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Don't Expect Miracles: But a Few Rules Would Go a Long Way Toward Fixing the Welfare Mess

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Bill Clinton promised to “end welfare as we know it,” and it looks as if the Republican Congress is about to help him keep his word—but probably not in the way he intended.

The president's rhetoric has moved the welfare debate sharply to the right, freeing conservatives to go further than Ronald Reagan ever dreamed, and undercutting liberal and moderate support for the status quo.

All the major bills before Congress—Democratic as well as Republican—end the permanent guarantee of federal assistance to the poor and impose strict time limits on federal benefits. The House has already passed its bill and, although action in the Senate is temporarily stalled on the high-stakes question of how to divide block grants among the states, nearly everyone involved assumes a similar bill will pass there as well. Clinton may insist on some changes but has signaled his willingness to go along with the basic approach.

If so, it'll be up to the states to devise programs to keep poor mothers and their children from living on the streets. Unfortunately, Congress seems poised to make a series of decisions that will make this task considerably harder. As Washington politicians try to patch together a final bill, here are some key principles they should keep in mind:

n't shred the safety net for divorced mothers. Political rhetoric tends to focus on long-term welfare dependency and the social problems associated with it. But despite the bashing it receives, welfare provides important—and temporary—assistance to many mothers. About half the women who go on welfare in any given year, for example, are off in less than two years. These women, who tend to be older and newly divorced, use welfare as it should be—as a temporary assist while they put their lives back together.

Appreciate the power of the earnings/benefits trap. About 65 percent of the mothers on welfare, however, have been on for eight years or more. Most of these mothers had their first babies as unwed teens, often as high school dropouts, and simply lack the ability to earn more than welfare provides. Many leave welfare for a job—only to return after discovering that their paychecks are smaller than their combined package of welfare, food stamps, housing and Medicaid benefits. There are only two ways that welfare policy can help low-skilled mothers escape this trap: raise their earnings, or lower (or end) their benefits.

Don't count on job training. For 30 years, the central canon of welfare reform has been raising skills to raise earnings. But even the most richly funded job-training programs have had only modest success in helping mothers work their way off welfare; none has had any proven success with unwed teen mothers, the core of long-term recipients. That's why, even though candidate Clinton promised up to two years of job training before requiring recipients to work, his actual welfare plan did not emphasize job training.

In fact, many experts now believe that job training is less effective than simply encouraging recipients to look for work. For example, a recent evaluation of welfare reform programs in three cities (Atlanta, Grand Rapids, Mich. and Riverside, Calif.) by the Manpower Demonstration Research Corporation found that intensive education and training activities were only about one-third as effective in moving recipients off welfare as what it called "rapid job entry" strategies.

"The mothers were taught how to look for work and how to sell themselves to employers," says Judith Gueron, MRDC's president. "The focus was on how to prepare a resume, pursue job leads, handle interviews, and hold a job once you got one The program was very mandatory, backed up with heavy grant reductions for mothers who did not comply with job search requirements."

Don't time-limit benefits. The idea of setting a time limit on welfare benefits, first popularized by Clinton, is part of every major bill now before Congress. Clinton proposed a two-year limit followed by community service jobs; the GOP bills simply impose a five-year limit on cash benefits (but not on food stamps, Medicaid, and vouchers for housing and other necessities).

Unfortunately, a real time limit would likely evolve into a new—and much more pernicious—disability system. Some mothers cannot work, while others simply don't want to. If the bureaucratic process of hearings and reviews needed to distinguish between the two did not collapse of its own weight, it would essentially end up labeling some mothers (disproportionately African-American) as unfit for work but not for child-bearing.

Discourage dependency through work requirements and benefit reductions. An administratively simpler—and socially wiser—approach would be to encourage recipients to sort themselves out (as the Senate Finance Committee bill proposes) by imposing a series of automatic work requirements and benefit reductions to entice those mothers who can leave welfare to do so. The rest would simply remain on the rolls.

"Workfare" programs offer the discipline of job attendance and the boost to self-esteem that come with working. More important, they send a signal to current recipients (and their younger sisters and friends) that they might as well get a real job, where they would have a chance of advancement and higher pay. After a set period of time, say six months, welfare benefits should be automatically reduced for any mother who does not find a job or enter a work program (and reduced again 12 months later). Although those who remain on welfare should feel the pinch of benefit reductions, they should nevertheless be protected from hunger, homelessness, and other

harmful deprivations.

Include food stamps. Under current law, mothers actually get an increase in their food stamp allotment when they are sanctioned for not complying with a work mandate. That's because such benefits are based on the recipient's income from all sources, so that when AFDC benefits go down, food stamps go up.

Moreover, combining the two, as Sen. Richard Lugar (R-Ind.) has flirted with, would make it easier to operate cost-effective work programs. Workfare is expensive: Finding and supervising workfare sites, plus providing child care, more than doubles basic welfare costs. To make the whole business worthwhile, the mothers need to work at least 20 and preferably 30 hours a week. A cost-effective program needs the additional food stamp funds to underwrite the longer work day.

Allow states to modify Medicaid. Researchers have documented how the fear of losing Medicaid coverage deters some mothers from leaving welfare for work. Some states have begun to experiment with various Medicaid changes to smooth (and thus encourage) the transition from welfare to work. A popular approach is to reduce Medicaid benefits (making them more comparable to middle-class coverage), using the savings to cover more of the working poor. But no one really knows whether this or other ideas will work and, clearly, different states have different needs—which suggests giving them the authority to modify their Medicaid programs (without a predetermined federal straitjacket).

Address illegitimacy. About one in three American babies are born out of wedlock. Proposals to deny benefits to minors, to deny additional benefits for additional children (the "family cap"), and to time-limit benefits altogether are designed to undo the culture of illegitimacy that has taken hold of so many low-income communities. But the lack of clear evidence of these policies' effectiveness, and opposition in both parties, caused House Republicans to water down such provisions. For example, underage mothers would be denied cash benefits only. Noncash benefits—including a voucher equal to the entire value of AFDC benefits—are specifically authorized.

Such efforts are likely to be more symbolic than real, but that doesn't mean they are unimportant. Sen. Lauch Faircloth (R-N.C.), in fact, has threatened a filibuster if such a provision isn't added to the Senate bill. Voters (as well as recipients) need a signal that their political leaders are trying to reduce illegitimacy. A welfare bill that seems indifferent to this deeply troubling problem is unlikely to be a politically effective resolution of the issue. Failure to address illegitimacy in this welfare bill means that others will propose more coercive solutions, such as mandatory use of the implanted contraceptive Norplant.

Don't ignore race. Ethnic and racial minorities make up a disproportionate share of those on welfare. In 1993, almost 40 percent of all welfare recipients were African-Americans, who made up only about 13 percent of the general population; about 19 percent were Hispanic, who comprised only 10 percent of the population. Of perhaps even greater significance, 35 percent of

all black children are on welfare right now, as are 20 percent of Hispanic children. That's in contrast to 6 percent of white children. A tough welfare policy that falls most heavily on minority communities requires special caution from the political process.

Cap the program, but let it grow. States now receive partial reimbursement from the feds (an average of 55 percent) for their AFDC expenditures. This kind of open-ended formula is possible only because current law sharply limits allowable expenditures. Loosen the reins, and the states will quickly learn how to charge the federal government for all sorts of extraneous costs.

A block grant also needs a new formula for distributing funds among the states. The current House and Senate bills finesse this issue by simply freezing payments to individual states at their current levels. But some rapidly growing Sun Belt states are crying foul, and their senators are pushing for alternative formulas that would base future block-grant allocations on population increases. Actually, all states should be concerned about the freeze, because an economic downturn, or the continued growth in out-of-wedlock births, could cost any state dearly in increased welfare costs. And that could create an insidious incentive to cut benefits.

Fighting over how to slice the pie could unleash unpredictable forces in both houses of Congress as states try to best each other in an essentially zero-sum game. Better to let the block grant grow based on economic and demographic changes (while guarding against the use of budgetary gimmicks to raid the federal treasury). But fair is fair: If those same factors show that a state's welfare spending should decline, perhaps its share of the block grant should likewise drop.

Create a timetable for reform. Opponents of the welfare block grant warn that states may use their new freedom to cut benefits sharply. While the political fallout from media images of starving families would probably deter most states from making such draconian cuts, the possibility is real enough to trouble anyone concerned about disadvantaged children and their families. Unfortunately, no one has come up with a legislative guarantee that would force states to meet their obligations toward the poor without undermining the essence of a block grant. But there is one thing to do: time-limit the legislation that creates the block grant. Give the states three or five years and, if the Congress does not act to extend the program, automatically revert back to the current system. A "sunset" provision like this would at least guarantee a national debate on the new regime.

Don't expect miracles. The welfare reform landscape is strewn with overblown promises and unrealistic expectations, inevitably followed by disappointing results and public cynicism. No welfare program, no matter how splendid, can eradicate dependency. Too many other forces are at work. We should be satisfied if what emerges from Congress is a bill that helps states send a coherent yet compassionate message of personal responsibility to recipients. That would be miracle enough.

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