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The End of Welfare as We Know It?

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One of the loudest—and most bipartisan—rounds of applause during Bill Clinton's 1993 State of the Union address came when he reiterated his promise to "end welfare as we know it." During the campaign, Clinton repeatedly said that welfare benefits should be time-limited, and that, after two years of job training and education, welfare recipients who can work should be required to do so. "We have to end welfare as a way of life," he told Congress and the nation, "and make it a path to independence and dignity."

Clinton's rhetoric taps into a deeply held feeling among the public and politicians that long-term welfare dependency is a serious and growing social problem. And it is. We often hear that about half of all new recipients are off the rolls within two years. This is true—but only because of the high turnover among short-term recipients. At any one time, about 82 percent of all recipients are in the midst of spells that will last five years or more. And about 65 percent are caught up in spells of eight years or more.

This reality propelled a decade of progressively more intense efforts to reduce welfare dependency. First came the state welfare-to-work demonstration projects of the early 1980s, then the Family Support Act in 1988, and, most recently, the state-initiated welfare reforms of 1991-92.

Clinton's campaign promise could be the next step in this evolutionary process. But the details of his proposal have never been spelled out. Any number of missteps—caused by misjudgment or political compromise—could cripple the program or, worse, could lead to even higher levels of welfare dependency.

Welfare then and now

Until the mid-1960s, welfare agencies tried to regulate the conduct (some called it the morals) of their clients. The man-in-the-house rule, along with the infamous midnight bed checks to enforce it, were only the best known of an array of policies designed to keep welfare mothers on the straight and narrow.

Then came a period of reaction against this paternalism. The poor, we were told, "are just like everyone else. All they lack is money." This attitude reached its high-water mark with talk about a negative income tax and the Nixon administration's proposed Family Assistance Plan.

By the 1980s, however, the political and intellectual consensus had turned again. Rising anxiety about the dependent and self-destructive behavior of the poor—be it school drop-out rates, teen pregnancy, nonwork, or drug addiction—gave liberals as well as conservatives a gnawing feeling that more decisive efforts to reshape the behavior of welfare recipients were needed.

It was in this context that Senator Daniel Patrick Moynihan introduced the Family Support Act. The Act, passed by a Democratic Congress and signed by Ronald Reagan, was the first major overhaul of the Aid to Families with Dependent Children program (AFDC) since its inception in 1935. It seeks to move welfare recipients into jobs—first, by making the receipt of benefits contingent on participation in education and employment programs; and second, by providing transitional health benefits and child care to those returning to work. Hence, its name: "JOBS," for Job Opportunities and Basic Skills Training Program.

Although mandatory education, job training, and work programs are at the heart of the Act, the obligations it places on recipients are actually quite modest. Liberals in Congress intensely opposed any work or training mandates, so a compromise was struck that requires participation by just 7 percent of mothers who receive AFDC (often for just twenty hours a week). By 1995, mandated participation will rise to a cap of 20 percent. Exempt from even these minimal requirements are large groups, such as mothers with children under age three (or age one, at state option).

Unfortunately, since the passage of the Family Support Act, AFDC rolls have risen, not fallen. AFDC rolls are higher than at any other time in our history. In August 1992, almost 13 million people were on welfare. That includes one in seven American children. Most startling, in just over three years (from July 1989 to August 1992), welfare caseloads rose by 27 percent.

The usual explanation given for this increase is the economy's weakness since the passage of the Act. While the impact of the economy is undeniable, the fact is that the upward trend in welfare cases began before the recent economic downturn and gives every indication of continuing afterward. Careful research by a number of analysts indicates that much of the increase in AFDC caseloads has been caused by the growth in out-of-wedlock births among young, disadvantaged women. Thomas Gabe of the Congressional Research Service, for example, found that the rise in unwed mothers accounted for over 70 percent of the additional welfare families that appeared between 1987 and 1991.[1]

This should come as no surprise. About half of unwed teen mothers go on welfare within one year of the birth of their first child. More than three quarters end up on welfare within five years.

Long-term welfare dependency is worsening because, for thirty years, out-of-wedlock birth rates have been steadily increasing. Between 1960 and 1989, the number of children born out of wedlock tripled. One in four American children is now born out of wedlock.

The states react

Toward the end of 1991, into this mixture of rising out-of-wedlock births and concomitantly rising welfare caseloads, came mounting budget deficits caused by the recessionary economy. In state after state, governors started desperately looking for places to reduce spending. It was only a matter of time before the budget cutters turned to welfare programs.

As one looks back, the situation was like tinder waiting to be lit. Three governors provided the spark: one the moderate, Democratic governor of Maryland (close to the nation's capital, so that his plans were widely noted by those working for the national media); another the conservative, Republican governor of California (the nation's largest state); and the third the liberal, Democratic governor of New Jersey (located near the media center of New York).

In November of 1991, Maryland Governor Donald Schaefer—facing a daunting budget deficit—proposed an across-the-board 30 percent reduction of welfare payments that would not be restored unless parents proved that they had paid their rent, kept their children in school, and obtained preventive health care for them.[2]

Two weeks later, Governor Pete Wilson of California proposed that AFDC payments no longer be increased with the birth of additional children. He also proposed that grants to teenage mothers be given only if the teenager were living with her parent or legal guardian, with the grant going directly to the adult. Another provision of Governor Wilson's plan, known as "Cal Learn," would have awarded teenage parents a $50 increase in their monthly AFDC grant if they attended high school and, conversely, a $50 reduction if they dropped out.[3]

Wilson's proposals also included significant reductions in basic welfare funding: Grant levels were to be reduced 10 percent for all recipients, with an additional 15 percent reduction after six months for families headed by an able-bodied adult.[4]

Within weeks of Wilson's proposal, Wayne Bryant, the outgoing Speaker of the New Jersey State Assembly, proposed his own welfare reform plan. Bryant's plan gained the media spotlight in part because he is a black man whose district includes Camden, the state's poorest area; half its residents are on welfare. After some initial hesitation, Governor James Florio became a strong backer. The final plan, as enacted in January 1992, eliminates the increase in a mother's AFDC grant following the birth of an additional child.

In addition, New Jersey's plan seeks to promote employment by allowing welfare families to earn as much as a quarter of their monthly grant (depending on family size) and still receive full benefits. It also abolished the "100 hour rule," which terminates the benefits of recipients in two-parent households if the parents work over 100 hours per month. Finally, the plan contains a "Wedfare" component, which in some cases allows a woman to retain a portion of her welfare grant after marriage.

To the surprise of many, these proposals (sometimes called the "New Paternalism") received largely favorable reviews in the press, despite the hardships they might inflict on recipients whose behavior did not change. Even the *New York Times*, for example, called the New Jersey proposals, including the cap on benefits for additional children, "a compassionate, realistic blueprint for dealing with an intractable problem."

Once it became clear that these three governors could propose drastic changes in welfare programs without being labeled anti-poor, racist, or worse, politicians in other states followed. Within months, governors and legislators in more than half the states had introduced similar legislation. The proverbial cat was out of the bag.

Some observers have attributed this spate of “get tough” welfare proposals to simple budget cutting. Clearly this motivated some of the states. But focusing only on possible budgetary savings underestimates the scope of support for these proposals, which is rooted in the public’s worries about welfare dependency and its desire that something be done about it. In fact, many of these proposals were estimated to cost more money, at least in the short-term. This was certainly true for plans to encourage work or marriage by increasing earned-income allowances and loosening the “100 hour rule.”

Unlike past efforts to reform welfare, this one was not led by Washington. Instead, in what comes close to being a spontaneous, grass-roots movement, governors and other state and local officials were the key movers. Liberals and conservatives alike supported these proposals, attesting to their widespread appeal.

As president, George Bush offered support to these state proposals, but he did not put forward major initiatives of his own. While there were good reasons to be wary—some of the ideas being heralded as the answer to welfare dependency had been tried before and had failed—Bush missed the political drumbeat. Candidate Clinton did not.

The Clinton plan

Throughout his campaign, Bill Clinton vowed to “end welfare as we know it.” In an oft-repeated formulation, he promised to “provide people with the education, training, job placement assistance, and child care they need for two years—so that they can break the cycle of dependency. After two years, those who can work will be required to go to work, either in the private sector or in meaningful community-service jobs.”

As proposed thus far, Clinton’s plan would take the essential elements of the Family Support Act and give them a stronger bite. The Act does not force participants to work, simply requiring what is often a short stint in job training or other activities. Clinton, on the other hand, wants recipients to receive a full two years of training and education, which could include college classes. At the end of these two years, Clinton would require recipients to work or leave welfare, whereas now they can receive benefits indefinitely. Finally, all welfare recipients would be subject to the new rules, as opposed to only 20 percent under current law.

Clinton has succeeded in refocusing national attention on the problem of long-term welfare dependency. Like the state welfare reform proposals, his plan appeals to a large swath of the public. But it will be expensive; the Clinton campaign estimated that new welfare expenditures will total $7 billion a year by 1996. Moreover, there is no assurance that the plan will work. Here are some of the pitfalls Clinton faces:

A new welfare trap? Improving the skills of welfare mothers is essential. Without more to offer employers, many mothers will never be able to earn enough to support themselves and their families. This is a major reason why they are on welfare in the first place.

Unpublished documents from Clinton's campaign estimate that the expanded job training he proposes will reduce welfare caseloads by 14 percent over four years. This modest claim seems reasonable—if the two-year rule does not become an entitlement to two years of training and education.

But that is a big if. Clinton has promised to give welfare recipients up to two years of education, job training, job placement assistance, child care, and additional health coverage. Will this promise act as a magnet, attracting more people to welfare and keeping them on longer—so that they can get the benefits? There is some evidence that this happened in California before budget problems forced the state to trim the educational benefits in its welfare-to-work program.

Advocates of the two-year time limit say that it will reduce welfare dependency. However, maximums have a distressing tendency to become minimums. If the hundreds of thousands of new recipients who now quickly leave the rolls lengthen their spells to take advantage of a new training entitlement, caseloads will explode.

And why two years? Presumably because of the often-stated datum that half of all new recipients are off welfare within two years. But there is no magic line at two years. It is just a convenient measure of dependency. Many recipients go off after much shorter periods.

One hopes, therefore, that the two-year time limit will not be applied literally but, instead, will be used to signal a new, overarching commitment to discouraging long-term dependency.

Can training do it? Those recipients who are already motivated to improve their lives, such as most divorced mothers, will probably do well under Clinton's plan, especially if they are allowed to attend college or community college while receiving benefits. But, to make a real dent in welfare dependency, the training will also have to help unwed mothers, who form the bulk of long-term welfare recipients.

That will not be easy. Years of inactivity leave their mark. These young mothers, who start with poor prospects, further limit their life chances by dropping out of school, by having babies out of wedlock, and by not working. As a result, they do not have the education, skills, or work habits needed to earn a satisfactory living.

For many young mothers, training—at least as we now provide it—is too little, too late. Even richly-funded demonstration programs find it exceedingly difficult to improve the ability of these women to care for their children, let alone to become economically self-sufficient. Earnings improvements in the realm of 6 percent are considered successes for poorly educated young mothers with sporadic work histories. (Most programs don't even try to work with fathers.)

California's welfare-to-work program is a case in point. In 1985, the state established the Greater Avenues for Independence (GAIN) Program, an education and training project for women. A six-county evaluation found that, for single parents, average yearly earnings increased by only

$271. The county with the greatest improvement, Riverside, was able to increase earnings by about $1,000, but average total earnings in Riverside were still less than $2,500—not nearly enough to lift these single mothers off welfare. The welfare rolls declined by only 7 percent in Riverside, and by a disappointing 3 percent in the other counties.

Make-work jobs? After two years of education and job-training, most unwed mothers will still not be able to support themselves. Subjecting them to a work requirement will mean that a large proportion will end up in semi-permanent “community-service jobs,” a euphemism for having them work to earn their welfare benefits (usually at the minimum wage).

The Clinton campaign estimated that under its reform plan, about 1.5 million young mothers would be required to take such jobs. Such a “workfare” program might, by itself, lower caseloads. One of the few systematic evaluations of workfare took place in Ohio. Welfare recipients in eight counties were subject to a twelve-hour-per-week work requirement. For those in the welfare program for two-parent households, AFDC-UP, at least one adult was required to work up to forty hours. After five years, AFDC caseloads were 11 percent lower than would have been expected based on the experience of other counties in the state. AFDC-UP caseloads were a third lower.

A work requirement might also reduce the attractiveness of welfare for young people with poor earnings prospects. If young people know that the welfare agency is serious about mandating work, they will be less likely to view AFDC dependency as a possible life option. Over the long run, this could change behavior substantially—as the implications of the new regime sink into the consciousness of disadvantaged teens.

At least in the short run, however, a workfare program would be much more expensive than the current system, because of added costs for administration (to establish and monitor job placements) and child care (to free mothers to work). Clinton staffers estimate that monitoring each job would cost $2,100 annually; child care would add $1,300. The additional cost of $3,400 per family is about equal to the average AFDC grant.

The biggest question, of course, is whether these would be real jobs, or simply the make-work jobs of the past. The Ohio program operated in only eight counties and was forcefully administered at the state and local levels. Conducting such a program on a nationwide scale will be much more difficult. Applying workfare to just half the welfare caseload could require a program at least five times the size of the present JOBS program, which the states have had great difficulty administering.

If the Clinton administration does succeed in introducing a national workfare program, it will take extreme shrewdness—and good luck—to avoid a replay of the results of CETA, the Comprehensive Employment and Training Act. Between 1973 and 1984, CETA spent $60 billion dollars, and was widely perceived to be a failure. Lawrence Mead of New York University summarizes: “CETA was troubled by scandals. Local governments often used the slots for political patronage or to rehire displaced public employees, rather than give people with more serious work problems a chance. (It) also had little impact on the intended clients, and this was more damaging in the long run.”

The “slavefare” label? Key members of the welfare policy establishment have never liked the idea of requiring the poor to work at low-paying jobs to qualify for welfare benefits. To discredit earlier efforts to impose work requirements, they labeled them “slavefare.”

This argument strikes a responsive chord among Americans who feel partially responsible for the situation facing these mothers and ambivalent about imposing “further hardship” and “our values” on them. But if not our values, whose? Certainly not those of a teenager who, by having had a child she cannot support, has already demonstrated that she does not make the wisest of decisions.

Strong opposition to the workfare component of Clinton’s plan has already surfaced among his liberal constituencies. Given Clinton’s very visible commitment to the idea, he is unlikely to abandon it, but he could well bend to pressure and emasculate the work requirement by adding various qualifications and exemptions.

The temptation to exempt? The opening would be Clinton’s phrase “those who can work will be required to go to work” (emphasis added). As David Ellwood, assistant secretary-designate at the Department of Health and Human Services, has written: “it would not be difficult to create a set of exemptions that led to just 10 percent of the caseload being required to work.” The possible exemptions? Mothers with children under three, mothers still in high school (or any school, for that matter), those with psychological problems or drug and alcohol addictions, and even those who are “socially” or “employment” disabled.

This would be a mistake. Mandated community service may be the only way to build the job skills and work habits of those who cannot support themselves in the regular job market. Inactivity is bad for everyone; it can be devastating for those only loosely connected to the labor market. Child abuse, drug abuse, and a host of social problems are associated with long-term welfare dependency. A work requirement will help to reduce their levels.

Nevertheless, the problems of some young mothers will prevent them from satisfying even the minimal obligations of a part-time community service job. That’s why Judith Gueron, president of the Manpower Demonstration and Research Corporation, the prime evaluator of much of the last decade’s welfare reform programs, warned in the *New York Times* last year:

I think that if we introduce time limits on welfare, we’ll have more women and children living in Grand Central Station.... There are a great many welfare recipients who are very marginal in terms of their ability to work. Some are clinically depressed, or were abused as young women. This is not a group that just needs a good kick to get their act together.

But continued idleness would be an unwise accommodation. Their lives desperately need the structure that only the larger society can provide. These young mothers may need a modern version of the nineteenth-century settlement house, where counseling, education, child-development and parenting services, and other activities to structure otherwise idle time are all provided under one roof. The base for such a program could be the expanded Head Start program that everyone seems to support. Head Start professionals call this approach “two-generational programming.”

Will we sanction? Most welfare recipients will not participate in these programs willingly, and many will drop out. Hence society, through welfare agencies, must be prepared to monitor compliance with work requirements and to sanction noncompliance.

But this is not simple. When Candidate Clinton spoke of cutting off benefits to mothers who fail to meet work and training requirements, most voters probably assumed that he meant to cut off all payments to them. But Clinton has been consistent in saying that it is only the mother's portion of the AFDC grant, and not the children's, that will be cut. Food stamps, Medicaid, housing, and other benefits would remain untouched.

Clinton may be overestimating the power of such a narrowly delimited sanction. In fact, we already have some idea of how such a sanction might affect the behavior of young mothers. Between 1987 and 1991, the Department of Health and Human Services operated the Teenage Parent Demonstrations in Camden and Newark, New Jersey, and in Chicago, Illinois. These projects required that all teen mothers participate. If they failed to do so, they were subject to a reduction of their welfare grant by the amount allocated to the mother, generally a third to a half of the family's grant, or about $160 per month.

The projects required participation in education, job-training, and work-placement programs. No exceptions were made for mothers with very young children or mothers still in school.

The first step was registration for the program, which included a preliminary session during which the mothers took a basic skills test and met program staff. There were high rates of compliance without the imposition of sanctions because the threat was real and readily apparent to the mothers. Over 30 percent of the teen mothers came in after receiving notice of the program, and another 52 percent came after they were warned of a possible reduction in their grant. Six percent had to be penalized before they would come in, and the remaining 12 percent never came at all.

After the initial assessment, the teen mothers were required to participate in workshops, public school classes, and education and training programs—activities that would presumably be included in the first two years of the Clinton plan. At this point, participation fell off sharply, dropping to about half. Even this low level of attendance was obtained only by heavy sanctioning. Sixty-two percent of participants who remained received formal warnings, while 36 percent had their grants reduced for at least one month.

Why this seeming lack of concern about receiving a full welfare grant? Some think it is because these women are unable to follow through with activities in their own economic interest. This is partly true, but there are also other forces at work. A study of welfare recipients by Kathryn Edin and Christopher Jencks found that AFDC and Food Stamps accounted for only 57 percent of their income. The rest came from friends, relatives, and absent fathers (21 percent), unreported work (10 percent), Supplemental Security Income and foster care (6 percent), illegal activities (3 percent), and other (3 percent). The evaluators of the Teenage Demonstrations believe that the mothers in their programs also had additional sources of support. It may be that some young mothers have decided that they do not really need the money, or that it costs too much in forgone income to attend the programs.

There is another possibility, which is more disturbing: The young mothers came into the programs, willing to try them out, but did not like what they saw. That would help explain the difference between rates of initial and subsequent participation.

In any event, the Teenage Parent Demonstrations give us an indication of what it might take to enforce compliance with Clinton's plan. Most young mothers will come in during the initial stages for an assessment, but they are unlikely to continue participating without real prodding. And, despite multiple warnings, almost 40 percent will suffer at least one reduction in their grants. From 10 to 20 percent will simply drop out—acquiescing in a semi-permanent reduction in their grants rather than participating.

Will we, as a nation, be willing to accept the trade-off of some possible harm to the children whose parents do not participate in return for the benefit to those whose parents do? And will the program really benefit those who participate?

These are tough questions, but they do not mean that we should retreat from Clinton's proposal. They do mean, however, that caution is in order. The history of social engineering is strewn with examples of perverse and unintended consequences from even the most promising of programs. As all sides in the welfare-reform debate have come to agree, we need carefully controlled experiments to determine the effects of new policies.

Before closing, we should give incrementalism its due. When the Family Support Act was passed in 1988, many were disappointed that it did not impose greater obligations on welfare recipients. No one who participated in that debate would have predicted that four short years later a Democratic president and a Democratic Congress would be poised to adopt a time-limited welfare system coupled with a universal work requirement.

We can now see that the Act codified a fundamental shift in public and professional attitudes. It legitimized discussions of behavioral poverty and of government's right (and obligation) to do something about it. By doing so, the Act opened the door to a second, much more ambitious wave of reform. Unless Clinton really fumbles, this is a tale to give incrementalism a good name.

Notes

1.Gabe used a database that reflected half of the total increase in AFDC cases.

2.As enacted, this became a monthly sanction of $25 for recipients whose children are not vaccinated or in school, and small financial bonuses for families that receive annual check-ups ($20 per person in the family) and for pregnant women who receive prenatal care ($14).

3.Similar “Learnfare” programs had been in operation in Wisconsin since 1988 and in Ohio since 1989, but neither was widely known to the general public or the national media.

4.Wilson proposed his plan as part of a larger referendum on state spending, which was defeated this fall. In its place, the legislature passed a weaker law to reduce AFDC grant levels by 6 percent and create work incentives for AFDC-UP (“unemployed parent”) recipients.