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## Clinton Undermines Welfare Reform—With GOP Help

By DOUGLAS J. BESHAROV

Welfare reform has been one of the Republican Congress's few real accomplishments. The law, which passed last year and took full effect last week, is far tougher than President Clinton had wanted. But now, through a series of seemingly unrelated but adroit maneuvers, the president and his congressional allies are on the verge of reshaping the welfare law in the image of his original bill -- and the GOP majority seems helpless to stop them.

The Republican-sponsored law rejected past approaches that tried, with little success, to make work more attractive through job training and wage subsidies. Instead, the law sought to make welfare less attractive by placing work obligations on recipients. New applicants would be required to look for a job, and those already on the rolls would have to work in return for time-limited benefits.

Early evidence suggests that the new law is working. Nationwide, the number of families on welfare has declined 21% since March 1994. The decline began before passage of the welfare bill and has been abetted by a strong economy that has created many entry-level jobs. Still, the emphasis on mandatory work in the Republican welfare law and in the earlier waivers granted by the Clinton administration is widely credited with helping reduce rolls. A study by the president's Council of Economic Advisers attributes a third of the decline to the get-tough provisions in the waivers. And one only has to visit inner-city neighborhoods to hear recipients and young people not yet on welfare talking about the need to find work. They've heard about the end of "welfare as we know it."

It is easy to understand why Mr. Clinton, who upset liberal supporters by signing the Republican bill, is now trying to water it down. But GOP complicity is astonishing.

Mr. Clinton has already won Republican support for his \$3 billion "Welfare-to-Work Grants" program. These grants, targeted to long-term recipients in high-poverty urban communities, could be used for private-sector wage subsidies, on-the-job training, job placement services, job vouchers and job retention services. Most of these ideas have been tried many times before without real success, and there is no reason to think they will work now. In fact, no serious student of welfare reform has come forward to defend the president's plan, an unabashed attempt to placate his liberal critics.

How do Republicans defend their support for the president's program? As one GOP congressional staffer put it: "What's the harm? It's only money." Besides being offensive to taxpayers, the assertion is false. The program will draw attention, energy and funds away from the crucial effort to make workfare programs succeed. This \$3 billion could be used, for example, to more than double the funds available for child care -- the most costly element of mandatory work programs. The current bill prohibits using the funds for child care.

At the same time, through regulatory fiat the administration is making it harder for states to mount aggressive work-for-welfare programs. In May, the Department of Labor ruled that welfare recipients in most mandatory work positions are "employees" -- subjecting their "employers" to a host of federal restrictions. For one, workfare positions must "pay" the minimum wage in cash and food stamps. This limits the number of hours recipients can be required to work. If this ruling is not reversed, many states will ultimately be unable to meet the welfare law's work-participation mandates without raising benefit levels. Some states might do so, but the more likely result is that they will "throw recipients off welfare," as one lobbyist put it, or ask Congress to water down the work requirement -- as the current bill already begins to do.

What's more, the Treasury Department is reportedly close to ruling that workfare participants and their "employers" must pay federal payroll taxes, and that recipients have the right to the Earned Income Tax Credit -- up to \$3,600 cash per year for a family with two children.

The Republican response to all this has been half-hearted at best. House Republicans had initially proposed to deal with the Labor Department's minimum-wage ruling by allowing Medicaid, child care and housing benefits also to be counted as income. But they eventually caved in, adding only a modest provision declaring that workfare positions in government or nonprofit organizations aren't subject to other worker-rights statutes, but leaving the minimum-wage ruling untouched. The Senate budget bill omits even this measure.

Worse, both the House and Senate have added a series of provisions designed to protect nonwelfare workers from competition -- provisions that would serve only to make it harder for welfare workers to get real job experience. The Senate added "nondisplacement" protections to the Welfare-to-Work program that prohibit the hiring of welfare recipients "in a promotional line that will infringe in any way upon the promotional opportunities of employed individuals." Technically the protections apply only to the new \$3 billion program. But states tend to commingle funds, and most observers assume that the protections will apply across the board. And the parallel House bill applies these protections to all workfare programs.

Mr. Clinton's actions are no surprise. But why have the Republicans become accomplices in rolling back one of their most popular achievements -- one supported by 75% of the population, according to a recent poll. "The Republicans are afraid of us," a senior administration official recently said. "We've got them on the run." Maybe it's as simple as that.

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