



Focus

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Introduction Sheldon Danziger	1
Our poorest citizens—Children Daniel Patrick Moynihan	5
The new war on poverty Michael Novak	6
The evolution of child support policy Irwin Garfinkel	11
State welfare employment initiatives: Lessons from the 1980s Judith M. Gueron	17
Nonwelfare approaches to helping the poor Robert I. Lerman	24
Consensus on redirection—Which direction? Joel F. Handler	29

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Introduction

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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 non-welfare 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. ■

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

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

³See 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.

⁴See 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).

⁵See 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).

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