

Focus

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Workfare and welfare policy

by Michael Wiseman

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For over twenty years work has been a prominent issue in the national debate over welfare policy. Most Americans seem to agree that adults who are capable of working should if possible contribute to the support of themselves and their dependents. But substantial disagreement arises over the way, if any, this obligation should be imposed by society and the

extent to which those who are not self-supporting are capable of becoming so. All of these questions have resurfaced in connection with discussions of “workfare,” welfare reforms that link employment programs to income maintenance.

Many of the issues in the workfare debate involve social values, not empirical problems. But workfare proposals also raise practical issues of policy for which the outcomes of actual workfare programs provide important lessons. This essay discusses such issues in light of results of workfare programs and experiences in California and Massachusetts. The conclusion is that welfare work programs offer a useful opportunity for incremental welfare reform, but unanswered questions about the organization and consequences of such programs necessitate a cautious approach to program development and merchandising.

The case for work requirements

In its simplest form, the work requirement is a standard of assistance eligibility: unless the potential recipient is willing to work for some agency of the state, benefits are denied. Benefits generally involve more than wages, since most income maintenance schemes tailor payments to factors such as household size. Making the poor work for relief has a long and generally sordid history going back to the English Henrician Poor Law of 1536 (the “Act for the Punishment of Sturdy Vagabonds and Beggars”). This history reinforces opposition to such policies.

The case for work requirements rests on several interrelated arguments.

1. *A work requirement is an effective test of need.* The supply of public assistance by governments is in part dependent upon taxpayers’ perceptions of the neediness of those receiving benefits. The willingness of the poor to work for benefits seems, for most people, to be a convincing demonstration of need. This “needs effect” is ongoing: A work requirement creates incentives for job finding or location of other resources if available. As such, it substitutes for financial incentives that have been incorporated in welfare programs to encourage work.

2. *Work requirements reduce welfare costs.* Costs are reduced in two ways. Work programs offset the cost of payments by the value of the product of the work recipients do. Payments are also lowered by reductions in caseload that result from the “needs effect” already cited.

3. *Work programs can preserve or enhance skills and contribute to employability.* The longer people are out of the labor force, the greater the difficulty they are likely to experience in obtaining and holding a job. Work, even if only in special jobs, may forestall this effect. And for recipients with no work history, workfare provides job experience.

4. *Work requirements make welfare more equitable.* It has been an abiding principle of welfare reform efforts that persons who work should be better off financially than those who do not.¹ But well-being involves both money income and time. While working poor households not receiving assistance may have higher money incomes than comparable welfare-dependent families without earners, they may be worse off, both because they do not get the in-kind benefits available to welfare recipients (such as Medicaid) and because welfare recipients do not have to work. This differential may be particularly evident to single parents who struggle to find sufficient time for both work and child rearing.

The case against work requirements

Work requirements for welfare recipients are anathema to many persons concerned about social welfare policy. Such

programs, it is asserted, stigmatize the poor. Required work is therefore counter to the traditional focus of reform efforts, which have been directed toward development of systems of universal income support, like the negative income tax, that provide cash assistance based on money income.

Opponents also deny the validity of the arguments for mandatory work requirements. The needs-test argument may be rejected, it is claimed, because in welfare programs such as Aid to Families with Dependent Children (AFDC) eligibility already requires low or nonexistent income, very few assets, and, for many recipients, mandatory work registration and job search. The gains from eliminating a few persons unwilling to work from the welfare rolls would be offset by the additional burden placed upon the majority of the genuinely needy and, in addition, upon the dependents of those who, for whatever reason, would refuse to accept mandated jobs. As for the skills argument, unless jobs provided are skill-intensive (and therefore costly), it seems unlikely that menial labor alone will enhance a recipient’s job readiness.

Opposition to the incentives and equity arguments for work requirements turns in part on perceptions of the circumstances of welfare recipients. If welfare cases stay open only for relatively short periods of time and occur because of events beyond people’s immediate control—loss of jobs, for example—then welfare serves an insurance function, and the problem of dependency has its origin in the supply of jobs, not the unwillingness of recipients to work. A work program may lengthen welfare spells by interfering with the search for new, unsubsidized employment.

Opponents of mandated employment programs also tend to emphasize the cost of work program operation. An effective work mandate requires a job of last resort for all eligibles. To guarantee the virtues of the program, such jobs must produce useful output (to offset costs), enhance skills (to improve employability), and be organized in the expectation of rapid employee turnover. These requirements call for considerable capital and managerial commitment and innovation; without novelty, the more valuable the jobs are, the more likely it is that they replicate work done by regular employees of public or private organizations and therefore incur charges of displacement. Given the institutional and social constraints under which welfare policy must operate, critics argue, such programs, even if desirable, are simply not administratively feasible.

OBRA and recent developments in the workfare debate

Despite such reservations, interest in workfare grows. The initial catalyst for renewed attention to workfare was the Omnibus Budget Reconciliation Act (OBRA) of 1981. In addition to amending the Work Incentive program (WIN)² and permitting states to develop voluntary work opportuni-

ties, OBRA allowed the states to establish mandatory Community Work Experience programs (CWEP), in which adults receiving AFDC could be required to participate in training and “work experience” activities “to assist them to move into regular employment.”³ “As of January 1986, 24 States had opted to implement some kind of community work experience program”;⁴ several other states have announced plans for CWEP since that time.

While OBRA made workfare available for the first time as a policy option, four other developments have made serious consideration of such policies respectable. One is resumption of growth of the AFDC caseload after the reductions brought about by other OBRA provisions.⁵ Work programs, it is suggested, could reverse this trend. Burgeoning popular and scholarly concern over long-term welfare dependency and the associated development of a socially isolated underclass in the poorest areas of the nation’s cities is a second influence.⁶ Some argue that work programs are important for reintegration of this group with the rest of society.⁷ The third development is the growing attention given arguments that the AFDC system itself has contributed to poverty and welfare dependence by discouraging work.⁸ As already discussed, work incentives are a major part of the case for work requirements. Finally, and perhaps of most importance, work and welfare programs have proved to be good politics, both for Republican conservatives such as Governor George Deukmejian of California and for new liberal Democratic leaders such as Governor Michael Dukakis of Massachusetts.

Experience with the difficulty of reforming welfare leads to skepticism about any policy posed as a solution to problems as diverse as reducing long-time dependency and assuring long-time incumbency. Given the growing importance of workfare programs, it is important to gather as much information as possible on what they can accomplish. The best available data on the consequences of a mandated work program are provided by an experiment conducted in San Diego County, California, in 1983 and 1984. This project provides a point of departure for consideration of general programs in Massachusetts and California.

Work and welfare in San Diego

In February 1986, the Manpower Development Research Corporation (MDRC) released the final report on a study of San Diego’s Job Search and Work Experience Demonstration.⁹ It provides the best available data on operation of a workfare program under an experimental design that allows assessment of effects on recipients’ behavior and dependency. San Diego’s program involved more than a work requirement, since all job assignments were preceded by an intensive program of job search assistance. Nevertheless, both program parts were work: activity schedules were tight and sanctions were imposed for failure to comply. The results show that it is administratively feasible to run a workfare program of this type; that such programs can

improve recipient earnings, and thereby reduce dependency; that the mandatory aspect of workfare has important consequences; and that program effects differ among recipients according to household type and prior work experience.

Design

During the period from October 1982 to August 1983, new adult welfare applicants in San Diego for whom WIN registration was mandatory were assigned at random to one of three groups. In Group 1 recipients were required to participate in a three-week intensive program of job search that included both “employment readiness” training (how to prepare for interviews, etc.) and directed job search (JS). Group 2 recipients were also required to participate in the job search program, but if the search was unsuccessful these people were assigned up to thirteen weeks of work in unpaid positions in local government or nonprofit agencies. This was the Experimental Work Experience Program (JS/EWEP). Group 3 was the control; recipients in this category participated in neither JS nor JS/EWEP. While members of the control group were registered for WIN and nominally eligible for regular WIN job search assistance and other services, less than 6 percent received any service during the first six months following application. This very low service delivery rate suggests that the San Diego control group probably received slightly fewer WIN services than would be available under normal operation. All told, the three groups included 6251 applicants, with 1687 assigned to JS, 2878 assigned to JS/EWEP, and the remainder serving as controls.

According to MDRC, “The programs were implemented without major administrative or other obstacles.” This means that persons assigned job search assistance received it, persons designated for the work experience programs actually were given jobs, and the control group was established by genuinely random assignment. Significantly, implementation included both delivery of services and the imposition of sanctions against recipients who did not cooperate; sanction rates were eight times greater for the experimental groups than was recorded for the controls. One shortcoming of the experiment was that JS/EWEP assignees were not warned of the job assignment that would follow if their job search was unsuccessful until after the job search workshop was under way. This may have reduced the effects of the prospective work requirement on behavior of people in this group.

Results

In evaluating the results, MDRC distinguishes between two groups of recipients. One group (labeled here SP) is made up of heads of single-parent welfare households. The second (labeled here UPE) is the unemployed “principal earner” of two-parent welfare households. SPs are, for the most part, traditional welfare mothers. UPEs are generally jobless fathers. The results for various measures of welfare use and employment for the two groups are summarized in Table 1.¹⁰ To conform with employer wage reports, all data were col-

Table 1
Summary of Results, San Diego Job Search and
Work Experience Demonstration

Program Outcome	Control Group	Job Search Only (JS) Group	Job Search with Work Experience (JS/EWEP) Group
<i>Single Parents</i>			
Ever employed during quarters 2-6	55.4%	60.5%**	61.0%***
Average no. of quarters employed	1.7	1.9	2.0***
Total earnings	\$3,102	\$3,353	\$3,802***
Average no. of months received AFDC during quarters 1-6	8.6	8.3	8.1*
Average total AFDC payments	\$3,697	\$3,494	\$3,409**
Sample size	873	856	1,502
<i>Unemployed Principal Earners</i>			
Ever employed during quarters 2-6	73.6%	74.0%	76.3%
Average no. of quarters employed	2.5	2.5	2.6
Total earnings	\$7,145	\$7,529	\$7,361
Average no. of months received AFDC during quarters 1-6	7.5	6.7***	6.6***
Average total AFDC payments	\$3,653	\$3,184***	\$3,124***
Sample size	813	831	1,376

Source: Barbara Goldman, Daniel Friedlander, and David Long, *Final Report on the San Diego Job Search and Work Experience Demonstration* (New York: Manpower Demonstration Research Corporation, 1986), pp. 54-55, 102-103.

Note: Asterisks identify the results of application of two-tailed tests of significance to differences between experimental and control groups. The statistical significance levels are indicated as * = 10 percent, ** = 5 percent, *** = 1 percent. All other differences are not statistically significant at the 10 percent level.

lected on the basis of calendar quarters. The first quarter includes the date of welfare application and usually covers some time before the family began receiving welfare. Since applicants for, not recipients of, aid formed the target group for study, some families (16 percent of the SP and 19 percent of the UPE groups) in the sample never received welfare at all. Participant experience was followed for six quarters, and the numbers in Table 1 measure outcomes for the five quarters following application (for earnings data) or the six quarters which include the point of application (for welfare data).

Looking first at the impact on the single-parent group, the outcomes of the experiment are what workfare advocates would expect. Participants in the experimental programs were more likely to be employed than those in the control group; their earnings were greater; they used welfare less; and they received less in welfare payments. (Employment does not include the EWEP assignment.) In general the differential between the JS and JS/EWEP groups was in favor of the job search with workfare group. Families in the JS/EWEP group reported 22 percent more earnings and received 8 percent less in welfare benefits over five quarters than did the controls. Members of the JS group also did better than the controls, but these differences are frequently not statistically significant. The difficulty encountered by MDRC in measuring experimental effects with precision reflects the large amount of random variation in earnings and work experience for people who apply for welfare; given the relatively small treatment effects, a larger sample size was needed for the JS group.

Four additional points about the outcomes for single parents should be made. First, for this group there was a significant positive difference in employment rates and earnings between participants in the JS/EWEP combination and participants in JS alone. But this differential was accumulated principally because of relatively poor performance by late cohorts of assignees to the job search component. Despite careful investigation by MDRC, the reasons for this outcome are unclear. The consequence, however, is that the experiment does not unambiguously indicate that the addition of a work assignment enhanced results beyond what was accomplished by job search alone. What is conclusive is that something about an intensive and obligatory job search/work experience program can affect employability and employment. Second, the difference between the experimental and control groups in earnings came about solely because of differences in employment rates, not differences in wages. Both groups got the same types of jobs; job search assistance seemed to help participants to find them more quickly. Third, program effects appear to have been greatest for recipients with little employment experience. Finally, the experiment produced no evidence that the employment experience component deterred people from continuing on welfare. As indicated above, however, this may in part be attributable to the fact that participants were not informed at an early point of the EWEP obligation that followed unsuccessful job search.

The consequences of the program for unemployed adults from two-parent families differ in important ways from those for single parents. As Table 1 shows, no statistically significant effect on future earnings of unemployed principal earners was detected for either the JS/EWEP or JS treatment. However, both programs affected the incidence of postapplication welfare receipt and the amount of payments. The differences are statistically significant and important: Over 18 months, average welfare benefits received by applicants assigned to the JS component averaged 13 percent less than those received by control-group members; for JS/EWEP assignees, over 14 percent less. The similarity of these figures points up another result: JS and JS/EWEP effects were virtually identical. Again, for the UPE group, other analysis by MDRC indicates that program effects were greatest for recipients with prior welfare history.

The apparent inconsistency between results for welfare receipt (which went down) and earnings (which showed no statistically significant effect) is an anomaly. Earnings data for the San Diego experiment were collected from state records for employer/employee contributions to the Unemployment Insurance system. The results are consistent with the position that the work requirement caused some recipients to choose to forgo AFDC in favor of “underground” employment that produced no earnings report. Such activities are presumably also pursued when welfare does not require commitment of time to job search or work. Thus the San Diego results may confirm the contention that for some recipients even minimal work requirements would lead to withdrawal from assistance because such obligations interfere with other activities. The MDRC data suggest that 14 percent of San Diego UPE recipients fell into this category; this is not large, but neither can such an effect be taken as insignificant.¹¹

Costs and benefits

The fiscal bottom line on the experiment depends critically on what is measured and for how long. Viewed strictly from the perspective of the taxpayer and ignoring the value of whatever output recipients in EWEP produce, the present value of the benefits (measured over five years) of the JS/EWEP combination exceeded costs by about \$950 per SP applicant; for UPE cases, the difference was \$1060. For JS alone benefits exceeded costs by \$452 for single parents and by \$1239 per UPE applicant. Costs per applicant were around \$650. Slightly less than half of applicants in the experimental groups actually received any JS or EWEP services. (The other applications were denied or the case closed before the services were received.) As a result, the applicant costs do not represent the cost per day of actual service delivery but rather cost per applicant of operating the program as a whole. However accrued, most costs came before benefits, so that the immediate effect of introducing the San Diego program would be to raise costs without offsetting welfare savings and/or tax benefits from increased earnings. Like the behavioral effects, these results are modest but important. The message is that programs of this sort won't

reduce this year's deficit, but in the longer run they could make a difference.

Comments

The San Diego Job Search and Work Experience Demonstration is an important contribution to empirical knowledge about welfare policies. Five points deserve emphasis.

- The San Diego program did not require onerous make-work. MDRC attitude surveys indicate that the jobs done were viewed by recipients as meaningful, and, more important, most recipients seemed to view the search/work obligation as fair.
- The program was modest in conception and execution. The procedures followed were relatively straightforward and brief. This minimized the likelihood of interfering with turnover that would have occurred in the program's absence. Data for the control groups indicated that 15–20 percent of cases which actually opened were closed within a quarter in the absence of *any* intervention. Well over half the cases were closed within a year.
- The program does not provide a clear-cut demonstration of the efficacy of work assignments. Although there is evidence that the addition of work experience added to program effects for single parents, no detectable additional effects appear in the data for principal earners.
- The program's obligatory elements appear to make a difference. In the absence of vigorous program monitoring, some recipients appear to fall behind in the activities required for a rigorous job search. It is not clear, however, that those persons most frequently out of compliance with project regulations were necessarily the same persons who benefited from the services provided—in other words, the sanctions may have had little or nothing to do with the outcomes. In a future experiment it would be useful to vary the degree of obligation to test this effect. This could be accomplished by eliminating sanctions for noncompliance for one experimental group.
- Finally, both programs suggest that productivity will be enhanced by targeting hard-to-employ cases. But the San Diego experiment did not include two groups that are the object of considerable interest: long-term dependents already on welfare (recall that the experiment used only new applicants) and single parents with children younger than 6.

The new workfare

The San Diego Job Search and Work Experience Demonstration was relatively small. A number of states have embarked on much more elaborate programs. Two that have attracted considerable attention are the Massachusetts Employment and Training Choices (ET-Choices) program and California's Greater Avenues for Independence (GAIN) initiative.

Employment and Training Choices

Both the Massachusetts and California models differ substantially from the San Diego experiment. The differences are best illustrated by considering the path that would be followed by a single parent. For ET the initial step is to register.¹² This is mandatory for those meeting WIN requirements and optional for all other adult recipients. Step 2 is an appraisal session in which the recipient meets with an ET worker to develop an employment plan. In this session registrants are informed about ET options, which include career planning (an adjunct to the appraisal process), on-the-job training in supported work, various education and training programs, and direct job placement. In step 3 the recipient and worker agree on an employment plan based on the recipient's interests and available services. Simultaneously, a support-services plan is developed which includes, as needed, provisions for day care, arrangements for transportation, and assistance in developing health care alternatives if necessary once employment is attained. Finally, the program is initiated.

ET-Choices has several important features. One is the importance attached to child care. Most of this is delivered through a voucher system; availability of child-care support allows extension of the program to women with preschool children (a group exempted from the San Diego experiment). In fiscal year 1985, 35 percent of ET participants were women with preschool children. A second is the attention paid to planning for the period when employment is achieved and welfare eligibility is lost. By carefully describing to recipients the reduction of support once employment takes place, both uncertainty and adverse economic consequences are minimized. The change is facilitated by the extension of child-care support for one year past ET "graduation," i.e., job taking. The third exceptional ET feature is that aside from mandatory registration for WIN eligibles, the program is *voluntary*. No sanctions are imposed. Once informed of the ET opportunity, recipients who prefer not to participate need not do so. Finally, ET-Choices is surely the most publicized welfare program in the country. This publicity has two targets. One, of course, is the taxpaying public; because of the publicity, Massachusetts is one of the few states where a welfare program seems to be a political asset for state politicians. The other target is dependent adults. The publicity campaign serves to heighten awareness of the ET option, to create a popular presumption that welfare recipients are involved in efforts to achieve self-support, and, by emphasis placed on ET success stories, to arouse interest.

Over the first two and one-half years of ET operation, the AFDC caseload in Massachusetts declined by 9.5 percent. Over the same interval the Massachusetts economy was very strong (the unemployment rate declined by over 4 percentage points), and this contributed to the ability of recipients to find jobs. But since other states experienced even greater changes in economic conditions without the same change in caseloads, state ET officials were quick to attribute caseload

trends to ET: "The successful job placement record of ET-Choices has contributed significantly to the decline in the Massachusetts AFDC caseload."¹³ Indeed, ET program reports claim that system expenditures are recovered within a year. This claim is based on the assumption that in the absence of ET, no job placements would occur. But, as evidence for San Diego indicates, closure rates for AFDC cases, especially those in the AFDC-U (Unemployed Parent) category, are substantial even with no employment program.

To date the Massachusetts Department of Public Welfare has been unwilling to undertake a systematic evaluation of the net effects of ET-Choices. Given the comprehensive nature of the program, it would be difficult to do so. But failure to evaluate the program may be risky. In the longer run it is possible that oversell of ET-Choices may damage the credibility of what is a significant innovation. If the state attributes to ET virtually everything that happened to the caseload from 1983 to 1985, then it seems to follow that any reversals of trend are also to be laid at the feet of the program. Recent evidence indicates that the rate of caseload decline has attenuated, and, despite continuing strength in the state's economy, welfare applications are up. It may be that by touting individual successes in the ET program as a marketing device, the state has created an incentive for those outside welfare to enter the system.

In 1967 Congress changed procedures for calculation of welfare benefits so that earned income would not reduce benefits dollar for dollar. This incentive applied only to earnings once welfare dependency was achieved; it could not be claimed by applicants. As a result, it was possible for some people, once on welfare, to increase earnings to the point where, were they to reapply, they would lose welfare eligibility. Others, in similar circumstances, who had never achieved welfare eligibility would with the same earnings have lower incomes. This inequity was a major target of OBRA, whose provisions reduced both the size and duration of these features. ET and similar programs appear to create similar inequities. Why should some earners, by virtue of a spell of low income, be entitled to a substantial combination of supported education, child care, transportation, and health care assistance, while others whose current status is not objectively much different be denied it?

Greater Avenues for Independence

GAIN is an amalgamation of the San Diego and Massachusetts models: essentially, the program splits the JS/EWEP system and inserts ET in the middle. Participant paths through GAIN can be quite complicated; space permits only a brief description here. As with ET-Choices and the San Diego demonstration, the process begins with registration. At this point recipient job and welfare histories are evaluated and people are sorted on the basis of prior welfare history (whether on aid or not more than twice in the preceding three years), labor market connection (whether worked or not in preceding two years), and need for remedial educa-

tion. Those who have worked recently are routed into an individual job search component; those deemed work-ready but without recent labor market experience are routed to a job club for more intensive search assistance.

If after three weeks of job search the GAIN participant has not found a job, he or she meets again with a counselor to draw up a revised contract. At this point the participant is provided with a range of ET-like training and education services plus whatever support is necessary to achieve the goals of the plan. The contract binds the state to deliver the services and the recipient to participate in the planned program. Services at this stage can include short-term (three-month) "preemployment preparation" programs—workfare—to "provide work behavior skills and a reference for future unsubsidized employment," but only if such a program is consistent with the participant's plan. GAIN envisions two types of work program: "basic," oriented toward general work skills, and "advanced," intended to utilize specific participant skills.

Following completion of the services component, the participant reverts to job search. If still jobless, his or her next step is long-term (12-months) advanced preemployment preparation, then if no job is found, a new contract, and so on. Persons who fail to complete training or other ET-like programs may be assigned directly to long-term basic workfare. Workfare assignments are, as in the San Diego experiment, to be developed by public and private nonprofit agencies; the total hours of obligation for recipients are either 32 hours per week or roughly the family AFDC grant divided by \$5.17 per hour (a figure derived by averaging wages for jobs listed by employers with the state employment service), whichever is less. At each stage the participant has a right to coverage of transportation and child-care costs and third-party arbitration of disputes over compliance with the individual employment plan. While failure to comply with employment-plan provisions can eventually bring sanctions, the sanctions imposed are moderate (elimination of benefits for the GAIN participant, but not for the rest of the family) and appear to be difficult to enforce.

California's AFDC system is operated by counties, and it is anticipated that GAIN will not be implemented in all counties until 1988. There is little operating experience on which to judge the program. Nonetheless, several characteristics are clearly similar to ET. Like the Massachusetts program, GAIN is explicitly intended to include recipients with preschool children. GAIN also provides extensive support for participants, including child-care and transportation costs, with the child-care stipend extending at least three months beyond the point of job taking. The foundation of the GAIN plan is a "contract" with the recipient. But here a subtle difference arises: the California program recipients are required to develop a contract; in Massachusetts it is an option. And in California, if training services fail to produce employment, "preemployment preparation" work assignments are required. The publicity has emphasized the obligatory aspect of the program, along with the major infu-

sion of new resources provided by the legislature to support GAIN operations. The obligatory aspect isn't very strong, but it is there. The key problem is that the program is so elaborate that it is unlikely to be administratively feasible, at least in the beginning. Recipients are absolved from participation in job search or employment programs while waiting for slots in training programs deemed appropriate by their own employment contracts. And it is not clear that the state will be able to mandate preemployment preparation for only some eligible participants if the total number of positions proves inadequate to meet demand.

GAIN includes a fallback. When available funds are insufficient to meet requirements of the program for all recipients, recipients in various categories are excused. The first to be excused are new applicants for the AFDC-U program. The last are single parents who are long-term AFDC dependents. This essentially reverses the targeting procedures in San Diego: it is the principal earners in AFDC-U families for whom the search/work obligation in San Diego appears to have had the greatest effect.

It is easy to criticize GAIN. But it is important to recognize what the legislation does. First, GAIN affirms application of the principle of employment orientation for the welfare system for virtually all recipients: this is a step beyond WIN. Second, GAIN attempts, albeit somewhat clumsily, to integrate fully a range of employment and training services with basic income maintenance: this, too, has not been attempted before on this scale. Third, the legislation makes an effort to target services on groups—young mothers, long-term dependents—thought to pose significant problems. Fourth, at least in public posture, the program is much more obligatory than ET. Even with loopholes in the regulations, state and county welfare offices are likely to be held publicly accountable for the degree of obligation achieved. The public in California expects an operating work requirement, and this will certainly influence the character of the program that emerges from GAIN implementation. Perhaps most remarkable is the fact that, like the Massachusetts program, GAIN represents a major commitment of resources to the poor at a time when budgets are tight.

Conclusions

On balance, workfare in any of the three versions discussed above is an incremental welfare reform. Each program starts with the current AFDC system, and each changes the orientation of the program in the direction of increased emphasis on employment. The political popularity of the Massachusetts and California programs indicates broad public support for this type of initiative. The results of the San Diego Job Search and Work Experience Demonstration indicate that relatively simple programs can have significant payoffs both for recipients and for taxpayers without creating hardships. ET and GAIN, however, go substantially beyond the San Diego model, with consequences that are still very uncertain.

The new state aggressiveness and variety in welfare policy is surely one of the benefits of a federal system, and it is a positive consequence of the provisions of OBRA. For the immediate future it is appropriate to continue these experiments. But it is essential that innovation be yoked to serious evaluation and testing. In designing such tests, high priority should be given to comparison of voluntary versus obligatory participation schemes and program effects for long-term dependents and mothers with young children. It is also important that such policies not be oversold, either as answers to all the problems of income maintenance policy or as evidence for increasing state latitude in welfare policy-making. ■

¹ See, for example, the "goals of an income-tested welfare system" listed in Michael C. Barth, George J. Carcagno, and John L. Palmer, *Toward an Effective Income Support System: Problems, Prospects, and Choices* (Madison, Wis.: Institute for Research on Poverty, 1974), pp. 39-42.

² Training programs and other employment-related assistance have been available to welfare recipients since 1968 through the Work Incentive program. By law certain adult recipients—mothers without preschool children in single-parent families and the unemployed principal earner (usually the father) in two-parent families—are required to register with the WIN program as a condition of receiving welfare. In practice the participation requirement has not been meaningful, for shortages of staff and funds have meant that two-thirds or more of those who register for WIN receive no services. In theory able-bodied adults without transportation problems or child-care problems who refused to accept job referrals generated through WIN or to participate in training could be "sanctioned" by reduction of welfare grants. In practice this has rarely occurred.

³ Public Law 97-35, August 13, 1981, Sec. 2307(a).

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.: GPO, 1986), p. 360.

⁵ OBRA reduced the amount of other income recipients could receive and still retain welfare eligibility and also changed procedures for benefit calculation in ways that reduced the return to employment. For the General Accounting Office evaluation of the effects of these changes see U.S. House of Representatives, Committee on Ways and Means, *Background Material*, pp. 403-404. For detailed analyses of the effects of OBRA, see Robert Hutchens, "The Effects of the Omnibus Budget Reconciliation Act of 1981 on AFDC Recipients: A Review of Reviews," IRP Discussion Paper no. 763-84, 1984; and Robert Moffitt, "Assessing the Effects of the 1981 Federal AFDC Legislation on the Work Effort of Women Heading Households: A Framework for Analysis and the Evidence to Date," IRP Discussion Paper no. 742A-84, 1984.

⁶ For a discussion of long-term welfare dependency, see Mary Jo Bane, and David T. Ellwood, *The Dynamics of Dependence: The Routes to Self-Sufficiency* (Cambridge, Mass.: Urban Systems Research and Engineering, Inc., 1983). Trends leading to underclass development are considered by William Julius Wilson in "Cycles of Deprivation and the Underclass Debate," *Social Service Review*, 59 (December 1985), 541-559 (available as IRP Reprint no. 535).

⁷ See Lawrence M. Mead, *Beyond Entitlement: The Social Obligations of Citizenship* (New York: The Free Press, 1985).

⁸ Charles Murray, *Losing Ground: American Social Policy, 1950-1980* (New York: Basic Books, 1984); Mickey Kaus, "The Work Ethic State," *New Republic*, July 7, 1986, pp. 22-33.

⁹ Barbara Goldman, Daniel Friedlander, and David Long, *Final Report on the San Diego Job Search and Work Experience Demonstration* (New York: Manpower Demonstration Research Corporation, 1986). MDRC is engaged in an 11-state demonstration of state work/welfare initiatives of which the San Diego project is a part. See Judith M. Gueron, "Work for People on Welfare," *Public Welfare*, 44 (Winter 1986), 7-12.

¹⁰ The estimates in Table 1 are derived from multivariate regressions that control for, in addition to experimental group, preapplication characteristics of sample members.

¹¹ This rough estimate is calculated in the following way. For both experimental groups the maximum differential between average payments to families in the control and experimental groups occurred in the third quarter following application. In that quarter rates of welfare participation for unemployed principal earners were about 7 percentage points lower for the experimental than the control groups. Since by the third quarter following application only about 50 percent of applicants received any benefits at all, this implies that at most those who found the obligation imposed by the San Diego program unacceptable amounted to 14 percent (7/.5) of the caseload. This estimate may overstate the dissuasion effect, since the earnings differences between control and experimental groups reported in Table 1 show some positive effect on earnings. This could have produced some of the observed case closings and benefit reductions.

¹² The description of the Massachusetts program that follows is based on conversations with staff of the Massachusetts Department of Public Welfare and *The Massachusetts Employment and Training Choices Program: Program Plan and Budget Request, FY87* (Boston: Department of Public Welfare, Executive Office of Human Services, Commonwealth of Massachusetts, January 1986).

¹³ *The Massachusetts Employment and Training Choices Program*, p. 6.

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