* the programs for the poor put in place since 1964, their condition would certainly be far bleaker than it is today.

Programs for the elderly, for example, have cut deeply into the poverty rate of those older than 65 and have contributed greatly to unprecedented improvements in the health, longevity, and financial security of this important (and growing) segment of the population.[1]

For the population younger than 65, poverty programs have also succeeded, if not in reducing the numbers of the poor to something closer to zero, at least in altering the concrete meaning of poverty. Until such programs came into existence, the cash income received by the poor (which determined whether or not they were below the official poverty line) was very nearly the only resource they had. With the addition of new noncash benefits after 1964, perhaps most notably Medicaid and food stamps, the number of those still poor according to the criterion of cash income may not have been as dramatically reduced as first hoped. But the broad distribution of noncash benefits certainly improved the condition of those officially counted as poor. Imagining them without such noncash assistance suggests how much bleaker their position might now be.[2]

No previous generation of Americans provided so much governmental assistance to the poor as has the generation of 1965–88. Nonetheless, few scholars or activists who have dedicated their lives to helping the poor feel much complacency about what has so far been accomplished. It is obvious that much more remains to be done.

Moreover, there has been for some years a gathering consensus that the body of the poor now suffering most, and in need of most attention, consists of those at the lower end of the age spectrum; that is, poor children under the age of 16, and those of their single parents (typically their mothers) who are themselves of fairly tender age. Special concern is now broadly voiced, in fact, for all single mothers with children. As much as the numbers of the elderly who fell below the poverty line have been reduced since 1965—a true success story—the nation has witnessed, with considerable concern, the growing numbers of children and single mothers who are now falling below the official poverty line. This bloc of the poor now constitutes more than a third of all persons officially classified as poor.[3]

Poverty and dependency

Perhaps the biggest conceptual shift in the nation's understanding of poverty in the decades since 1965, however, consists in the recognition that the fundamental problem is not well identified by the concept of cash income. If cash income alone were the problem, that problem could easily and fairly cheaply be met simply by augmenting the cash income of the poor, until no one in America had a cash income below the official poverty line. True enough, the official poverty line is an artificial construct, defined by a cash income three times larger than the amount of a food "basket" selected to constitute a "decent" diet. True, too, the use of this single artificial construct across a nation of continental size and immense diversity masks as much as it reveals. (Some who are officially counted as poor are living at levels of decency they have voluntarily chosen, in early retirement, for example, whereas others who are officially above the poverty line are still living in mean and biting circumstances.) Still, if income alone were the issue, the nation could with an annual expenditure of about $48 billion (as of 1985) simply raise every single man, woman, and child above the official poverty line.[4] But no one experienced in the field believes that this simple transfer would eliminate the sufferings and deficiencies that burden the actual poor. The needs of many are more than monetary. Such persons need human help of many kinds, often including counseling, training, and the formation of the habits and disciplines that constitute personal independence and the development of self-esteem.

For this and other reasons, attention has shifted from the gross material measure of cash income to a more subtle area of concern, for which the most useful concept so far proposed is "dependency." Three steps are required, however, to make this concept sharp enough to be useful. First, one must recognize that a significant proportion of those officially classified as poor are too young, too old, too infirm, ill, or disabled to be financially independent. Adding together those below the age of 18, those over 65, and the ill or disabled, one reaches a figure that embraces more than half of all the officially poor.[5] Whatever else one might say, one must observe that such persons are necessarily dependent upon others for their sustenance. Such dependency is wholly natural. It is *not* the dependency that is problematic.

In the second step, one must look more closely at the able-bodied adults among the poor; that is, those between the ages of 19 and 64 who are in good health. These are the citizens who, in the normal course of things, would not only achieve financial independence for themselves but also be providing for those near and dear to them. Their own young and elderly, as well as the ill or the infirm among their kin, normally depend upon family members such as they. Still, even in "the normal course of things," significant numbers of able-bodied citizens are bound to have encountered spells of ill fortune—through business or job setbacks, through large and unforeseen expenses, calamity, or personal tragedy—in such wise as to be rendered, despite their best efforts, either temporarily or for a long time dependent upon others. These, too, like those in the first category above, are dependent through no fault of their own. They need social assistance, and in any good society they have a powerful claim upon their fellows, which must be met.

This step in the argument, by the way, strongly suggests that no society will ever escape the situation in which a significant proportion of its population needs essential and basic help from others. The dream of a dependency-free society is Utopian. The ancient saying has—in this limited sense—the ring of truth: "The poor ye shall always have with you." This dependency, too, is not problematic.

The third step in clarifying dependency is more complex. In the United States since 1965, there appears to be a subset of the second category of citizens above, able-bodied adults between 19 and 64, who are not coping very well with opportunities well within their reach. Not only are they, although able-bodied and adults of working age, dependent upon the public purse. (This is the first precise meaning of the problematic concept of "dependency.") But they are also not coping well with their own lives; they are not exhibiting the autonomy, self-reliance, and personal independence that is proper to citizens in a free society. (Whether this is through their own fault is not at issue. The point is not to judge them, but to grasp their situation exactly.) Their condition would be entirely a matter personal to themselves, and their own private business, except for the fact that by their dependence on the public purse they have made it a public issue. But the difficult truth is that their condition springs primarily from habits they have acquired, from choices they themselves make, from behaviors they permit themselves. They are not meeting, or perhaps without additional person-to-person assistance cannot meet, their own responsibilities.

Consider some examples. Although some have the opportunity (indeed, the legal obligation) to complete high school, they drop out. Although no one commands them to have children out of wedlock, too many do (with damaging consequences for their own lives and those of their children). Although by their own admission, jobs are available to them, some others establish personal thresholds of satisfaction below which they prefer not to work, and so do not.[6] Although the abuse of alcohol or drugs is not forced upon them, some fall into such abuse, at least with sufficient frequency as to make steady employment unlikely. Although others in their surroundings seize opportunities to develop the skills and attitudes necessary for steady employment, somehow some do not. For whatever reasons, the lives of still others are too disorganized for them to manage independent living.

No one knows exactly how many able-bodied poor adults are dependent in one or another of these problematic ways. Yet even if their number were only 100,000 or 500,000, the special form of suffering inherent in their condition would cry out for attention. This is especially true if, in addition to themselves, there are children or others who are in turn dependent upon them.

Many of those who have worked with the poor during the past two decades, or who have attended with discernment to their plight, have confronted quite vividly many persons whose cash income marks them as poor, but who have high morale and sound habits and attitudes, and who gladly seize any assistance that will help them to establish their own independence. With advice, training, and a break or two, such persons quickly move out of poverty, just as millions of Americans before them have done in earlier decades. But poverty workers also meet others whose cash income also marks them as poor, but who suffer from much lower levels of morale, motivation, attitude, skills, and behavioral patterns, and who somehow defeat efforts to assist them. Such persons, too, are fellow citizens. They cannot simply be abandoned. But helping them to achieve the independence proper to free citizens is far more difficult, even though they are able-bodied and of mature age. These are the "behaviorally dependent."

Another circumstance must here be mentioned, because more than any other it has changed the perceptions and convictions of many workers in the field. During the very decades of the War on Poverty, this nation has accepted millions of new immigrants in waves almost as large as in the great decades of immigration earlier in this century. But unlike that earlier migration from Europe, this recent migration has come chiefly from Asia, the Caribbean, Latin America, and Africa. Many if not most of these immigrants have come to America penniless or almost so, often without English and without experience in a modern urban society. Although poor by the criterion of income, they typically do not think of themselves as poor, and they do not intend to remain poor. They do not think of any jobs as "dead-end" jobs. They take what jobs they can and build upon them. Perhaps above all, they place great reliance upon family strength, family discipline, and family assistance. They quickly grasp opportunities abundantly available in this society. Since most of these immigrants are neither of the white race nor of European stock, and since a significant proportion is black, their success has also blunted the salience of race.

Yet another circumstance has contributed to that same end. The sort of behavioral dependency mentioned above has visibly been spreading throughout the rural areas of the United States and among whites. Athough still much lower, the proportion of out-of-wedlock births among whites is rising at over twice the black rate.[7] Many of the same features of behavioral dependency that first drew attention among concentrated poverty populations in large cities have also been discovered in white rural counties and in small towns. On a national basis, it is no longer credible to think of such problems merely in racial or ethnic terms. Moreover, theories about "the culture of poverty" must either be rejected or at the very least adjusted so as to show how a variety of cultures are in fact included.

Changing the public ethos

We come, then, to the question of an intellectual framework adequate to American culture as a whole. To be sure, other advanced democracies are now struggling with analogous issues of behavioral dependency, loss of morale, and a welfare culture. That the rethinking of welfare programs extends far beyond U.S. borders is suggested by the lead with which *The Economist* (April 25, 1987) welcomed the report of the Working Seminar on Family and American Welfare Policy.[8] While concentrating upon our own American problems, we cannot avoid noting that a very large change in ethos has occurred in recent decades, and not only in our own country.

Too many studies of poverty in the past have been excessively materialistic and have avoided the humanistic problems, social in nature, involved in questions of the public ethos. Moralists, too, have often concentrated on the individual, while ignoring the social dimensions of moral values. It is always very difficult for individuals to swim upstream. When the dominant ethos of a nation changes, so do the difficulties faced by individuals. As we wrote in *The New Consensus on Family and Welfare: A Community of Self-Reliance:*

> It is much harder for individual citizens to practice the disciplines of self-restraint and to show resolution in attaining their goals when the ethos around them mocks such efforts. Individual citizens more easily practice personal responsibility when major national and local institutions provide the necessary moral support.[9]

The humanistic dimensions of behavioral dependency must, therefore, be addressed not solely by the actions of the state but by the actions of all of us. To meet the full dimensions of the problem, the whole society must act. The media must be made to recognize their own responsibility for the ethos they daily celebrate, as must schools and universities, churches and voluntary associations of every sort (national, regional, and local). A brave and perceptive social worker in Newark spoke boldly of male responsibility to Bill Moyers in "The Vanishing Family": "If you say it in your corner, and I say it in my corner, and if everybody's saying it, it's going to be like a drumbeat."[10] Drumbeats of this sort constitute a public ethos. Such an ethos is of great assistance to those trying to discern what is right.

The studies conducted by the Working Seminar persuaded us that there is considerable help for the poor in three classic, institutional methods of escaping poverty. The statistical profile of the poor shows quite clearly that those who manage to perform three quite elementary acts are very seldom counted among the persistently poor:

- complete high school
- once an adult, get married and stay married (even if not on the first try)
- stay employed, even if at a wage and under conditions below one's ultimate aim.

It is more important to study the habits of success than to concentrate overmuch upon the habits of those who fail, if only because the latter need to learn what works.

There are, in particular, four powerful reasons for concentrating the nation's energies upon helping *families*. First, 94 percent of all intact husband-wife households are *not* poor.[11] An intact marriage, for several reasons, offers a classic route out of poverty. Second, since officially poor families generally comprise three or more members, assistance given to each family helps several persons at once.[12] This multiplier effect is efficient. Third, families are nature's own training ground for the habits children must carry forward in their own lives. In the early years of life, so critical to human development, there is no substitute for sound family care. Fourth, the growing numbers of single-parent families and nonformed families, in which children are born out of wedlock, are now the largest and (until recently) fastest growing proportion of the poor. Not even conditions of high economic growth are likely to bring reductions in their number, for the causes of such family life go beyond economics. In addition, the prognosis for the children of such households, whether in terms of health or education or employment, is cause for urgent attention.

Realism and hope

One lesson poverty workers have learned since 1965, perhaps better than any other, is the need for realism. Given the fallibility of human nature, poverty can never in any nation be brought down to zero; humanistic persons will always have to be concerned with the vulnerable. Still, it should be possible to correct those features of our current social life that keep such figures higher than they need to be. One learns from long experience not to work for Utopian outcomes. Real and convincing progress is hard enough.

Thus, suppose that during the next five years we could, by a broad range of methods, help to achieve declines in four areas: (1) in the number of teenagers who become pregnant; (2) in the number of children born out of wedlock; (3) in the number of female-headed households among the officially poor; and (4) in the number of males who father but do not provide for their children. Suppose, indeed, that by such efforts we could see a real decline in the ranks of the officially poor by at least one million persons, most of them children under the age of 16, even if general economic conditions did not change.

Such success might double back upon itself, creating social momentum to alter the direction of the winds of the public ethos. More favorable winds might push other youngsters in directions rather more beneficial to themselves and to their children. The trends from which our society has recently been suffering are not, after all, commanded by "Nature or Nature's God," and they are not typical of our earlier history. Since they are not immutable, what recently changed for the worse can eventually be changed for the better. Free citizens can change their destiny, social and personal.

For such reasons, I am strongly opposed to pessimism and to inaction. What Tocqueville wrote about Americans is still true:

> In some countries, the inhabitants . . . set too high a value upon their time to spend it on the interests of the community; and they shut themselves up in a narrow selfishness, marked out by four sunk fences and a quickset hedge. But if an American were condemned to confine his activity to his own affairs, he would feel an immense void in the life which he is accustomed to lead, and his wretchedness would be unbearable.[13]

Nonetheless, even a few of the available facts show how much Americans have yet to do, both through better designed governmental programs, and through humane efforts in ways and in places that government can scarcely reach:

- Children in poverty are now 3.5 times more numerous than the elderly poor.
- Almost half (46 percent) of children in Aid to Families and Dependent Children (AFDC) in 1983 were born to parents not conjoined in wedlock.[14]
- 270,000 teenagers had children out of wedlock in 1983; 229,000 had children in wedlock; and 450,000 had abortions.[15]
- Among poor blacks concentrated in high-poverty tracts in the central cities of the nation's hundred largest metropolitan areas, single-parent families have come to outnumber married-couple families by more than three to one, and illegitimacy rates in some poverty tracts have surpassed 80 percent.[16]
- Among households with annual incomes under $7,500 only 40 percent of burglaries are even reported.[17]
- Twice as high a proportion of households of the very poor are burglarized each year as of the affluent.[18]

On nearly all these points—and others too numerous to mention—there are also grounds for realistic hope. For one thing, despite images popularized by television, five-sixths of the poor do *not* live in the high-poverty tracts of the central cities of the hundred largest metropolitan centers. For another, most female heads of households (65 percent) are *not* poor, 66 percent are older than 35,[19] and many (especially the older and more educated) who turn to AFDC after a sudden event such as separation, divorce, or widowhood get back on their own feet within a year or two. Most often they do so through remarriage and/or employment.

Abroad in the land, in any case, is a palpable desire to take up anew the task of reducing the numbers, the sufferings, and the disabilities of the poor. Many share a clearer and more realistic picture of the humanistic dimensions of behavioral dependency. The stage is set for an awakening of all the institutions of society—the churches, the media, employers, labor unions, schools and universities, and professional associations of doctors, lawyers, and others—to tackle the human problems of the poor that government cannot address alone. In government, there are also clearer ideas about how to help, and how *not* to help, poor teenage mothers, female heads of households, and males who father but do not provide for children.

We can hold ourselves to realizable targets and try to get social trends moving again in more favorable directions: fewer teenage pregnancies, fewer out-of-wedlock pregnancies, fewer delinquent fathers, fewer female heads of households left in isolation and without assistance. That will leave us far short of Utopia. But children are the most needy ones, and helping them through helping families is the right place to begin. ■

---

[1]In 1966, the poverty rate for the elderly was more than twice (28.5 percent) what it was in 1986 (12.4 percent) (U.S. Bureau of the Census, *Current Population Reports*, Series P-60, no. 157, "Money Income and Poverty Status of Families and Persons in the United States: 1986" [Washington, D.C.: U.S. GPO, 1987], Table 16). If today's noncash benefits are counted, the poverty rate for the elderly may be as low as 3 percent (U.S. Bureau of the Census, Technical Paper no. 57, "Estimates of Poverty Including the Value of Noncash Benefits: 1986" [Washington, D.C.: U.S. GPO, 1987], Table D).

[2]In 1986, federal outlays on means-tested noncash benefits totaled $59 billion, compared to $32 billion of means-tested cash assistance (U.S. Bureau of the Census, "Estimates of Poverty Including the Value of Noncash Benefits: 1986," Table B).

[3]In 1966, the 6.9 million persons in female-headed families accounted for 24 percent of the poor. By 1986, there were 11.9 million such persons, accounting for 37 percent of the poor (calculated from U.S. Bureau of the Census, "Money Income and Poverty Status: 1986," Table 16).

[4]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. GPO, 1987), p. 638.

[5]The Working Seminar found that 33 percent of the poor (11.1 million) are under 15, and 11 percent (3.5 million) are 65 or older. If the disabled poor (2.8 million age 15 and over) and poor students ages 15 to 17 are counted, the proportion of the poor from whom no one could expect financial self-reliance is easily more than half. See the Working Seminar on Family and American Welfare Policy, *The New Consensus on Family and Welfare: A Community of Self-Reliance* (Washington, D.C.: American Enterprise Institute; and Milwaukee, Wis.: Marquette University, 1987), p. 59.

[6]According to the Census Bureau, in 1986 less than 6 percent of poor persons 15 years of age and over reported they did not work during the year because they were "unable to find work." Calculated from U.S. Bureau of the Census, "Money Income and Poverty Status: 1986," Table 18.

[7]Between 1970 and 1984, out-of-wedlock births as a proportion of all births increased by 57 percent among blacks and 135 percent among whites. Blacks continue to have a much larger percentage of births out of wedlock (59 percent in 1984, compared to 13.4 percent for whites), but since 1981 the number of white children born out of wedlock has exceeded the number of black children born out of wedlock (U.S. Health Service, *Vital Statistics of the United States* [Washington, D.C.: U.S. GPO, annual]).

[8]See "The Deserving Poor," *The Economist*, April 25, 1987. The report of the Working Seminar, *The New Consensus on Family and Welfare*, is available from University Press of America, 4720 Boston Way, Lanham, Md. 20706.

[9]*The New Consensus*, p. 13.

[10]Carolyn Wallace, quoted on "The Vanishing Family—Crisis in Black America," CBS television, reported by Bill Moyers, January 25, 1986.

[11]U.S. Bureau of the Census, "Money Income and Poverty Status: 1986," Table 15.

[12]Ibid., Table 19.

[13]Alexis de Tocqueville, *Democracy in America*, (1838), ed. J. P. Mayer, trans. George Lawrence (Garden City, N.Y.: Doubleday, 1969).

[14]U.S. Department of Health and Human Services, Family Support Administration, Office of Family Assistance, "Recipient Characteristics and Financial Characteristics of AFDC Recipients," 1983 (mimeo.), p. 2; also Table 15.

[15]U.S. Health Service, *Vital Statistics of the United States*.

[16]Richard P. Nathan, "The Concentration of Poor People in Poverty Areas in the Nation's 100 Largest Central Cities," tables for presentation to the New School for Social Research, New York City, November 14, 1986, p. 3.

[17]See James K. Stewart, "The Urban Strangler," *Policy Review*, No. 37 (Summer 1986), pp. 6–10.

[18]Twelve percent of households earning $3,000 a year or less were burglarized in 1983, while only 6 percent of households with $25,000 or more annual income were (U.S. Bureau of Justice Statistics, *Criminal Victimization in the U.S., 1983* [Washington, D.C.: U.S. GPO, 1984]).

[19]U.S. Bureau of the Census, "Money Income and Poverty Status: 1986," Table 19; and U.S. Bureau of the Census, *Current Population Reports*, Series P-20, no. 411, "Household and Family Characteristics: March 1985" (Washington, D.C.: U.S. GPO, 1986), Table 9.

The evolution of child support policy

by Irwin Garfinkel

Irwin Garfinkel, Edwin E. Witte Professor of Social Work, University of Wisconsin–Madison, is a former director of the Institute for Research on Poverty. He is one of the principal architects of the Child Support Assurance System now being demonstrated in Wisconsin. His most recent work is *Single Mothers and Their Children: A New American Dilemma*, jointly authored by Sara McLanahan (Washington, D.C.: Urban Institute Press, 1986). The book received an Outstanding Book Award (1987–88) from *Choice*, the magazine of the Association of College and Research Libraries.

For reasons not entirely understood, a change in marital behavior has been occurring in the United States—and in the rest of the industrialized world though at lower levels—in the past half century.[1] Permanent marriage is on the wane. Whites marry and increasingly divorce; blacks are increasingly likely never to marry at all.[2] The result has been an explosion in the number of single-parent families. By 1983, 7.2 million families with children were headed by women. By 1984 one out of five children and over half of black children lived in a home in which no father was present.

Most of these families have found themselves economically insecure; about half of the group is in poverty.[3] Their hardship is due in part to the failure of absent parents to adequately support their children, in part to the relatively low earning power of single mothers, and in part to the level of welfare benefits. After a near tripling between 1955 and 1975, benefits declined by over one-quarter between 1975 and 1985.[4]

Public alarm over family breakup has grown with the rise in the welfare rolls. Aid to Families with Dependent Children (AFDC, formerly ADC, for Aid to Dependent Children) was enacted as part of the Social Security Act of 1935 to provide for the needs of poor fatherless children, most of whose fathers had died. It was expected that Survivors Insurance, to be enacted in 1939, would support children whose fathers had a work history, and in the interim—until all families were covered by this insurance—AFDC would fill the gap.

Since the 1930s, however, the caseload has changed dramatically. Now the vast majority of the cases, close to 90 percent, are on welfare because the fathers are absent from home—divorced from, separated from, or never married to the mothers of their children.[5]

The state has a long tradition of providing support to fatherless children, especially those made fatherless by war. In eighteenth-century England and America, government aid was invariably more generous to widows and their children than to the rest of the needy, though it was expected that destitute mothers would do what they could to support themselves, and poor children were also expected to work. That the state should support children who had able-bodied fathers who had deserted them has never, however, been a very popular idea. Though such children were covered by AFDC from the outset, whether they should be covered was controversial.

Enthusiasm for supporting such children was further eroded by the change in women's work patterns. By the early 1970s nearly half of all middle- and upper-income mothers, even those with young children, were working outside the home at least part time, and the proportion of married mothers who earn wages has continued to grow since then.

Does it make sense, then, for government to support children whose mothers do not work and whose fathers fail to take responsibility for them? And yet the need is great. The meager stipends provided by AFDC in most states are better than nothing. Or are they? It has long been believed that welfare feeds upon itself. Popular opinion has argued—and some research has shown—that welfare has some *possibly detrimental effects*. It may break up marriages; it clearly seems to retard remarriage and to encourage young girls with babies to live in separate households from their extended families; finally, though most of the research shows otherwise, one or two studies suggest that it may encourage young girls to keep their babies and thus increase the proportion of never-married mothers.[6]

I italicize the phrase *possibly detrimental effects* to emphasize that even though in general two parents are better than one, there are exceptions. Parental abuse of children, while not something we like to talk about, exists. Some evidence suggests it is more common among stepparents than natural parents. Who is to say that on balance children are not better off if their mothers are encouraged by social welfare benefits to delay remarriage? Nor is it clear that the children would fare better if their mothers gave them up for adoption rather than raising them. This is especially true of poor black children. The chances of being adopted outside their family are very small. People who work in our foster-care system are for the most part capable and well meaning, but children who grow up in that system also appear to suffer serious disabilities.[7] In short, once the imperfections in this world are acknowledged, it follows that some increases in single parenthood induced by social welfare benefits may actually improve the well-being of children.

Welfare also sustains some long-term dependency and is associated with some intergenerational dependency. Yet most of those who ever receive welfare do so for less than four years, and the overwhelming majority of children who grow up in families heavily dependent on welfare do not themselves become heavily dependent.[8]

The research notwithstanding, it is safe to summarize public perceptions of welfare as demoralizing, expensive, inadequate, and necessary. This is why it is often described as "the welfare mess."

Government's response has been, belatedly, to foster the traditional means of support for children: contributions from both parents. Private child support is moving from individual determinations in the courtroom to the routinization associated with taxation and social insurance. At the same time, the welfare system is changing. No longer are government benefits expected to substitute for parental earnings. Rather they are coming to be viewed as a supplement to the earnings of both parents.

Changes in private child support

The private child support system—whereby an absent parent contributes to the maintenance of his children—has been implemented through the judicial branch. The court determines the amount of child support to be paid by the noncustodial parent on an individualized basis, and the noncustodial parent pays the support directly to the parent caring for the children.

When the number of broken marriages and paternity cases was small, greater equity was perhaps achieved by this individualized system. In small communities, the judge knew the parents and their circumstances, so justice was better served by taking account of all particulars. But when the number of cases is large and the system impersonal, this method breaks down. In practice, judges now do very little to tailor child support to particular circumstances.

Other aspects of the system are problematic. First, only 61 percent of mothers eligible for child support have awards.[9] The proportion with an award varies dramatically with the marital status of the mother. Whereas eight out of ten divorced mothers receive child support orders, less than half of separated mothers and less than one in five of never-married mothers have orders.

The private system is also very expensive, in time and cost to the parents and in delays for the children needing support. And this case-by-case determination treats equals unequally. Data for Wisconsin, for example, indicate that child support awards range from zero to over 100 percent of the noncustodial father's income. The system is also regressive. Child support obligations represent a greater proportion of the incomes of low-income parents than of those who are well off.

Child support awards are considered to be inadequate,[10] though the problem may be not so much that initial awards are low as that they do not reflect changes in the earnings ability of the noncustodial parent, or even changes in the cost of living.

Collecting support once an award is made has also been difficult. When failure to pay occurs, the custodial parent generally must initiate a legal action, a proceeding fraught with difficulties. It requires legal counsel—a substantial financial burden for a parent already not receiving support—and often involves difficult fact determinations because of the lack of adequate records of direct payments to the custodial parent. Nationally, as recently as 1985, only half of the parents with awards received the full amount owed them and about one-quarter received nothing.[11]

Congressional interest in absent fathers grew as the upward trend in divorce, separation, desertion, and out-of-wedlock births increased the number of families dependent on AFDC. The first federal legislation on private child support was enacted in 1950. State welfare agencies were required to notify law enforcement officials when a child receiving AFDC benefits had been deserted or abandoned. Further legislation, enacted in 1965 and 1967, allowed states to request addresses of absent parents from federal social security records and tax records. States were also required to establish a single organizational unit to enforce child support and establish paternity.

The most significant federal legislation was enacted in 1975, when Congress added Part D to Title IV of the Social Security Act, establishing the Child Support Enforcement (IV-D) program. This legislation created the public bureaucracy to enforce private child support obligations.

By 1985 collections reached $2.7 billion, including $1 billion for AFDC recipients. This represents an increase of 282 percent in collections for AFDC families between 1976 and 1985.[12] Census Bureau statistics indicate that real child support award levels have fallen rather sharply during the last six years, and overall payment rates of child support relative to what is owed have increased only slightly.[13] The decline in the real amount of child support owed seems attributable to both the erosion of the real value of awards by inflation and the changing composition of those getting awards (i.e., more never-married and fewer divorced women).[14]

Still, there is good reason to believe both that the system is getting better and that child support collections will continue to grow, as the 1985 figures do not reflect the strongest federal child support legislation to date. That legislation, passed in 1984, addressed most of the major shortcomings of the private child support system: the failure to obtain an award from the courts, the inequity and inadequacy of awards, and the failure to collect support. States are now required to adopt expedited procedures for obtaining support orders either through the judicial system or in an administrative agency. To increase the number of awards to never-married mothers, states are required to extend the period during which paternity action can be initiated to any time up to the child's eighteenth birthday. All states are required to establish child support guidelines to enable judges and others determining the sizes of awards to set equitable and adequate support payments—though these guidelines are not binding on the judiciary. To enhance collections, the 1984 amendments provide fiscal incentives for states to monitor payments in all cases. Moreover, the amendments require the states to adopt automatic income withholding for child support to take effect after one month's delinquency.

Public child support

Public support is a significant feature of the child support system, and public transfers substantially exceed private child support transfers. Whereas slightly over $7 billion in private child support was paid in 1985, AFDC expenditures on families potentially eligible for child support were equal to no less than $8 billion. If the costs for food stamps ($5 billion), housing assistance ($3 billion), and Medicaid ($8 billion) are included, public transfers equaled nearly $24 billion, or more than three times private transfers.[15]

As mentioned above, dissatisfaction with AFDC has grown along with costs and caseloads. On a number of occasions regulations have been changed in an effort to reduce the welfare population. The first government program explicitly to aid AFDC mothers in finding employment was the Work Incentive Program (WIN), established in 1967. WIN required all nonexempted persons aged 16 or older who applied for or received AFDC to register for work and training. The program was supposed to assess job skills and provide job training and employment placement, but has furnished little assistance of this nature. It has not had much impact on either work or caseloads.

In 1981 the Reagan administration sought to cut off benefits to recipients with substantial earnings and to require those who received benefits to work for them. Congress agreed to much, but not all, of this strategy. By 1987 almost every major welfare reform proposal contained both work requirements and the provision of services such as training and day care to facilitate work.

As structured, nevertheless, AFDC encourages welfare dependency. After four months on a job, a woman on AFDC faces a reduction in benefits of a dollar for every dollar of net earnings. It is not surprising therefore that the majority of mothers on welfare do not work.

Even if they were fully employed, however, one-half of welfare mothers could earn no more than the amount of their annual welfare grant, and another quarter could earn only up to about $3,200 more.[16] How many more could not earn enough to cover the costs of their Medicaid benefits has not been established. But surely the numbers are large. Finally, this estimate takes no account of the necessity of some of these mothers to work less than full time, full year.[17] This evidence suggests that transfers are necessary to provide an adequate standard of living for these families.

The only way to alleviate the poverty of single parents without creating total dependency is to supplement rather than replace their earnings, either from improved collections of private child support or from public transfers.

Congress and the Reagan administration have already approved two alternative methods of sharing some of the AFDC savings from increased collections. All states must ignore the first $50 per month of private child support (which is paid to the state when the custodial parent is on welfare) in calculating the AFDC benefit (a $50 set-aside). This increases the benefit by up to $50 for a recipient when the noncustodial parent makes support payments. Two states, Wisconsin and New York, can use the federal share of AFDC savings to help fund an assured child support benefit as part of a comprehensive Child Support Assurance System (CSAS).

The Wisconsin plan

Under a Child Support Assurance System, all parents living apart from their children are obligated to share their income with their children. The sharing rate is specified in administrative code and, exceptional cases aside, depends only upon the number of children owed support. In Wisconsin this rate is equal to 17 percent of the noncustodial parent's gross income for one child, and 25, 29, 31, and 34 percent respectively for two, three, four, and five or more children. The obligation is collected through payroll withholding in cases where that is possible, as are social security and income taxes. In other words, child support is akin to a proportional tax on noncustodial parents. Children with a legally liable noncustodial parent are entitled to benefits equal to either the child support paid by the noncustodial parent or a socially assured minimum benefit, whichever is higher. Should the noncustodial parent pay less than the assured benefit, the difference is paid by the state. The extra costs of the assured benefit are financed from AFDC savings that result from increased child support collections and from a small surtax up to the amount of the subsidy, which is paid by custodial parents who receive a public subsidy. Finally, in order to make work even more attractive, one other provision has been added to the Wisconsin plan. Low-income custodial parents are compensated for work expenses, such as child care, at the rate of $1 per hour worked for one child and $1.75 for two or more children.

The state of Wisconsin, following the recommendation of the Institute for Research on Poverty 1982 study report, *Child Support: Weaknesses of the Old and Features of a Proposed New System,*[18] is implementing the child support assurance system in stages. The percentage-of-income standard was made an option for the courts to use in 1983 and became the presumptive child support obligation as of July 1987. (The percentages, however, are still being used to arrive at fixed dollar child support orders rather than being expressed in percentage terms.) Immediate withholding was piloted in 10 counties in 1984 and also became operational statewide in July 1987. The assured benefit is scheduled to be piloted in late 1988.

The plan has a number of advantages over the traditional court proceedings. A fixed sharing rate provides automatic indexing of child support awards, so that as the income of the noncustodial parent increases, the award increases. Since very low child support payments are related at least as much to lack of adjustment for increased earnings as they are to low court orders, indexing should increase payment amounts. Also, if the earnings of noncustodial parents decrease owing to unemployment or illness, their obligations will drop as well.

Automatic withholding, rather than withholding in response to delinquency, will increase both the size and timeliness of child support payments. Noncustodial parents who have defaulted for a few months may have spent the money for other purposes and often cannot afford to pay back the arrearage. Most important, Wisconsin's recent experience with withholding in response to delinquency shows that 70 percent of noncustodial parents became delinquent within three years. No society profits by making so many into lawbreakers. Uniform automatic withholding removes any element of stigma and punishment from the collection process while enhancing children's economic security.

The assured benefit in Wisconsin provides support for children when the noncustodial parent does not have sufficient resources to pay that amount, owing to low earnings ability, unemployment, illness, or other circumstances. The assured benefit in conjunction with the work-expense offset means that a mother with some earnings need not go on welfare should she receive little or no assistance from the noncustodial father.

How the assured benefit, work-expense offset, and custodial-parent tax would work in comparison to welfare in Wisconsin is illustrated in Table 1. The examples are all for a family composed of a single mother and two children. The first four columns give respectively the hourly wage, annual hours worked, annual earnings, and private child support paid. We consider two low-wage workers and one moderate-wage worker: $3.35 per hour, $5.00 per hour and $8.00 per hour. For the lowest-wage worker we consider three different amounts of annual hours worked: 1,000 hours, 1,500 hours, and 2,000 hours, which correspond roughly to half-time, three-quarters time, and full-time work. For the $5.00 per hour worker we consider only 1,000 and 1,500 hours worked, and for the $8.00 per hour worker we consider only 1,000 hours worked. The reason for this, as we shall see below, is that at higher wages it takes fewer hours of work for the CSAS option to dominate welfare. To simplify the table, child support is held constant in each example at $2,500 per year, based on a noncustodial father's income of $10,000, which is a bit below the average income of noncustodial fathers of AFDC children in Wisconsin.[19]

The next three columns show the amount of AFDC plus food stamps that the family is entitled to, given its earnings and family size, the amount of federal income and social security taxes that the family is liable for—or given the earned income tax credit, the refund the family is entitled to, which shows up as a minus—and finally the net income of the family under the welfare option (cols. 3+4+5−6). The next six columns give figures for the assured benefit, the work-expense offset, food stamps, the custodial-parent tax,

Table 1
Comparing CSAS to Welfare in Wisconsin, 1986
for Child-Support Eligible Family with Two Children

				Welfare System			CSAS					
Wage (1)	Hours Worked (2)	Earnings (3)	Private Child Support (4)	Welfare (AFDC and Food Stamps) (5)	Tax (FICA, Federal and EITC) (6)	Net Income (7)	Assured Benefit (8)	Work-Expense Offset (9)	Food Stamps (10)	Custodial-Parent Tax (11)	Tax (FICA, Federal, and EITC) (12)	Net Income (13)
$3.35	1,000	$3,350	$2,500	$3,376	$−229	$9,456	$3,528	$1,750	$625	$838	$−229	$8,645
3.35	1,500	5,025	2,500	1,916	−344	9,786	3,528	2,625	5	1,028	−344	10,499
3.35	2,000	6,700	2,500	456	−459	10,115	3,528	3,500	0	1,028	−459	13,159
5.00	1,000	5,000	2,500	1,938	−342	9,781	3,528	1,750	273	1,028	−342	9,865
5.00	1,500	7,500	2,500	0	−447	10,447	3,528	2,625	0	1,028	−447	13,072
8.00	1,000	8,000	2,500	0	−431	10,931	3,528	1,750	0	1,028	−431	12,680

Note: A negative number in the tax column means that a credit in that amount is added to income.

federal income and social security tax liability, and net income (cols. 3+8+9+10−11−12).

The net income columns for the welfare and CSAS options indicate the following. For a mother who can earn only the minimum wage of $3.35 per hour, welfare is a slightly better bet at half-time work than CSAS—$9,456 versus $8,645. Half-time work at $5.00 per hour combined with CSAS, however, is slightly better than welfare. For the minimum-wage worker who works three-quarters time, CSAS also dominates slightly, and for a woman working three-quarters time at $5.00 per hour, CSAS is about $2,600 higher—$13,072 versus $10,447. Finally, the last row indicates for the $8.00 per hour worker, CSAS dominates even at half-time work.

One very important qualification to these comparisons should be noted. The value of Medicaid coverage is not included. If, as is frequently the case, there is no medical coverage in the jobs these mothers can obtain, the CSAS option will be much less attractive than the comparisons in Table 1 suggest. This points out the necessity of having a package of reforms to reduce poverty and welfare dependence as opposed to any single solution.

The Wisconsin CSAS is projected to reduce poverty among families with children eligible for child support by about 30 percent and AFDC caseloads by about 20 percent if it is cost neutral (i.e., if it funnels all AFDC savings from enhanced collection back into the system).[20] A cost-neutral federal child support assurance system like the one being tried in Wisconsin, but without the work-expense offset, would reduce the poverty gap and AFDC caseloads by, respectively, 40 percent and 50 percent.[21] The national figures are so much better because, although Wisconsin's income is below average, it does more to prevent poverty through generous AFDC payments and other means than most other states.

Such estimates, while they indicate the potential of a child support system to reduce poverty and dependence, also reveal its limits. For they tell us that even if all the welfare savings resulting from increased private child support to AFDC families were used to finance an assured benefit, over half of the poverty problem for this group would remain. In short, child support can play a large part in solving the nation's poverty and welfare problems for single mothers and their children. But by itself, it is insufficient.

The division of responsibility

The nation is now involved in a great debate about how financial responsibility for supporting children should be divided between parents and among parents and the state.

Recent trends are clear. We are imposing greater financial responsibility on both custodial mothers and noncustodial fathers, including those who are poor. Moreover, public benefits to single mothers and their children have declined. But the recent trends must be put into the context of longer-run trends.

With respect to the responsibility of noncustodial parents to pay child support, I would argue that it is part of a much larger trend. Why is child support playing such a prominent role in the welfare reform debate in the 1980s, when it played such a small role in the 1960s and 1970s? I think the answer is to be found in the changing composition of the AFDC caseload. As it came to be dominated by children with a living noncustodial parent, the federal government responded—but very slowly and cautiously. As described above, the response began weakly in 1950. It generated great controversy and change in 1975 and reached a crescendo in 1984, when Congress unanimously voted for the strongest child support legislation to date. In retrospect, increasing public enforcement of private child support obligations was an important issue in the 1960s and 1970s, and even the 1950s. Most of us didn't see it, however, even in 1975, because we had our eyes on other important issues.

I took no notice when the 1975 Child Support Act passed. But not long after, I received a request, in my recently assumed capacity as the director of the Institute for Research on Poverty, from the Office of the Assistant Secretary for Planning and Evaluation in the Department of Health, Education, and Welfare: "Could I please try to find someone at IRP to study child support?" I was not favorably disposed to the idea of increasing public enforcement of the private child support obligations of the poor. What little thought I had given to the issue was colored by my background in social work. Most social workers viewed the public enforcement of private child support obligations as simply punitive.

I responded by encouraging a graduate student in social work, Judith Cassetty, to write her doctoral dissertation on child support. Cassetty's work,[22] other pioneering work, including that of Isabel Sawhill,[23] and my own research convinced me that the public enforcement of private child support obligations could not be dismissed as merely punitive.

In short, the trend toward greater public enforcement of private child support in the last ten years appears in retrospect to be part of a longer-run trend, a trend that most social scientists and policy analysts didn't see until recently. In our book, Sara McLanahan and I argue that the same is true for the responsibility of poor custodial parents to contribute some earnings to their family budget. The trend in this case goes back at least to the 1962 Social Security Amendments initiated by the Kennedy administration.

In contrast, the 25 percent cut in AFDC benefits in the 1975–85 decade runs counter to the long-term trend. It came on the heels of a near tripling in real benefits in the 1955–75 period.[24] Viewed from the perspective of 1935, AFDC represented a huge leap forward in benefits to single mothers and their children. The long-run trend in benefits has been up, and unless our standard of living stops increasing that trend will continue. Indeed, it appears as if the cuts in real benefits had come to an end by the early 1980s; they have already begun to increase slightly.[25] I expect the future value of public benefits to single mothers to increase in the form of assured child support benefits, day care benefits, health care benefits that are not tied to AFDC, and other benefits that reinforce work, and finally—to a lesser extent—in the form of increases in AFDC benefits.

When historians look back on the last half of the twentieth century, I think they will conclude that U.S. social policy moved simultaneously at a very slow, uneven pace toward higher public benefits and greater reinforcement of the traditional obligation of both parents to support their children financially. Simultaneously increasing public benefits and reinforcing traditional values like work and parental responsibility were the signal achievement of the Social Security Act. Survivors Insurance, after all, amounts to public enforcement of the private parental responsibility to insure one's children in the event of one's death.

Joel Handler, in his essay in this issue, is more pessimistic. He sees requirements to pay child support and work as limiting the right of poor citizens to cash public assistance and as punitive attempts to reduce public benefits. Though I disagree with him, he calls our attention to a real danger: Enforcing child support and work can be administered punitively. I worry, for example, that as we collect more child support from the relatively poor fathers of the children on welfare, that money will not be used to reduce the poverty of single mothers and their children. We may wind up, instead, playing Robin Hood in reverse and use it to reduce the taxes of the middle- and upper-middle classes. That would be disgraceful, but it could happen. In the three-hundred-year history of American aid to the poor, we've had no shortage of disgraces. But we've had as well our share of proud moments. Although it is far from clear that social policy in the 1990s will be worthy of the legacy of the Social Security Act, I remain optimistic. ■

---

[1]For a discussion of the theories promulgated to explain this phenomenon, see Irwin Garfinkel and Sara McLanahan, *Single Mothers and Their Children: A New American Dilemma* (Washington, D.C.: Urban Institute Press, 1986), pp. 55–85.

[2]Ibid., p. 46.

[3]Ibid., p. 12.

[4]Ibid., p. 173.

[5]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. GPO, 1987), p. 388.

[6]See Garfinkel and McLanahan, *Single Parents and Their Children*, for a review of the literature.

[7]They are much more likely than the rest of the population to become homeless. See Irving Piliavin, Michael Sosin, and Herb Westerfelt, "Conditions Contributing to Long-Term Homelessness: An Exploratory Study," IRP Discussion Paper no. 853-87, 1987.

[8]Greg J. Duncan, Martha S. Hill, and Saul D. Hoffman, "Welfare Dependence within and across Generations," *Science*, forthcoming.

[9]U.S. Bureau of the Census, "Child Support and Alimony, 1985," *Current Population Reports*, Series P-23, no. 152 (Washington, D.C.: U.S. GPO, 1987).

[10]Ann Nichols-Casebolt, Irwin Garfinkel, and Patrick Wong, "Reforming Wisconsin's Child Support System," IRP Discussion Paper no. 793-85, 1985.

[11]U.S. Bureau of the Census, "Child Support and Alimony, 1985."

[12]U.S. Department of Health and Human Services, Office of Child Support Enforcement, *Child Support Enforcement Statistics, Fiscal Year 1985*, Vol. 2, Table 1, and *Child Support Enforcement, Fifth Annual Report to the Congress for the Period Ending September 30, 1980*, Table 2 (Rockville, Md.: National Child Support Enforcement Reference Center, 1986).

[13]U.S. Bureau of the Census, "Child Support and Alimony, 1985."

[14]Andrea H. Beller and John W. Graham, "Child Support Payments: Evidence from Repeated Cross-Sections," *American Economic Review, Papers and Proceedings*, May 1988, forthcoming.

[15]Estimates of private child support are taken from U.S. Bureau of the Census, "Child Support and Alimony, 1985." Estimates of public child transfers were derived by Irwin Garfinkel and Sara McLanahan; see *Single Mothers and Their Children*, Table V-2.

[16]Isabel Sawhill, "Discrimination and Poverty among Women Who Head Families," *Signs*, 2 (1976), 201–211. The figure $3,200 is my adjustment to 1985 dollars. In the original paper the number was $1,000 in 1968 dollars.

[17]David Ellwood, "Working Off of Welfare: Prospects and Policies for Self-Sufficiency of Women Heading Families," IRP Discussion Paper no. 803-86, 1986.

[18]Garfinkel and Marygold Melli, *Child Support: Weaknesses of the Old and Features of a Proposed New System*, Vol. 1, IRP Special Report no. 32A, 1982.

[19]See Thomas McDonald, James Moran, and Irwin Garfinkel, "Wisconsin Study of Absent Fathers' Ability to Pay More Child Support," IRP Special Report no. 34, September 1983. With one minor exception the examples would not change if different amounts of child support were used. If private child support were between zero and $50 per month, the welfare option would be less than that in the table because the welfare benefit calculations ignore up to $50 a month in child support. For child support between $50 per month (or $600 per year) and $2,500, the assured benefit option would be somewhat less attractive if the custodial parent earned enough to become liable for an increased custodial-parent surtax. Similarly, for child support between $2,500 and $3,552 the opposite would be the case.

[20]The estimates for Wisconsin include predicted increases in work on the part of AFDC recipients in response to the improved work incentives of CSAS. The national estimates, however, do not include work responses. All of the decrease in the national estimates result from CSAS benefits—alone or in combination with other income of current AFDC recipients—being higher than AFDC benefits.

[21]The CSAS plan simulated has a benefit of only $2,500 for the first child.

[22]*Child Support and Public Policy* (Lexington, Mass.: D.C. Heath, 1978).

[23]Heather Ross and Isabel Sawhill, *Time of Transition: Growth of Families Headed by Women* (Washington, D.C.: Urban Institute Press, 1978).

[24]Garfinkel and McLanahan, *Single Mothers and Their Children*, pp. 172–173.

[25]Between 1981 and 1985 the real average monthly AFDC benefits per family increased from $328 to $338. See U.S. House of Representatives, Committee on Ways and Means, *Background Material*, Table 18, p. 391.

State welfare employment initiatives: Lessons from the 1980s

by Judith M. Gueron

Judith M. Gueron is president of the Manpower Demonstration Research Corporation, New York City. MDRC is a private nonprofit corporation that designs, manages, and evaluates social programs aimed at increasing the self-sufficiency of the disadvantaged.

Workfare, reciprocal obligations, parental responsibility, and the need to balance opportunities with mandates have been prominent in the current lexicon of welfare reform, replacing the emphasis on entitlements and incentives familiar from an earlier era. This article discusses why the debate has shifted toward work strategies and summarizes what we know about the feasibility and success of this type of reform. The focus throughout is on women in the Aid to Families with Dependent Children (AFDC) program.

Why work requirements?

The designers of this country's welfare system have continually attempted to reconcile two potentially conflicting objectives: providing adequate support to those among the poor who cannot or should not be expected to work, and encouraging independence and self-support among those who can. The AFDC program has been the center of controversy, at least in part because a dramatic increase in women's participation in the labor force has led to a change in the public's attitude regarding the responsibility of poor women to contribute to the support of their children.

The framers of the Social Security Act sought to protect poor widows from having to leave their children in order to enter the labor market. Although this philosophical basis for AFDC persisted for 35 years, in more recent years the program has generated widespread dissatisfaction. Dissatisfaction, unfortunately, does not define reform, and for almost 20 years this country has sought to restructure AFDC in such a way as to increase recipients' self-sufficiency yet still protect their children.

One approach was to change the rules for determining welfare benefits in order to provide financial incentives for choosing work instead of welfare; that is, to encourage recipients to increase their work effort on a voluntary basis. Extensive research has shown the cost of this strategy and the complex way in which increasing work incentives can actually reduce aggregate work effort by expanding the size of the beneficiary population.[1] While this led to a retreat from lowering AFDC benefit reduction rates (and probably contributed to the 1981 increase in these rates), other less controversial approaches have been used with the same objective of rewarding work. Examples include transitional Medicaid or child care, the earned income tax credit (EITC), and to some extent efforts to increase child support collections.

The other approach, which is the subject of this article, was to shift the emphasis in the AFDC program from an income-conditioned entitlement to a reciprocal obligation, in which getting a welfare check carried with it some requirement to look for and accept a job, or to participate in work experience, education, or training activities in preparation for work. Even though behavioral requirements and the provision of employment services are not new, there has been an increasing emphasis on work mandates and obligations in the 1980s. Under these, the states would have the responsibility to provide the services and supports while recipients would have to use them or risk losing some welfare benefits.

On a very general level, there now exists widespread support for promoting work through this second approach, as seen in the recent proposals of the nation's governors and the American Public Welfare Association, as well as the numerous welfare reform bills introduced in Congress in 1987. Persistent differences in objectives, values, and views of social justice and the causes of poverty have made it difficult, however, to translate broad agreement into a specific proposal. Those who stress reducing dependency, think that jobs at some level are available, and believe that welfare recipients are either unwilling to work or too discouraged to try, for example, tend to favor mandatory requirements and low-cost job placement assistance with workfare required from those who remain on the rolls. Others, who emphasize reducing poverty rather than dependency, point to evidence that welfare recipients want to work and argue that poor people lack the necessary education and skills to obtain jobs which pay enough to assure self-sufficiency at a decent standard of living. People with this second view place less emphasis on mandates and more on the provision of intensive education and training.

Congress expressed a preference for work over welfare in the late 1960s and again in 1971 by requiring all adult AFDC recipients with school-age children to register to participate in a welfare employment program—the Work Incentive (WIN) program—and take jobs, or risk sanctions. Because of limited resources, however, participation was often limited to registration, and the program lost credibility as it failed to meet its operational objective. Further, several state-run demonstrations of alternative mandatory work programs in the 1970s ended up raising more questions than providing answers as states foundered against bureaucratic resistance, legal challenges, and implementation problems.

While large-scale feasibility remained uncertain, some careful studies suggested the promise of employment strategies. The National Supported Work Demonstration showed that structured, transitional, paid work experience could have positive long-term effects for very disadvantaged welfare recipients and be cost-effective for taxpayers, despite initially high costs.[2] Evaluations of job-search assistance indicated that low-cost strategies could also provide lasting benefits to a wide range of recipients.[3] Both studies also showed larger impacts for the more disadvantaged, calling into question the well-intentioned WIN practice of rewarding high placement rates, a practice that encouraged staff to serve those easiest to place.

Although these studies were of voluntary programs, the interest in restructuring AFDC prompted both Presidents Carter and Reagan to support reforms linking benefits with a strengthened obligation to work or accept work-related services. Both administrations sought to move beyond WIN and, by providing some form of "guaranteed" activity, assure that all eligibles would participate. The Carter proposal guaranteed paid public-service jobs as a last resort, while the Reagan plan required universal unpaid "workfare."[4]

Rejecting the Carter proposal as too expensive and the Reagan plan as too controversial, Congress in the Omnibus Budget Reconciliation Act of 1981 (OBRA) gave the states the option to implement workfare and the opportunity to restructure the management of the WIN program. This, in effect, converted WIN into a block grant administered by welfare agencies. States were given more flexibility but very little money.

Reviewing the situation in 1981, an informed person would have asked a number of questions about the impact of OBRA: Would the states respond? And if so, how? Could a participation mandate be successfully imposed? Would workfare emerge as the dominant strategy? Would the new initiatives help or hurt welfare recipients? Who would benefit the most and the least? Would employment programs save or cost money?

Research conducted during the 1980s has provided answers to a number of these questions. These answers have led to the widely shared view that in most circumstances work programs for welfare recipients are productive investments. This explains, in part, why employment programs were a key element of every 1987 welfare reform proposal. Important questions remain unanswered, however, and they will be discussed at the end of this article.

What and how can we learn?

Before turning to what has been learned, several caveats are in order. First, lessons from the early 1980s are limited by the types of initiatives states have implemented. Despite the rhetoric on work mandates, funding was extremely limited. WIN, the major source of operating funds for welfare employment programs, became a target for annual budget cutting, with funds falling 70 percent between 1981 and 1987, even more in constant dollars.

Second, real world research does not occur in a vacuum. Welfare work programs operate against a backdrop of extensive alternative voluntary employment and educational services provided by institutions as diverse as community colleges, Job Training Partnership Act (JTPA) providers, and the Employment Service. Evaluations can measure the incremental impact of adding a welfare employment program, not the underlying effect of this broader network of services.

Third, one cannot evaluate a welfare employment program simply by observing program participants. People frequently take jobs, get married, or move off welfare without special work mandates or program assistance. As a result, operating data on job placements or case closures can show what people are doing, but not how much of it results from a work program. Determining program effects requires some estimate of what would have happened to recipients in the absence of the program. The research discussed here comes from the few states where careful estimates were possible because welfare applicants or recipients were randomly assigned to a mandatory program or a control group excused from program requirements. Both groups were tracked over time, and differences in their behavior provide estimates of program effects. Unfortunately, similiar information is not available for other states, including some with major initiatives.

Finally, the results reported here—for example, average costs and impacts—are presented "per experimental." Experimentals can appropriately include applicants whose grants are subsequently not approved or women who never actively participate, since these individuals can be affected by the program mandate. It is important, however, not to confuse numbers averaged across broad groups of people involved in a mandatory program—all new applicants or large groups of recipients—with measurements from other studies, such as average costs or impacts per participant.

What has been learned?

Although studies by the General Accounting Office and the Urban Institute broadly describe state welfare employment initiatives during the 1980s, an MDRC study in eight states (funded by the Ford Foundation and those states) provides most of what we know about program participation, impacts, and net costs.[5] This article relies primarily on the MDRC evaluation because the results are particularly rigorous and the states are generally representative of national variations in local conditions, AFDC grant levels, and administrative arrangements as well as the scale and programmatic approaches implemented during this period. Results are available for six areas: the urban centers of San Diego, Baltimore, and Cook County (including Chicago), and multicounty areas in Arkansas, Virginia, and West Virginia.[6]

The response of the states

The states faced a number of questions in redesigning the WIN program:

- Should programs be mandatory or voluntary?
- Should programs offer the same to all recipients or tailor services to different groups?
- Should treatments be short and low-cost, or longer and more intensive? If programs are mandatory, should the obligation be of fixed length or ongoing?
- Should limited funds be concentrated on particular subgroups of the caseload, in order to assure more intensive services or requirements, or should they be spread over a wider group?

Given flexibility and very limited funds, states implemented a range of new initiatives, with specific designs reflecting local values and resource constraints. Although there are no consistent national data on participation in program activities, the Urban Institute estimated that job search programs were implemented in areas covering only about 40 percent of the national AFDC caseload and workfare in areas covering only 30 percent.[7] In the six areas MDRC studied, programs were designated mandatory but usually imposed only short-term obligations. Typically, welfare applicants or recipients would be required to look for a job for two to four weeks, often assisted in a job club. If not successful, they might have to work for three months in an unpaid workfare position, after which, if they were still not employed, the obligation would end or some minimal continued job search would be required. This was the pattern in San Diego, Arkansas, Virginia, and Cook County, although these four programs differed substantially in the assistance provided, the extent of sanctions, and the use of workfare. In contrast, the Baltimore program did not impose a fixed sequence or duration of activities, offering instead a choice of job search, unpaid work experience, or a range of educational and training activities. The West Virginia program imposed an ongoing workfare obligation as long as a person was receiving benefits, with the requirement more strictly enforced for men on AFDC-UP than women on AFDC.

Most of the programs stressed placement in any job; the Baltimore staff, however, focused more on obtaining "better" jobs and the West Virginia program stressed the value of work per se, recognizing the difficulty of unsubsidized placement given the extremely high unemployment rate in the state.

With the exception of Arkansas, the six states only imposed a participation requirement on the one-third of the AFDC caseload with school-age children, the traditional WIN-mandatory group. Some further limited implementation to certain subsets of this group or areas of the state. For example, the program in California operated in select counties, and in San Diego was targeted exclusively on new applicants, while the Baltimore program covered only 1,000 people, representing both applicants and recipients faced for the first time with work obligations. In contrast, the Cook County, West Virginia, and Virginia programs were implemented statewide for all WIN-mandatory applicants and recipients.

Program implementation was smoother than in the 1970s demonstrations, suggesting greater bureaucratic support and improved coordination. A possible explanation was that the new flexibility in program design and administrative structure encouraged state and county ownership.

The six states showed an increased ability to administer mandatory participation requirements, at least on the scale and intensity attempted. Even when these requirements were strictly enforced, however, participation rates fell far short of 100 percent. Since requirements were usually not ongoing or universal, monthly rates measuring the share of the caseload actively participating were generally not available.[8] Groups of newly enrolled applicants and/or recipients, however, were tracked to determine the fraction participating over time. Typically, within nine months of registering with the new program, about half of the women had taken part in some activity, and substantial additional numbers had left the welfare rolls and the program. Within nine months of welfare application in San Diego, for example, all but a small proportion—9 percent of the AFDC women—had left welfare, had become employed, were no longer in the program, or had fulfilled all of the program requirements. In some of the other states, the proportion of those still eligible but not reached was as high as 25 percent, indicating less stringent enforcement of the participation requirement.

Across the six states, there was substantial variation in interest and willingness to cut the grants of nonparticipating recipients, although the system was generally not very punitive. The mandate was more strictly enforced in San Diego and Cook County than, for example, in Baltimore or Virginia.

In the states studied, the major activity provided by the program was job search, often in job clubs, with 25 to 50 percent of the experimental group members ever participating; workfare or work experience was a less significant factor, with from 3 to 24 percent participating. Education and training were usually less frequent, with a high of 17 percent participating in program-approved or supported services in Maryland.[9]

Workfare, when used, did not fulfill the predictions of critics or advocates. Surveys with supervisors and participants showed that (1) positions were entry level and provided little skills development, but were not make-work; (2) welfare recipients were productive and provided useful services; (3) participants generally responded positively to their work assignments; and (4) most participants felt that the employers got the better end of the bargain and would have preferred a paid job. These findings suggest that most states did not implement workfare with a punitive intent, which may explain why the majority of participants surveyed viewed the short-term work requirements as fair.

In summary, the six states implemented programs that generally continued the prior WIN emphasis on immediate job placement, adding new resolve to make participation requirements more meaningful. With very limited resources, most programs offered fairly low-cost services and imposed only short-term obligations, although the balance between requirements and services varied. San Diego and Baltimore, which focused on smaller shares of the caseload, spent more on average ($775 and $1,040, respectively, per person in the experimental group—including nonparticipants and people who did not get on welfare—and Baltimore's average included both low- and relatively high-cost services) than the other four states that served all WIN mandatories (where gross costs per experimental ranged from a low of $150 in Cook County to $465 in West Virginia).

Thus, the initiatives implemented in the first half of the 1980s were more incremental than radical and leave unanswered the feasibility or effectiveness of more far-reaching changes in service or obligation. Some of these changes are being attempted, however, in a second generation of initiatives launched in a number of states in the last half of the decade.

Did it make a difference? How do benefits compare to costs?

Tables 1 and 2 summarize the results from the six states.[10] The programs in four of these increased quarterly employment rates by between 3 and 8 percentage points, translating into cumulative earnings gains over the one- to three-year follow-up period of between 8 and 27 percent. For example, during the 15-month follow-up period in San Diego, 61 percent of the people in the "experimental" group—who were supposed to participate in the program—worked at some time, compared to 55 percent of controls, an employment difference of 6 percentage points or an increase of 10 percent. As a result, total earnings per experimental—including nonearners as well as earners, nonparticipants as well as participants—were on average $700 higher during the same period than the $3,102 earned by controls, an increase of 23 percent. Importantly, the three years of follow-up data now available for the very different programs in Baltimore and Arkansas show earnings impacts increasing or holding constant after the first year. The findings also suggest that the Baltimore program, which provided some long-term education and training, led to improvements in job quality (either wages or hours), not just job holding.

In general, these four programs also produced some welfare savings (Table 2), although they were smaller and less consistent than the earnings gains. In San Diego, for example, the average savings over 18 months was $288, reflecting an 8 percent decline from the average $3,697 received by controls. In Arkansas, savings continued through the full 36 months of follow-up.

The findings also show that the most employable people—women who have recently worked—usually do not gain much from program participation. Even without special assistance, many of these women stay on welfare for relatively brief periods. In contrast, women with limited or no recent work history can benefit more significantly from support and assistance. While more of these women remain on welfare even after participating in a work program, their employment rates do increase substantially.[11]

Finally, the findings from two states provide important exceptions. First, the pure workfare program in West Virginia did not lead to increased employment and earnings. Although there are many possible explanations, the most likely one was seen in advance by program planners: In a very rural state with the nation's highest unemployment rate during part of the period studied, the program could reinforce community values, keep job skills from deteriorating, and provide useful public services, but was unlikely to translate this into gains in unsubsidized employment. Second, the program—since replaced—in Cook County led to no statistically significant increase in employment and earnings, although there were small welfare savings. Here, too, there are many possible explanations, including the nature of the program: The least expensive of those studied, it tried to reach the full WIN-mandatory caseload with very limited funds and provided mainly administrative and monitoring functions with little direct service and relatively frequent sanctions. These exceptions provide useful reminders of the importance of labor market conditions and, possibly, of the need to provide at least a certain minimum amount of assistance in order to get any employment results.[12]

An examination of these programs' effects on government budgets showed that, while they required an initial investment, outlays were usually more than offset by projected savings over two to five years. For example, in San Diego, net operating costs (costs for experimentals minus costs for controls) were approximately $630 and led to offsetting five-year savings from increased taxes and reduced AFDC, Medicaid, and other transfer payments of $1,790, for a net gain of $1,130 per experimental. Programs in Arkansas, Virginia, and Cook County also resulted in estimated budget savings, with an approximate breakeven in Maryland and some net costs in West Virginia. In four of the states examined, more than half of the savings went to the federal government, providing a strong rationale for continued federal funding of such programs.

Table 1

Summary of the Impacts on Earnings and Employment of Welfare Employment Programs in Six Areas

Follow-Up Quarter[b]	Estimated Earnings (in current dollars): In Absence of Program[c]	Impact of Program[a]: Dollars	Impact of Program[a]: Percentage	Estimated Percentage Employed: In Absence of Program[d]	Impact of Program[e] (in percentage points)
San Diego, Calif.: Applicants					
Third	$538	$163***	30%***	32.3%	7.8***
Sixth	773	161***	21***	38.1	3.8*
Quarters 2-6	3,102	700***	23***	55.4	5.6***
Baltimore, Md.: Applicants and Recipients					
Third	400	66*	17*	27.4	4.9***
Sixth	566	103**	18**	33.0	5.7***
Ninth	659	118**	18**	37.4	2.1
Quarters 2-12	6,595	1,043***	16***	65.5	4.8***
Arkansas: Applicants and Recipients					
Third	143	47*	33*	13.7	5.1**
Sixth	226	67*	30*	15.8	5.5***
Ninth	250	102**	41**	17.9	6.3***
Quarters 2-12	2,478	676**	27**	36.4	4.5*
Cook County, Ill.: Applicants and Recipients					
Third	354	5	1	20.1	0.7
Sixth	475	21	4	23.4	1.0
Quarters 2-6	1,921	57	3	35.8	1.0
Virginia: Applicants and Recipients					
Third	346	35	10	27.9	3.3**
Fourth	407	46	11	30.5	3.9**
Quarters 2-4	1,038	81	8	40.5	3.3*
West Virginia: Applicants and Recipients					
Third	112	21	19	11.2	−0.3
Sixth	178	−9	−5	13.8	−0.4
Quarters 2-6	712	0	0	22.7	−0.4

Source: MDRC final reports on Cook County, San Diego, Virginia, and West Virginia; supplemental studies on Arkansas and Baltimore.

Notes: These data include zero values for sample members not employed. The estimates are regression-adjusted using ordinary least squares, controlling for prerandom assignment characteristics of sample members.
[a]The impact of the program is the experimental-control difference in earnings.
[b]The length of follow-up after random assignment varied by state. Employment and earnings were measured by calendar quarters. To assure that any preprogram earnings and employment were excluded from the impact estimates, the follow-up period began after the quarter of random assignment.
[c]Earnings of the control group during the indicated period.
[d]Percentage of control group employed at any time during the indicated period.
[e]The impact of the program is the experimental-control difference in the percentage employed.
*Denotes statistical significance at the 10 percent level; ** at the 5 percent level; and *** at the 1 percent level.

Table 2

Summary of the Impacts on AFDC Receipt of Welfare Employment Programs in Six Areas

Follow-Up Quarter[b]	Estimated AFDC Payments (in current dollars): In Absence of Program[c]	Impact of Program[a]: Dollars	Impact of Program[a]: Percentage	Estimated Percentage Receiving AFDC: In Absence of Program[d]	Impact of Program[e] (in percentage points)
San Diego, Calif.: Applicants					
Third	$653	$−71***	−11%***	56.2%	−4.5**
Sixth	445	−22	−5	36.2	−1.2
Quarters 1-6	3,697	−288**	−8**	84.3	−0.4
Baltimore, Md.: Applicants and Recipients					
Third	597	−2	0	78.3	−0.7
Sixth	532	−12	−2	66.4	−1.5
Ninth	484	−4	0	56.7	−1.6
Quarters 1-12	6,424	−63	−1	95.4	−0.1
Arkansas: Applicants and Recipients					
Third	288	−40***	−14***	63.7	−6.8**
Sixth	242	−46***	−19***	52.5	−8.8***
Ninth	236	−43***	−18***	44.3	−7.6***
Quarters 1-12	2,999	−430***	−14***	79.2	−3.7*
Cook County, Ill.: Applicants and Recipients					
Third	763	−23***	−3***	85.5	−1.6**
Sixth	650	−14	−2	72.7	−1.8*
Quarters 1-6	4,486	−70*	−2*	99.8	−0.1
Virginia: Applicants and Recipients					
Third	478	−30**	−6**	67.5	−1.6
Fourth	430	−20	−5	59.8	−0.1
Quarters 1-4	2,007	−84**	−4**	86.1	−0.1
West Virginia: Applicants and Recipients					
Third	413	−2	0	79.0	−1.0
Sixth	337	−9	−3	63.5	−1.7
Quarters 1-7	2,721	−40	−1	96.0	0.8

Source: See Table 1.

Notes: These data include zero values for sample members not receiving welfare payments. The estimates are regression-adjusted using ordinary least squares, controlling for prerandom assignment characteristics of sample members.
[a]The impact of the program is the experimental-control difference in AFDC payments.
[b]The length of follow-up after random assignment varied by state. AFDC benefits were measured for 3-month periods beginning with the actual month of random assignment. As a result, quarter 1 is included in the follow-up period.
[c]Average AFDC payments to the control group during the indicated period.
[d]Percentage of control group receiving AFDC at any time during the indicated period.
[e]The impact of the program is the experimental-control difference in the percentage receiving AFDC benefits.
*Denotes statistical significance at the 10 percent level; ** at the 5 percent level; and *** at the 1 percent level.

Another way to look at program benefits and costs is from the perspective of welfare recipients targeted for participation. For AFDC women, the projected earnings gains associated with the programs usually exceeded estimated reductions in welfare benefits and losses in other transfer payments, such as Medicaid and food stamps. This was true for San Diego, Baltimore, Arkansas, and Virginia, although it was not true in West Virginia and Cook County.

These results suggest that even the relatively low-cost welfare employment initiatives implemented to date can lead to consistent and measurable increases in income that persist over a substantial period of time. This is particularly impressive in view of the fact that the changes measured were for samples that were representative of large groups in the welfare caseload—e.g., of all AFDC applicants and/or recipients with children aged six or over. This contrasts with the results from most studies, which calculate impacts only for those who actually receive services. In this context, 10 to 30 percent increases in earnings take on added importance, since they are averaged over a wide range of individuals, some of whom gained little or nothing from the program, including those who never got on welfare or received any services, and others who gained more.

The results also imply, however, that our expectations should be modest. Changes occur, but the evidence does not suggest that the programs examined up to now offer an immediate solution to the problems of poverty and dependency. Income and employment do increase but the changes are not dramatic.

Open questions and challenges

The findings from these state initiatives are encouraging, especially considering the inauspicious funding environment in which they were implemented. The modesty of what was attempted, however, suggests that the rhetoric on work mandates has moved beyond what has already been accomplished and that much remains to be learned.

The programs reviewed were directed to no more than a third of the entire AFDC caseload—the WIN-mandatory population—and imposed participation obligations of short duration and limited intensity. They required and assisted welfare recipients to find jobs, but did not usually attempt to improve the quality of those jobs. The programs represented different strategies for using limited funds. Overall, the findings do not point to the superiority of any particular program model or implementation strategy beyond the clear directive not to concentrate services on the most job-ready portion of the caseload.

One important unanswered question is whether more costly, comprehensive programs—for example, providing more extensive remedial education or training, or imposing longer participation obligations—would have greater success. This is a critical issue, since new resources for employment initiatives can be used to extend lower-cost activities to greater numbers of people or more intensive services to some, but rarely will be sufficient to provide universal, comprehensive programs. Several state initiatives—such as Greater Avenues for Independence (GAIN) in California, Employment and Training (ET) Choices in Massachusetts, and Realizing Economic Achievement (REACH) in New Jersey—are currently using or plan to provide a much more extensive range of services or, as in GAIN, to require that there be continuous and active participation for as long as people remain on welfare. To varying degrees, these programs also propose to individualize services, introduce new systems of case management, and complement these services or requirements with greater support for child care. These "second-generation" welfare employment programs may differ fundamentally from the low-cost programs of the early 1980s either in conditioning AFDC receipt on continued work-related activity or expanding the opportunities for self-support.

It will be important to determine the feasibility, cost, and long-term impacts of these programs and to see whether they are able to move a greater number of people out of poverty and off welfare permanently. The persistence of dependency for many—even after job search or short-term workfare—suggests the significance of addressing these issues.

Another question relates to extending work requirements to women with younger children. While some states have experimented with programs for this group, relatively little is known about the results. The evidence of long-term dependency for young, never-married mothers suggests the importance of this issue and the need for careful review of program costs and the adequacy of child care.

Next, while there is substantial information on the impact of these programs, it is unclear whether the results follow from the services provided or the mandates imposed. Although the distinction between mandatory and voluntary is sometimes not that great—since nominally mandatory programs often seek voluntary compliance and nominally voluntary programs sometimes strongly encourage participation—some differences exist and their importance remains uncertain.

Other unanswered questions include whether these programs could be extended to a much greater share of the caseload with the same results, and the extent of in- and post-program displacement of other workers.

Finally, the success of welfare employment programs is tied, to an unknown degree, to large issues in the economy and the benefit structure. For many welfare recipients, realistic jobs offer little or no economic gain over continued dependency, and often carry risks, such as the loss of medical coverage. In practice, mandatory programs can require people to participate, but it is far more difficult to require individuals to get or accept a job offer. While many welfare recipients do take jobs and move off the rolls, the choice for some is probably not an easy one. There are two options to further tip the balance in favor of work: making welfare even less attractive and increasing the rewards of work by, for example, greater collection of child support payments (which would then be available to supplement earnings), expansion of the earned income tax credit, and extending transitional child care and Medicaid.

In conclusion, the continued interest in employment strategies, given the evidence that they offer no panacea, suggests the important political and value issues underlying the current debate. While many questions remain unanswered, the results from recent state initiatives suggest that even though employment mandates can be part of an antipoverty strategy, other reforms would be important complements if the goal is not only to make welfare more politically acceptable, but also to reduce poverty substantially among women and children. ■

---

[1]See, for example, Frank Levy, "The Labor Supply of Female Household Heads, or AFDC Work Incentives Don't Work Too Well," *Journal of Human Resources*, 14 (Winter 1979), 76-97.

[2]Robinson G. Hollister, Peter Kemper, and Rebecca A. Maynard, *The National Supported Work Demonstration* (Madison: University of Wisconsin Press, 1984).

[3]Carl Wolfhagen and Barbara Goldman, *Job Search Strategies: Lessons from the Louisville WIN Laboratory Project* (New York: Manpower Demonstration Research Corporation, 1983).

[4]Throughout this article, "workfare" refers to a mandatory work-for-benefits program—using either the Community Work Experience Program or WIN Work Experience approaches—and not the evolving broader definition that encompasses any work-related activity.

[5]See U.S. General Accounting Office, *Work and Welfare: Current AFDC Work Programs and Implications for Federal Policy* (Washington, D.C.: U.S. General Accounting Office, January 1987); Demetra Smith Nightingale and Lynn C. Burbridge, *The Status of State Work-Welfare Programs in 1986: Implications for Welfare Reform* (Washington, D.C.: Urban Institute, July 1987); Judith M. Gueron, *Reforming Welfare with Work* (New York: The Ford Foundation, 1987); and MDRC reports on welfare employment programs in Arkansas, Cook County, Maryland, San Diego, Virginia, and West Virginia.

[6]Studies of voluntary on-the-job training programs in Maine and New Jersey have not yet been completed and are not discussed here.

[7]Nightingale and Burbridge, *The Status of State Work-Welfare Programs*, p. 67.

[8]An exception is West Virginia's workfare program, which showed average monthly participation rates for eligible women of about 20 percent.

[9]In some locations, in addition, a surprising number of experimentals and controls participated on their own in education and training services provided through community colleges and the Job Training Partnership Act system.

[10]The reader is cautioned that differences across states reflect not only the relative effectiveness of the program models, but also variations in the length of follow-up, economic conditions, benefit levels, the characteristics of the women studied, and the services provided to members of the control group.

[11]Recent preliminary findings suggest, however, that relatively low-cost programs may not be effective for the recipients with multiple obstacles to employment, e.g., those who have been on the rolls for many years, have limited skills, large families, and no prior work experience.

[12]A third exception to the positive story is that employment and earnings gains did not result from programs run for AFDC-UP recipients.

Nonwelfare approaches to helping the poor

by Robert I. Lerman

Robert I. Lerman is a professor at the Florence Heller Graduate School for Advanced Studies in Social Welfare, Brandeis University. This article is extracted from his paper "The Costs and Income Gains of Non-Welfare Approaches to Helping the Poor," presented at the meetings of the Society for Government Economists, American Economic Association, Chicago, Illinois, December 28, 1987.

The renewed interest in reforming welfare

The country is inching toward welfare reforms that are only partly on the right track. High poverty rates among children, growing concern over teenage pregnancy and illegitimacy, continuing dissatisfaction with the welfare system, and the increasing visibility of an urban *underclass* have heightened the urgency of dealing with welfare and poverty problems. The popular media have portrayed this underclass as young men fathering and abandoning their children, abusing drugs, and working in illegal jobs or not at all, and young women as having illegitimate children as teenagers and becoming long-term welfare dependents. With the increasing isolation of the black urban poor, large numbers of black children are growing up in neighborhoods where gang violence dominates and where welfare payments and illicit income are more important than jobs.[1]

A consensus has reemerged that the welfare system is at least partly responsible for welfare dependency, child poverty, and the underclass. In response to this consensus, politicians and citizen groups have created commissions to study existing programs and to develop proposals for restructuring the welfare system, and several states have begun implementing welfare and child support reforms. Although the proposals and state programs differ, they generally stress reducing rather than expanding welfare, increasing the employment of recipients, widening the flexibility of states to experiment with new approaches, and strengthening the enforcement of child support obligations.

None view poverty merely as a problem of too little income and not even the most liberal proposal calls for a national guaranteed income program. Yet, while the directions now being taken are laudable, none constitutes a coherent strategy for reducing poverty outside the welfare system. Most place too much faith in the ability of welfare reforms to make welfare recipients into high-earning workers. In fact, given their capacities and existing wage rates, few welfare recipients will be able to support their families at decent living standards. Even those able to work at $5 per hour for the entire year will find themselves near poverty.

What is needed is a bridge system that can help low-income families live decently outside the welfare system. Instead of paying families on the basis of their low income, the bridge system would reduce the risk of falling into poverty for all families. Workers would not have to admit (even to themselves) that the benefits compensate for their inability to support their families. The reforms should significantly reduce the role of the Aid to Families with Dependent Children (AFDC) program, the food stamp program, and other income-tested programs for able-bodied adults. A backstop welfare system would remain necessary, but only for families unable to earn even a minimal amount.

A broader reform package

A *bridge* system to supplement income outside the welfare system must yield a sound, nonwelfare approach to fighting poverty without a large increase in government spending.

Such a structure should contain five elements:

- A child support assurance program
- A refundable child tax credit
- A wage rate subsidy program for family heads
- State health insurance programs to replace and supplement Medicaid
- Enhanced training for those remaining on welfare

The child support assurance program

My child support assurance program (CSAP) operates largely in the spirit of Senator Moynihan's Family Security Act, which emphasizes the obligations of noncustodial parents to support their children. The program would utilize enforcement provisions in recent federal legislation to raise child support payments. But in addition, states would have to collect some minimum amount from noncustodial parents or have to pay custodial parents a basic amount, say $90 per month per child, less any payments collected from the absent parent. Any payments under the CSAP would reduce AFDC benefits dollar for dollar. Earnings of mothers heading families, however, would not count against the CSAP payment. The payments would be taxable and thus be of less value to middle-income than to low-income mothers. Mothers and the general public would clearly see that the benefits resulted from the failure of noncustodial fathers to support their children and the failure of the state to collect the support, not from the family's poverty and inability or unwillingness to work. States would only have to collect $20-$25 per week to avoid increased spending on this program.[2]

The refundable child tax credit

The second component of the bridge system is a refundable child tax credit set at about $350 per year per child. The credit would replace the $1,950 personal exemption for children and would involve minimal or no net revenue costs, as $350 is 18 percent of $1,950, or about the average tax rate under the new tax law.

This incremental tax change targets benefits on low-income families fairly and without stigma or serious incentive effects. For AFDC recipients, the credits would be partly offset by lower AFDC grants if states responded to the increased credits.

The decline in the top marginal income tax rate to 28 percent substantially reduces the tax losses of middle- and high-income families in shifting from the exemption to the credit. In fact the highest-income families would be unaffected by the change, since the new tax law phases out their exemptions. As of 1988, the tax loss per child for upper-middle-income families amounted to about $195. The earned income tax credit (EITC) has already set a precedent for making credits refundable.

The wage rate subsidy

The third component is a wage rate subsidy that would apply only to principal earners with wages under $7.00 an hour in families with dependent children under age 18. It would replace the EITC. The family's principal earner—the adult with the highest earnings in the prior quarter—would qualify for a subsidy payment for each hour worked. The payment would equal half the difference between $7.00 per hour and the worker's wage.

Consider a mother heading a family and working at $3.50 per hour. She would receive a wage subsidy of $1.75 per hour ($.5 \times [\$7.00 - \$3.50]$), thus increasing her take-home wage by 50 percent, to $5.25. If her wage were $4.50 per hour, her subsidy would be $1.25, and her take-home wage, $5.75 per hour. The wage subsidy rewards work substantially for those with the lowest earnings capacities. Workers would view the supplements as appropriate compensation for family heads trying to make ends meet by working long hours at unappealing jobs.

To target the benefits efficiently on low-income families, the wage rate subsidy would include the following provisions:

1. Only the principal earner—the individual who earned the most money during the previous calendar quarter—in families with children under age 18 would qualify;

2. The subsidy payment would equal 50 percent of the difference between $7 per hour and the worker's actual hourly wage;

3. The maximum per-hour subsidy would be $1.83—the subsidy paid to workers earning the federal minimum wage ($3.35 per hour). This would limit the benefit to workers and employers from underreporting wage rates;

4. The wage rate subsidy payment would be counted as income under the personal income tax and under all income-tested transfer programs; and

5. The wage subsidy would go to the worker on a weekly or biweekly basis and would not depend on other income sources.

The wage rate subsidy has advantages over expanding the EITC. A wage subsidy can provide large work-related benefits without extending government payments to middle-income families. A full-year worker earning $4 per hour could receive $3,000. Were such amounts transferred through the EITC, the government would have to phase out the benefit at high tax rates or pay subsidies to middle-income earners.[3]

State medical insurance programs

The combination of the refundable tax credit, the wage rate subsidy, and the child support program would minimize the role of AFDC and food stamps. But the shift away from welfare programs might not work unless the government alters the method of financing medical care for the poor and near poor. It would be no great favor to keep mothers heading families off AFDC if the result were to eliminate their eligibility for medical insurance. Unfortunately, existing proposals for extending Medicaid during the first year after families leave AFDC deal with the problem only temporarily and do not reach working-poor families who are not welfare recipients.

A comprehensive approach would substitute state medical insurance programs for Medicaid. As employers do now, states would finance health coverage through a variety of providers after receiving bids from insurance companies and HMOs. Like employees, welfare recipients would choose from among these insurers or providers. As under Medicaid, states would pay the full premiums for these recipients. Nonwelfare family heads who lack health coverage through an employer would be able to buy into the program at highly subsidized rates. To finance the subsidies, states could tax employers not providing health insurance. This approach destigmatizes medical coverage and provides for a smooth transition from welfare to work.

Job search, employment, and training for remaining welfare recipients

The combination of the child support assurance program, the refundable tax credit, the wage rate subsidy, and the state medical insurance programs would minimize the role of AFDC, food stamps, and Medicaid. For a mother and two children, the maximum credit and child support assurance payments would equal $260 per month, exceeding AFDC levels in a number of states. In the others, even moderate earnings would move people off welfare. Mothers able to work half time at $4 per hour would be off welfare in most states and have a total monthly cash income of over $700.

With the bridge system in place, welfare caseloads will decline, allowing work and training programs to focus on those most in need of services. Further, the programs could achieve success in moving families off welfare even if only by helping them work steadily at low-wage jobs.

Advantages of the bridge system

These five program components—child support assurance, a small refundable child tax credit, a wage rate subsidy, state health insurance, and employment and training—could command wide public support because they respond to concerns over rising poverty without expanding welfare programs associated with dependency and the nondeserving. As a total package, the changes could make a dramatic difference in the incomes, independence, and self-respect of the poor and in the way the public views assistance programs.

Mothers heading families who worked more than half time at realistic wages would leave welfare, have incomes above the poverty line, and maintain health insurance. Low-income two-parent families would have higher incomes and gain health coverage without becoming welfare recipients.

How would such a system affect a single parent with two children who works and pays $1.75 per hour for child care? Under the present system the gain to welfare recipients from working declines significantly as earnings increase. As Table 1 shows, even full-time work would add only $81 per month to the family's income over not working at all ($605–$524). If the mother's job did not cover free health insurance and the family had to pay for family coverage, full-time work would actually reduce family income.

The proposed system would improve the incentives to work. In cases where employers provide health insurance, full-time workers would gain about $200 per month over non-workers instead of the current $81 per month. Under either system, the costs and deductibility of child care expenses would extend eligibility for AFDC and food stamps well up the income scale. Still, the proposed system would move working families out of the welfare system at lower levels of earnings than under today's welfare system.

The proposed system would have a larger impact on AFDC families in low payment states. In the 18 states with benefits about $300 or less for a family of three, the proposed system would virtually replace AFDC. With a tax credit of $105 per month and a child support benefit of $170 per month, the amount available to a family from nonwelfare sources would almost match maximum AFDC levels.

The proposed system would provide most help to the lowest-wage workers. Mothers heading families would work themselves off welfare with only half-time work at $5 per hour. Working beyond 10 hours per week would begin to yield sizable increases in total family income. This contrasts with the current system, where half-time work at low wages yields little compared to no work at all (only $70 per month—$593–$524). Given the poverty level of slightly below $800 per month, a job paying $5 per hour would allow mothers to just about escape poverty by working three-quarters time or full time. Under the proposed system, a woman working full time would be better off than under the existing system by $177 ($782–$605) before health insurance.

Table 1

Net Rewards from Work under Existing and Proposed Systems for One-Parent Family of Three in Medium AFDC Payment State, with Child Care Expenses, at a Wage Rate of $5 per Hour

	Time Worked per Month				
	No Work	Quarter Time	Half Time	Three-Quarters Time	Full Time
Earnings	$ 0	$207	$413	$620	$826
Existing System					
AFDC	400	342	179	0	0
Food stamps	124	105	117	122	74
EITC	0	29	58	70	66
Taxes	0	15	29	44	72
Child care costs	0	72	145	217	289
Net income after taxes, transfers, and child care costs	524	595	593	551	605
Health insurance	0	0	0	125	125
Net income after health insurance costs	524	595	593	426	480
Proposed System					
AFDC	125	54	0	0	0
Food stamps	155	136	112	0	0
Child support benefit	170	170	170	170	170
Wage subsidy	0	41	83	124	165
Taxes	−105	−65	−13	38	90
Child care costs	0	72	145	217	289
Net income after taxes, transfers, and child care costs	555	601	647	658	782
Health insurance	0	0	75	75	75
Net income after health insurance costs	555	601	572	583	707

Notes: The table assumes a family of three living in a state with a maximum AFDC payment of $400 per month. The family has child care expenses of $1.75 per hour that are deducted from countable income under AFDC. (Under current AFDC rules, women can deduct up to $160 per month per child from earnings for the purpose of determining AFDC benefits.) The figures for the row "Net income after taxes, transfers, and child care costs" show net income assuming that families obtain free health insurance benefits as part of their job. The row "Net income after health insurance costs" assumes workers pay $125 per month for health insurance under the old system and $75 per month under the new system. A negative number in the tax row indicates that a refundable credit is received. Sums may be slightly off owing to rounding.

Low-income two-parent families would also gain under the proposed system. They would benefit from the refundable tax credit and, in some cases, the health insurance component. The advantage of the wage subsidy over the EITC would depend on the wage of the family head. If his wage were $5 per hour or less, the family would likely do better with the wage subsidy than with the EITC.

In sum these would alter the pattern of benefits by

- lowering the exit point from AFDC significantly; mothers of two in a moderate-payment state with no child care expenses would be off welfare with as little as 10 hours of work per week; today, the same family would leave welfare only after the mother worked 25 hours per week;
- raising the financial gain from working half time and full time; in a typical case, the rise in the proportion of earnings retained would increase from 17 to 46 percent among half-time workers and from 39 to 58 percent among full-time workers;
- maintaining a financial reward for working, even in jobs that do not provide free health insurance; families would raise their net income, even after paying health insurance (on $5 per hour jobs) instead of suffering a net loss; and
- providing moderate increases in income for low-wage heads of two-parent families.

These represent modest but genuine improvements in the income support system. The question is, could they be achieved at a reasonable increase in budget outlays?

The net costs of the new system

To estimate the costs of the new system compared to current programs, simulations were carried out using data from the Survey of Income and Program Participation (SIPP).[4] The simulations involved implementing a child support assurance program, which was counted as taxable income and as property income for purposes of AFDC and food stamps; replacing personal exemptions for children and family heads with refundable tax credits; assuming that each dollar of the refundable tax credit leads states to lower AFDC benefit levels by 70 cents; and substituting a wage rate subsidy ($7 per hour target wage) for the EITC.

I assume that any overall gain in family income represents increased budget costs. That is, increased incomes of some families are either offset by decreases of other families or increases in government outlays. Like any reforms, they can be implemented with no rise in the budget deficit if increased spending (or reduced taxes) among gainer families does not exceed the reduced spending (or increased taxes) among losers. Thus, the key question is not, "What does the program do to the budget deficit, aggregate spending, and aggregate taxes?" Rather it is, "Can the reforms help low-income families and restructure the system without imposing large burdens on nonrecipient taxpayers?"

Table 2 shows that the combined reform package would have a small budgetary impact—the net costs of the child support, tax credit, and wage rate subsidy components would have been only about $640 million in 1985. This is less than one-half of 1 percent of outlays on all income-tested programs.

The net cost figures reveal two major, largely offsetting shifts. First, spending on the CSAP program is largely offset by AFDC benefit reductions. Even assuming no increased work effort by AFDC recipients, participation would decline from 3.86 to 2.84 million families. Second, the elimination of EITC payments more than offsets the wage rate subsidy. With net costs close to zero, the change in average family income was minimal, about $18 per year.

Table 2

Net Costs of a Combined Reform Package Including a Child Support Assurance Program, a Refundable Tax Credit, and a Wage Rate Subsidy; All U.S. Families, 1985 (in billions of 1985 dollars)

Program Initiative	Current Costs	New Costs	Change in Costs
AFDC	$14.10	$6.75	−$7.35
Child support benefit	0	8.51	8.51
Wage rate subsidy	0	3.78	3.78
EITC	3.58	0	−3.58
Food stamp benefits	7.37	7.38	0.01
Reduction in income tax less tax credits			−0.73
Total			0.640

Notes: The figures for current AFDC benefits include benefits listed on the Survey of Income and Program Participation (SIPP) plus amounts allocated by the author. The food stamp figures come directly from the SIPP data with no other adjustments. All of the EITC payments were calculated by the author based on the earnings of the husband and spouse of families with children. All estimates of new programs assume 100 percent participation.

Summary

The nonwelfare approach to helping low-income families is not only appealing in concept but is also feasible in terms of costs and program impacts. At minimal costs to the federal budget, a package of reforms—the child support assurance program, the refundable tax credit, and the wage rate subsidy—could move the country away from means-tested, welfare-type programs. AFDC participation would decline by over 1 million families, poverty among female-headed families would fall by over 10 percent, the income of poor two-parent families would increase by over $500 per year, and overall inequality would drop by about 3 percent.

Perhaps the most important impact would be to give low-income families a chance to increase their incomes without resorting to welfare. AFDC mothers could exit from welfare by working only a moderate number of hours at realistic wages. Heads of two-parent families could supplement low wages through nonstigmatizing tax credits and subsidies. Instead of discouraging work on the part of low-income families, the reforms would enhance their work incentives. Rather than encourage the formation and maintenance of one-parent families, they would ensure that fathers leaving their children make adequate child support payments and would assist low-income, two-parent families with dignified, socially acceptable supplements.

Although the cost estimates presented here are preliminary, I do not expect further work to alter the basic conclusion that the nonwelfare strategy is a low-cost way to reduce poverty while reorienting the income support system away from welfare programs. ■

---

[1]For a striking portrait of this atmosphere, see Alex Kotlowitz, "Day-to-Day Violence Takes a Terrible Toll on Inner-City Youth," *Wall Street Journal*, October 27, 1987.

[2]The state of Wisconsin has recently begun experimenting with a Child Support Assurance System (CSAS) that involves a minimum payment when the state fails to collect. For a brief description of the plan, see Garfinkel's article in this issue of *Focus*.

[3]Suppose that the EITC paid a maximum of $3,000 to families with $8,000 in earnings. Then we would have to phase out the subsidy at a 30 percent tax rate to limit the benefit to families with incomes of $18,000 or less.

[4]For details of the methodology, as well as a discussion of the data base and the limitations of the estimates, see Lerman, "The Costs and Income Gains of Non-Welfare Approaches to Helping the Poor," paper presented at the meetings of the Society for Government Economists, American Economic Association, Chicago, Ill., December 28, 1987. The author wishes to thank Martin David, Alice Robbin, and Tom Flory for their help in accessing data from SIPP.

Consensus on redirection—Which direction?

by Joel F. Handler

Joel F. Handler is on the law faculty of the University of California, Los Angeles. He has written extensively on the adequacy and equity of benefits in the U.S. welfare system and on the legal rights of recipients. His most recent work is *The Conditions of Discretion* (New York: Russell Sage Foundation, 1986).

The new consensus

There seems to be a consensus today on what changes ought to be made in the Aid to Families with Dependent Children (AFDC) program. This consensus covers five broad themes: responsibility, work, family, education, and state discretion.[1]

The ideology of entitlement is to be replaced by contract whereby recipients have an obligation to try to become self-sufficient in return for income support and services.

Work requirements are the major recommendation. Recipients will be required to participate in employment preparation (if needed) and job search, and must accept jobs. If the recipient is unable to find a job, she must accept a public job in return for benefits; this is the workfare part. As part of the package, recipients will be offered education, training, and job placement services. Day care and health insurance will be extended for a limited period of time to recipients who obtain jobs. It is claimed that probably the most important reason for the consensus on work is that our attitudes have changed—since most mothers of young children are now in the work force, it is only reasonable to expect welfare mothers also to work.[2]

The family issues involve the feminization of poverty. There is a correlation between being on AFDC and problems related to health, mental health, schooling, employment, and subsequent family formation and welfare dependency. This has led to a growing concern about the creation and perpetuation of a more-or-less permanent underclass.[3] While there is little agreement on how to deal with all the causes of the female household in poverty, most agree on strengthening child support mechanisms.

There is the widespread feeling that our public schools have failed and that vast numbers of youngsters lack basic skills, even for entry-level jobs.[4] Educational failure also leads to welfare dependency. Accordingly, there are recommendations to improve the quality of public schools and to require teenage welfare mothers to continue their education.

Conservatives have always favored state control over welfare policy; liberals have sought federal power to curb harsh and discriminatory programs. According to Robert Reischauer, liberals are now more amenable to state discretion because conservative Southern states seem more willing to help the poor, and there is a growing agreement that education, training, and employment programs ought to be sensitive to local labor-market conditions.[5]

The old consensus

The reform consensus is tough, but it is deeply infused with rehabilitative overtones—responsibility, education, training, the moral values of work and independence, and trying to do something about changing the culture of poverty. Have we turned a corner in AFDC? Are we really going to enact a change that is both responsible and constructive, a program that is aimed at meeting the needs of women and children in poverty rather than the needs of the majority?

I doubt that we have changed our ways. A deep hostility to the female-headed household in poverty has always been present in American social welfare history, and the changes in AFDC over the past decades and especially those being promoted today reflect the reemergence of that hostility.

Social welfare programs reflect fundamental attitudes toward the *category* of poor to be served. If the category is considered deviant, then the program will be one of social control—it will seek to modify inappropriate behavior—and will look different from a program for the "deserving." All social welfare programs are both inclusive and exclusive. Whom they exclude, and why, may be even more important than whom they include. As we shall see, focusing on those who have been excluded from AFDC will reveal society's attitudes toward the female household in poverty.

Some social welfare programs are financed and administered entirely at the local level, some entirely at the federal level, and some in various combinations. What accounts for the difference is the social control functions of the program. Historically (still true today) the control of deviant behavior is primarily a local matter. The moral issues, the dilemmas, the passions, and compassions that arise out of close contact with deviant behavior are most keenly felt at the local level. Communities care about enforcing their values. Welfare has always involved the great moral issues of work, moral redemption, and pauperism. It has overtones of vice, crime, delinquency, sex, and race. The more deviant those needing welfare are considered to be, the more local the program. The current workfare consensus—and the reason behind the "renewed" interest in state discretion—is that welfare recipients are increasingly viewed as a deviant population.

Principles of work requirements

There are three major, enduring principles of work requirements for the poor. The first is to make sure that those who can work will prefer work to welfare; the conditions of relief have to be made less desirable than those of the lowest paid work. The second is that the ability to work is an *individual* rather than a societal responsibility. With rare exceptions, the solutions to poverty are to be sought in individual behavioral changes rather than in structural, societal changes. The third is that failure to earn one's living is a moral failure that leads to other, even more serious forms of deviant behavior. Therefore, welfare policy has to be carefully engineered to avoid encouraging this form of behavior. Relief is to be given *only* to those who would not be tempted thereby to follow deviant paths.

The *category* of the potentially eligible—the able-bodied—was presumptively "undeserving" of public relief. This is not to say that *all* persons within the category were to be denied, since the relief of misery was also a goal, but welfare administrators had to pick and choose carefully as to who would be helped, how much help would be given, and under what conditions.[6]

Application of the work requirement

There are three aspects to the work requirement that have continuing importance. One is the test that is *administered* as part of the relief system. This is the determination of who will be expected to work for receipt of aid. But there is another work requirement that is often ignored. If we consider the category of potential applicants for relief, then a market work requirement is also imposed on those who are denied entry to the program, the unworthy poor. In fact, the market work requirement is much more common than the administrative work test, since most of the poor are not on welfare. A final aspect is that the administration of the work requirement is built upon a hostage theory: those who are truly needy are given relief under such conditions as to deter those capable of work.[7]

Historically, most poor children in families have been part of the undeserving. The vast majority of single mothers of these children survived as best they could, as most of the rest of the poor did. The mothers worked where they could, taking in laundry or boarders, doing domestic work, or whatever work they could find, *and,* more important, their children worked. These families, as a category, were in no sense excused from work.

The situation of this category of the poor did not change with the enactment of the first mothers' pensions in 1911.[8] Despite the political rhetoric, between that time and about 1960, when AFDC began to expand, the programs were small and basically restricted to white widows. The excluded families were still lumped with the mass of undeserving and subject to the market work test. But even recipients were not deserving. Most states had work tests that were enforced.[9] The mothers' pension movement was not "a clear reversal of previous expectations that poor mothers should work."[10]

The present era

In the 1960s, AFDC took two contradictory paths. The program expanded rapidly. The basis for dependency widened to include the deserted and never-married, and the program became increasingly black. However, costs rose steadily and produced a countertrend.

WIN

In 1967, Congress passed the first federal work requirement, the Work Incentive program (WIN). It was a carrot and stick approach—there would be both incentives to seek market work and a coercive, administered work test. Congress believed that welfare undermined family stability and work incentives, that jobs were available, but recipients had inappropriately high standards of what constituted acceptable work. The economy could absorb those able to work, and recipients could obtain jobs and leave the rolls.[11]

What happened after 1960 was that the formerly excluded part of the category of single parents now entered the program. Local administrators could no longer exclude the "undeserving" female-headed households, those always considered deviant and clearly obligated to work. WIN marked the start of the counterchange in AFDC, but not because attitudes toward mothers changed; rather, to reflect constant attitudes. In 1967 the program started its long process of reasserting social control.

Despite congressional assumptions, WIN failed. Most recipients were either excused from participation or otherwise deflected. Of those who got jobs through WIN, there is serious question whether the placements would have occurred anyway.[12] The WIN work requirement was never effectively enforced. The budget was never adequate to handle the number of registrants. There were always more volunteers than available slots.[13] The lack of resources, the wide discretion at the local level, and the unwillingness to enforce sanctions strongly suggest that the program served mainly symbolic functions. Local WIN offices faced too many obstacles beyond their control: labor market conditions, employment barriers for AFDC recipients, and lack of resources.[14]

Workfare

Faced with the failure of WIN to reduce dependency, the Reagan administration responded by toughening the work test. The administration sought, unsuccessfully, to mandate workfare. Congress refused, but in the compromise states were given authority to establish a variety of options including their own workfare programs. Federal funds for public service jobs and training were slashed. By 1985, thirty-seven states had implemented one or more of these options.[15]

GAIN

The California GAIN (Greater Avenues for Independence) program is an example of one state's workfare program. First comes job search. The idea is that some recipients need only a little organized effort and they will find a job without education or training assistance. If a job is not found, the participant is assessed and a contract is written that specifies the reciprocal obligations of the county and the participant. The liberals view the contract as a form of empowerment; it will allow the recipients to play a responsible role in their future.[16] It is also a centerpiece of the conservative approach, a reaction to the legal-entitlement ideology of the 1960s and 1970s.[17]

Contracts in social welfare settings are not a new idea. They exist in a wide variety of forms.[18] How are these social contracts likely to work out in the current welfare reform? The county has a variety of enforcement mechanisms. If the participant does not perform, the county can impose sanctions. But what can the participant do? Suppose that the participant needs particular training to upgrade her skills but that training is not available and instead she is offered training for a lower-skilled job or a workfare slot? The participant has three options: she can accept what is offered; she can leave welfare; or she can invoke the formal grievance procedure. The grievance procedure, however, is not an effective remedy for most recipients.[19] This means she has only two options—accept the conditions or leave welfare. What she cannot do is hold the county to its part of the bargain.

Two major constraints affect what the county will offer. One is substantive, and the other is administrative. Substantively, limited resources will be made available.[20] Available resources will have a serious impact on the recruitment, assessment, and placement of the participants.

This tendency will be reinforced by the administrative constraint. The social contract was the social work strategy of the 1950s and 1960s. Then, social workers were expected to carefully assess clients and determine what services would be needed. This strategy never worked. In addition, Alvin Schorr notes how different human services departments have become since then: "Many human services departments cannot manage to answer the telephone, let alone conduct a civilized interview. They have been stripped of staff; the staff they have has been downgraded—some have only an eighth- or ninth-grade education; and they have been buffeted, blamed, and drowned in impossible regulations and requirements."[21] And whatever training these employees have, it is not in employment assessment. These understaffed, undertrained workers will be under severe pressure to process large numbers of participants—to make assessments, to get contracts signed, to move participants through the system. It is in this environment of scarce resources and severe administrative constraints that contract as empowerment and contract as moral obligation are supposed to take root. The reality is that recipients will be given a set of requirements. The only difference is that at the top of the page there will appear the word "contract" and at the bottom a place for the signature.

Whenever there is a surplus of applicants and discretion in the selection process, there is the likelihood that the staff will select those most likely to succeed, that is, those most likely to obtain unsubsidized employment, as distinguished from those in greatest need of education or training. GAIN tries to counteract this "creaming" by its priority system, which favors those who are likely to be longer-term welfare recipients. On the other hand, its performance standards for the training program provide that 30 percent of the "fixed unit price" for job training will be withheld until the participant not only has obtained an unsubsidized job but has also lasted in that job for 180 days. While the state is to be commended for trying to promote real long-term jobs, this particular incentive may be too high. It may deter trainers from participating or emphasize creaming. Faced with the lack of unsubsidized jobs, counselors will discourage participants from considering components with long waiting lists, and will attempt to channel them into the cheapest, most readily available positions—which brings us to workfare, or California's Pre-Employment Program (PREP).

When all else fails—job search, education or training, additional job search—the participant enters workfare for a period of one year. This is a source of free labor for public and private nonprofit employers. Hours are computed on the basis of the state average for entry-level positions, currently slightly in excess of $5.00 per hour. The PREP participant is an employee as far as the task is concerned, but for nothing else. She does not qualify for social security, unemployment benefits, sick or vacation leave, and other aspects of employee status. There are sanctions for "failure to participate"; thus, work discipline is important.

What is the work experience in these workfare jobs likely to be? Some workfare jobs have been good: participants learn, they move on to regular jobs, and they value the experience. Others have been mindless, low-skill work, without any pretension of training. Such jobs are punitive in the sense that participants are forced to perform them as if it is their fault that no jobs exist in the economy for them after they have fulfilled all of the program's requirements. In California, the workfare job does not have to be the one for which the participant was trained. Recipients may well be required to take workfare jobs that will not necessarily enhance their employability, even though they will have conscientiously fulfilled all of the program's requirements. If there are no unsubsidized jobs available, they are stuck.

As part of the California compromise, the liberals extracted improvements in child care funding. What is supposed to distinguish GAIN from most other workfare and training programs is that it promises to pay market rates for child care and has appropriated significant amounts of money to do so—though not enough.[22] When GAIN is fully implemented, it is estimated that $118 million per year will be spent on child care. This is based on a rate of $1.50 per hour to provide care for 50,000 to 90,000 school-age children of the mandatory participants.

GAIN's designers expect recipients to use relatives and other care exempt from state licensing laws. The administration refused to use the well-regarded child care programs currently run by the state Department of Education on the grounds that GAIN could provide cheaper "basic" child care rather than quality care. GAIN requires counties to "encourage" care by relatives. The real problem with day care will be the supply. No area has sufficient day care to meet the needs of GAIN participants once the program is fully implemented. For example, approximately 8,000 latch-key children will be receiving day care services under a separate appropriation, but the state estimated that between 620,000 and 815,000 children needed this service, and, as noted, GAIN will add between 50,000 and 90,000 children.[23]

Sanctions apply to any failure to participate in GAIN.[24] The sanction for the first infraction is money management for a period of three months; financial sanctions—cuts in the size of the grant—are used for second and subsequent infractions, initially for three months, then for six months. In a single-parent household, the adult portion of the grant is lost: For a typical family of three, in California, the grant would be reduced from $587 to $474. In a two-parent household, the grant is terminated.

For all infractions, participants can raise a "good cause" defense, but experience has shown that most recipients lack the ability to take advantage of legal protections.[25]

The welfare reform bill

Increased work requirement

The Senate's "Family Welfare Reform Act of 1987" has bipartisan support. It covers a number of issues, but we are primarily concerned with its work requirements. A big change is lowering from 6 to 3 the ages of children whose parents are required to participate, where day care is guaranteed and the work is part time; in addition, the states could lower the age to 1 if the infant care did not exceed the dollar limits set by the statute.

The Reagan administration wants mandatory work requirements. It has proposed that unless at least 25 percent (75 percent after three years) of eligibles in each state are involved in a program (workfare, job search, or work supplementation), the state will face a financial penalty.

Space does not permit discussion of child support and education reforms. There are strong, nonwelfare reasons behind these moves. It is doubtful whether child support will do much for welfare recipients or reduce welfare costs; wages, court-ordered amounts, and collections seem to be declining.[26] Some proposed education reforms may actually do harm. Increased competency standards and curriculum changes are to be made at the high school level. Educationally disadvantaged students—a category that includes AFDC children—are already too far behind to gain from these reforms and will be further discouraged from completing their schooling.[27]

Increased state discretion

The Reagan administration has long been in favor of shifting responsibility to the states. It initially tried, but failed, to turn over to the states complete control of AFDC and food stamps. When its effort to require states to institute workfare also stalled, it encouraged the states to seek waivers, and by now most states have extensive permission to modify AFDC. In the meantime, federal funding for WIN declined by 70 percent from 1981 to 1987, forcing many states to replace the lost funding with state funds and to develop new programs. On the other hand, the federal government paid 50 percent of AFDC administrative costs. The states took advantage of the options.[28]

The simultaneous reductions in federal funding and grants of more autonomy to the states mobilized local interest groups and, as anticipated, a significant number of states adopted workfare. States vary in their responses depending on their economic and political conditions. States with higher economic growth and lower unemployment tend to emphasize job placement, training, and supportive services, whereas economically depressed states tend to emphasize straight work relief.[29]

Decentralization has further ramifications. Shifting responsibility to the states makes it more difficult to sustain national political action on behalf of the poor, to enforce the legal rights of the poor, and, by shifting costs, to sustain generous programs. Local communities will have a greater incentive to reduce costs by requiring work.[30]

This shift in responsibility is strong evidence of our attitudes toward poor mothers and children. AFDC has always been substantially state and locally controlled, and the current waiver policy shifts the balance even more. The states lost on categorical eligibility—they can no longer exclude women on the basis of race or moral behavior—but slowly, over the years, they have been given the authority to regulate and, if necessary, exclude these people for a variety of other reasons. Increasing the work requirements for AFDC recipients *and* delegating administration to states make it clear that poor mothers and their children are still part of the undeserving poor.

Now that the bulk of poor mothers and their children are AFDC recipients, that program is moving closer to General Relief—the historic male program—rather than toward the deserving poor programs. General Relief is extremely varied. There is no federal participation, and in many states, there is not even state-level participation and supervision. In some jurisdictions, there is no program at all. Benefits are minimal, usually for a short term, highly discretionary, and there is a tough work requirement. Most able-bodied are simply denied aid, except perhaps some temporary emergency assistance. Others are granted aid, but then subject to a stiff, stripped-down work relief test.[31]

Which direction?

There are three likely paths for AFDC. The least likely is that the current consensus will be enacted and will work—that there will be sufficient energy, political will and patience, and resources to implement the programs at a reasonable sustained level, *and* there will be reasonable levels of unsubsidized employment in the general economy.

Robert Reischauer is doubtful that this will happen. First, while there is broad agreement on the major elements of the consensus, there is sharp disagreement on the details. Second is the fundamental problem of cost. In the short run, any kind of serious work and training program can be quite expensive, especially when day care and transportation are included. Given the present pressure on public budgets, costs will be a serious obstacle. Third, these kinds of people-changing programs are difficult to administer. The results of even the best of the work programs, ones that probably could not be replicated nationwide, show only modest success. In recessionary periods, there is little that work requirements can do to increase the employment and earnings of welfare recipients.[32]

The second path is that the current consensus will resemble the history of the WIN program—the laws and regulations will remain on the books for symbolic reassurance; the overwhelming majority of recipients will somehow be deflected, and the bureaucrats will go on as before. Faced with reduced options because of declining funds, bureaucrats will either have to force recipients into unpleasant choices or impose sanctions. But imposing sanctions also involves costs. GAIN, for example, has a very complex sanction and hearing process, requiring a lot of paperwork and energy by the staff. The top has to believe that these costs are justified. The easier course of action for the staff would be to take the WIN route—declare the recipients "inappropriate for referral" or place them on hold.

The third alternative is the one that I foresee: the services and support, which were crucial to obtaining a consensus, will be reduced and then disappear—the governor of California has already reduced the GAIN appropriation request by about 20 percent—but the work requirements will remain and become more stringent. The administered work test will be simplified to a few alternatives. There is already pressure to require below-minimum-wage jobs. Work relief will spread as public agencies need more free labor. The sanctions will be strengthened and imposed more readily for infractions—for example, failure to perform the required number of job searches, or reporting late for work. This is where the real cost savings come in—the number of recipients that are off the rolls during the penalty period. In this sense, AFDC will become more like General Relief. There will be no pretense at skill enhancement or preparation for the general economy; rather, the administered work test will be used to apply the market requirement.

General Relief not only applies its tough work test to those on the rolls; it also denies entry to the able-bodied. AFDC may also be moving in this direction. One of the early signs was President Jimmy Carter's stillborn Program for Better Jobs and Income. Carter proposed dividing AFDC recipients into those who were considered employable and those who were not. The former were to be given only one-half of the AFDC benefit; this would provide a sufficient incentive for them to choose work and training over welfare. To make that plan work, under a more liberal political climate, there had to be a guarantee of a job, and it was the expense of funding those jobs that sank the proposal.

Was this legislative division of AFDC mothers into the two categories—one of which was presumed to be able-bodied and therefore subject to a lower benefit—a straw in the wind? Will we eventually see large segments of poor mothers legislatively declared employable and then treated differently from those who are not employable? We are already seeing "employability" redefined by the requirement that women seek work when their children are under school age. WIN, and most current workfare programs, use age 6, but this cut-off excludes most welfare recipients. So the move is under way to lower the age of the children.

Garfinkel and McLanahan propose that AFDC be converted from a cash-relief into a work-relief program. Under their proposal, AFDC mothers would be legislatively assigned into employable and unemployable (disabled) categories. The former would receive a cash benefit for a limited period (they think two or three months would be a reasonable time), after which the grant would be cut off if they did not find a job.[33] In fairness to Garfinkel and McLanahan, they make their proposal *only* on the condition that other income support is available *and* that jobs are *guaranteed*. But that's the rub. Looking at the economic future, where are the resources for the income support and the guaranteed jobs?

Garfinkel and McLanahan arrive at their position from the standard liberal analysis—mothers in poverty were the deserving poor, but now that our attitudes toward working mothers have changed, poor mothers of young children should work. Under this conceptual framework, poor mothers are still considered to be in the same category as nonpoor mothers—at first excused from work, but now considered employable with changing norms. The Reagan administration comes to the same position from an entirely different route. As I have argued, the dominant view is that the vast bulk of poor mothers were always considered undeserving, that is, subject to the market work requirement. Through liberal excesses, they were let into the AFDC program, but now that program must be changed to reflect its clientele and become more clearly a program for the undeserving poor. AFDC mothers must be subjected to a clear, simple, effective administered work test, or better still, a market work requirement. Under the conservative view, poor mothers were never, and are not now, the deserving poor.

The path that I foresee will not happen tomorrow. Social welfare policy is a complex process. There are many different voices seeking changes and directions. Much depends on the state of the economy. In good times, we seem to be more generous with the poor. In hard times, the calls for reducing welfare costs and enforcing the work ethic become more insistent. What I am impressed with are the durability of basic values toward the moral issues of work and welfare, and the lack of purchase that the lower social classes, the unfortunates and deviants, have on the larger society. The deinstitutionalization experience is a grim reminder. From the late 1950s until mid-1970, the liberals and conservatives united to remove the mentally ill from the institutions; this would save money, and we would provide humane treatment in the community. The coalition fell apart when the mentally ill came home, and community care never materialized. We are seeing another consensus now between liberals and conservatives. The conservatives will firmly place poor mothers in the employable category, and the liberals only have the promise of services and support. In time, the AFDC program will work itself pure again: a few of the clearly unemployable (the disabled) will be supported, and the rest will be back with the undeserving poor, primarily subject to the market work requirement. ■

---

[1]Robert Reischauer, "Welfare Reform: Will Consensus Be Enough?" *Brookings Review,* 5 (Summer 1987), 3–8.

[2]Irwin Garfinkel and Sara McLanahan, *Single Mothers and Their Children: A New American Dilemma* (Washington, D.C.: Urban Institute Press, 1986), p. 171.

[3]William Julius Wilson, *The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy* (Chicago: University of Chicago Press, 1987), pp. 26-29 and Chap. 3.

[4]Nathan Glazer, "The Problem with Competence," in John Bunzel, ed., *American Schools: The Case for Standards and Values* (New York: Oxford University Press, 1985), pp. 216-315.

[5]Reischauer, "Welfare Reform."

[6]Michael Katz, *In the Shadow of the Poorhouse* (New York: Basic Books, 1986).

[7]Ibid., Chap. 1.

[8]See Winifred Bell, *Aid to Dependent Children* (New York: Columbia University Press, 1965), for a review of the period prior to 1935. The Social Security Act established Aid to Dependent Children (ADC), subsequently changed to AFDC, as a grant-in-aid to the various state programs, some of which were called mothers' pensions or ADC.

[9]Ibid., pp. 15–19.

[10]Garfinkel and McLanahan, *Single Mothers and Their Children,* p. 99.

[11]Sylvia Law, "Women, Work, Welfare, and the Preservation of Patriarchy," *University of Pennsylvania Law Review,* 131 (1983), 1249-1282.

[12]Jesse Gordon, "WIN Research: A Review of the Findings," in Charles Garvin, Audrey Smith, and William Reid, eds., *The Work Incentive Experience* (Montclair, N.J.: Allenheld, Osman, 1978), pp. 24-87.

[13]Yeheskel Hasenfeld, "Welfare and Work: The Institutionalization of Moral Ambiguity," manuscript, University of California, Los Angeles, n.d.; Garfinkel and McLanahan, *Single Mothers and Their Children,* p. 116.

[14]Hasenfeld, "Welfare and Work."

[15]Garfinkel and McLanahan, *Single Mothers and Their Children,* p. 135.

[16]Casey McKeever and Mark Greenberg, "False Premises, False Promises: A Critique of California's Greater Avenues for Independence (GAIN) Workfare Program," manuscript, Western Center on Law and Poverty, Los Angeles, n.d.

[17]Reischauer, "Welfare Reform."

[18]David Nelkin, "The Use of 'Contracts' as a Social Work Technique," in R. Rideout and Jeffrey Jowell, *Current Legal Problems, 1987* (London: Sweet and Maxwell, forthcoming).

[19]Joel Handler, *The Conditions of Discretion* (New York: Russell Sage Foundation, 1986), Chap. 2.

[20]In Los Angeles, 40 percent of mandatory participants do not speak English, and almost 80 percent have less than a high school education. Among the first 6,000 GAIN participants, 55 percent needed some form of remedial education before they could enter the labor market (Joshua Bernstein, Mark Greenberg, and Esther Epstein, "Comments on Proposed Los Angeles County GAIN Plan," submitted at Public Hearing, Los Angeles, July 29, 1987). Los Angeles County responded by asking the state for $200 million for services and day care for only one-half of the participants. Yet the state is planning only $407 million for services and day care for the entire state!

[21]Alvin Schorr, "Welfare Reform, Once (or Twice) Again," *Tikkun,* 2, no. 5 (Nov./Dec. 1987), 15.

[22]Heidi Strassburger, "California's GAIN Program Falls Short in Meeting Child Care Needs," *Youth Law News,* 12 (May/June 1987), 12–19.

[23]Ibid.

[24]When it comes to day care, however, a participant can refuse two offers before being penalized.

[25]Handler, *The Conditions of Discretion,* Chap. 2.

[26]Schorr, "Welfare Reform"; Robert Reinhold, "School Reform: Four Years of Tumult, Mixed Results," *New York Times,* August 10, 1987, p. 1, col. 2; Julie Kosterlitz, "Fading Fathers," *National Journal,* September 19, 1987, pp. 2337–2339.

[27]Henry Levin, "Educational Reform for Disadvantaged Students: An Emerging Crisis," *Search* (Journal of the National Education Association) (1986), pp. 3–39.

[28]Hasenfeld, "Welfare and Work."

[29]Ibid.

[30]Ibid.

[31]In Los Angeles County, for example, the able-bodied are immediately handed work assignments, and failure to meet the requirements (such as reporting late) results in prompt 60-day suspensions, during which time there can be no reapplication for any aid. There are almost no appeals. The program is cost-effective in that rolls are reduced.

[32]Hasenfeld, "Welfare and Work."

[33]Garfinkel and McLanahan, *Single Mothers and Their Children,* p. 185.

Order form for FOCUS NEWSLETTER (free of charge)

Send to: FOCUS
Institute for Research on Poverty
1180 Observatory Drive
3412 Social Science Building
University of Wisconsin
Madison, WI 53706

Name: ______________________________

Address: ______________________________

____
City State Zip

Order form for Institute DISCUSSION PAPERS and REPRINTS

- Prepayment required. Make checks payable to the Institute for Research on Poverty in U.S. dollars only. Checks must be drawn on U.S. banks.

SUBSCRIPTIONS: July 1987–June 1988

☐ Discussion Papers and Reprints ($35.00)
☐ Discussion Papers only ($25.00)
☐ Reprints only ($20.00)

INDIVIDUAL PUBLICATIONS: (Please fill in number or title and author.)

Discussion Papers ($3.50) ______________________________

Reprints ($2.00) ______________________________

Special Reports (prices vary) ______________________________

Send to: Institute for Research on Poverty
1180 Observatory Drive
3412 Social Science Building
University of Wisconsin
Madison, WI 53706

Name: ______________________________

Address: ______________________________

____
City State Zip

Focus

3412 Social Science Building
University of Wisconsin-Madison
Madison, Wisconsin 53706

MADISON WISCONSIN

Nonprofit Org.
U.S. Postage
PAID
Madison, WI.
Permit No. 658

University of
Wisconsin-Madison