

GO SLOW ON THE NEW PATERNALISM

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Across the country, governors and state legislators are pushing to use welfare benefits to encourage recipients to stay in school or to get a job, to send their children to school, to take their children for preventive health care, to have fewer children, and even to get or stay married. That the proponents of this "New Paternalism," as it is called, are both Democrats and Republicans, liberals and conservatives, attests to its substantive and political appeal. But there's a real danger that the states may go too far, too fast.

The New Paternalism is a natural extension of the change in attitudes that underlaid the 1988 welfare reform act, which sought to get welfare recipients to work by tying benefits to employment or educational requirements while providing transitional health benefits and child care to those returning to work. In effect, the act codified a growing public and professional consensus that anti-poverty programs should address the "behavioral" problems of the poor as well as give them financial support.

Moreover, a growing body of research supports mandating certain behavior as a condition of receiving welfare. In the U.S. Department of Health and Human Services' Teenage Parent Demonstration, for example, the threat of reducing welfare payments resulted in substantially higher rates of participation in work and job training activities.

But the current round of changes goes much further. The Wisconsin Learnfare program, started in 1988, reduces welfare payments to teen mothers or to families with teen dependents

who fail to meet school attendance requirements and Ohio's Learning, Earning, and Parenting Program (LEAP), started in 1989, gives teenage parents on AFDC who have dropped out of high school an initial bonus of \$62 when they re-enroll and another \$62 for each month in which they have less than five absences (no more than two of which can be unexcused).

Wisconsin has now proposed a Parental and Family Responsibility Initiative. Its "Bridefare" or "Wedfare" provisions seek to encourage young couples to marry and work by allowing married welfare recipients to retain more of their earnings than single ones. As a work incentive, married couples receiving AFDC would be allowed to retain the first \$200 and one-half of all additional earnings per month for four to twelve months, unlike normal AFDC regulations which allow recipients to keep only \$30 and one-sixth or one-third of all additional earnings.

Other parts of the Wisconsin proposal would reduce the size of the AFDC grant received when a second baby is born and would eliminate any grant increases for additional children. The state also proposes to require mothers who are minors to live at home, to promote participation in sex education and parenting classes, and to mandate that both parents in a couple participate in the JOBS program.

Last November, Maryland Governor Schaefer proposed an across-the-board 30 percent reduction of state welfare payments that would not be restored unless parents can prove that they keep their children in school, obtain preventive health care for them, and pay their rent.

Two weeks later, Governor Pete Wilson of California proposed that AFDC payments no longer be increased with the birth of additional children and that grants to teenage mothers only be given if teenagers are living with their parent or legal guardian, with the grant going directly to the older generation. He would also create "Cal Learn," in which teenage parents who are

eligible for AFDC would receive a monthly increase of \$50 in their AFDC payment if they attend high school and, conversely, a \$50 reduction if they drop out.

Wilson's proposals also include significant reductions in basic welfare funding: grant levels would be reduced 10 percent for all recipients, with an additional 15 percent reduction after six months for any family headed by an able-bodied adult. Full grants would still be given to the disabled and elderly, even after six months.

Most recently, Governor James Florio of New Jersey signed legislation (on January 21, 1992) which eliminates increases in AFDC grants for the birth of additional children. Formerly, New Jersey granted a \$64 monthly increase in welfare payments for each child born after parents enroll in AFDC. In addition, the new legislation requires that welfare recipients participate in education and job training programs. It also contains a Wedfare-type proposal that allows women to retain some welfare payments after marriage. Women with children who work will also benefit from the new policy, which allows mothers to keep wages equal to half of monthly grants without losing their welfare benefits.

Similarly oriented proposals are pending in many other states. According to the Washington Post, 13 states have already cut their general assistance programs for adults. Rumor has it that Mario Cuomo may also have his own get-tough proposal. Last year, as a deficit-cutting device, he supported state legislation that denied welfare benefits to able-bodied men.

What's going on? Welfare has never been a very popular program and media images of festering inner-city conditions, by reinforcing racial stereotypes, only further undermine public support. It does seem, however, that these "New Paternalism" proposals are part of a broader trend toward social engineering. Take for example, the growing trend of conditioning receipt of a

driver's license on high school attendance. In 1988, West Virginia became the first state to adopt such a requirement, when it enacted legislation denying students ages 16-18 their licenses if they have 10 consecutive unexcused absences from school or 15 total unexcused absences during one semester.

Texas and Virginia have similar programs in which they require students to present proof of school attendance when they first apply for a driver's license. Arkansas, Florida, Kentucky, Louisiana, Mississippi, and Tennessee have this same requirement, but also reserve the right to revoke a license if school attendance does not continue. Wisconsin revokes driver's licenses as one of many sanctions for dropping out of high school, which is required through age 18.

So far, by the way, these requirements seem to have had a minimal impact in West Virginia, the only state for which we found data. In that state, the dropout rate (dropouts as a percentage of total enrollment in grades 9-12) remained the same in 1988 and increased in 1989. This can be explained in part by the fact that 78 percent of the dropouts either had no license or were over 18, and were therefore unaffected by the law. Of the 1,486 dropouts who were actually sanctioned from 1988-1990, 424 had their licenses reinstated by returning to school.

Nevertheless, heightened interest in paternalistic requirements seems to be driven by more immediate concerns: rapidly growing welfare rolls combined with increasing pressures to cut state deficits. In the three years since the passage of the welfare reform law of 1988, rolls have risen about 20 percent. Moreover, although the recession has pushed many poor families onto welfare, the underlying upward trend began before this economic downturn and gives every indication of continuing afterward.

It makes sense to condition welfare payments on appropriate behavior. Rising rates of dependent and self-destructive behavior among welfare recipients -- be it dropping out of school, teen pregnancy, nonwork, or drug addiction -- gives liberals as well as conservatives a gnawing feeling that more decisive attempts to reshape the behavior of welfare recipients are needed. Unfortunately, many of the proposals now being made could end up hurting the poor, not helping them, and might taint more reasonable efforts to alter dysfunctional behaviors. So, before the process goes much further, it might be helpful to establish some principles:

First, the new paternalism should not be an excuse for balancing state budgets on the backs of the poor. Welfare has never enjoyed great public support, but a more immediate impetus for tougher policies comes from rapidly growing welfare rolls combined with increasing pressures to cut state deficits. Too many of the new proposals highlight how much money they are expected to save, suggesting that their true purpose may not be to reform the behavior of the poor.

This point is most obvious when it comes to outright benefit cuts, which are sometimes defended as a means of getting recipients back to work. Past research suggests that cutting benefits by one dollar could increase work effort among recipients by 37 cents. Thus, California's proposed 25 percent cut in benefits might lead the average welfare recipient to work about 14 days more a year. Unless one believes that benefits are too high, the pain such a cut would cause to recipients who cannot work seems hardly worth this small gain.

Second, the behavioral change should be within the reach of the recipient. It is one thing to reduce the welfare benefits of teenage parents who refuse to attend school themselves, as Wisconsin and Ohio do. After all, if child care is provided, teen parents can avoid being penalized by simply going to school. But is it fair to penalize adult parents for their teenager's

refusal to attend school, as has also been proposed? Any parent who has tried to get a teenager to clean up his or her room knows how difficult it is to get adolescents to do anything they don't want to do.

Third, behavioral expectations should be well-rooted in public support. When Norplant, the implantable, long-working contraceptive was first approved for use earlier this year, some state legislators rushed to propose that welfare recipients be required (or paid) to use it. Such proposals engendered great opposition because they raised deep fears about placing limits on reproductive freedom of poor women.

On the other hand, proposals, like Maryland's, to have parents obtain preventive health care for their children or suffer a 30 percent reduction in welfare seem unambiguously beneficial to poor children and, if reasonably implemented, would likely enjoy wide support. Immunizations, for example, protect the children who get them as well as their playmates.

Fourth, policymakers should beware of unintended consequences. The history of social engineering is strewn with examples of perverse and unexpected consequences for even the most benign-seeming programs. The negative income tax experiments of the 1970s, for example, resulted in significantly higher rates of nonwork. What if the denial of increased welfare to young mothers who have additional children, as proposed in California and Wisconsin, leads to more abortions? Many of the people most eager to discourage welfare mothers from having more children are also the ones most likely to be horrified by higher abortion rates.

Fifth, determining compliance should be easy and fair. Subjective, case-by-case determinations would be a nightmare to administer and would likely result in recurring news stories about bad decision-making. Thus, Maryland officials have abandoned their effort to

condition welfare on the payment of rent, deciding that they could not adequately police payments.

One of the major criticisms leveled against the Wisconsin Learnfare and Ohio LEAP programs when they were first proposed was that they would be a monstrosity to administer. It is too early to know what is the cost-benefit ratio of the programs -- administrative costs can be high -- but preliminary evaluations, at least, show that it is possible for states to monitor school attendance and modify welfare payments accordingly.

For example, a preliminary evaluation of the LEAP program reports that, of five sample counties, four reported requesting sanctions for at least one-fifth of identified teens. The sanctions were primarily for failure to enroll in school or start the program. The total number of requests for decreases in AFDC was about equal to the number of requests for AFDC bonuses for good attendance.

Similarly, a preliminary review of the effectiveness of Learnfare was conducted in Milwaukee County by the Employment and Training Institute of the University of Wisconsin. Of the 6,621 teenagers whose families were sanctioned, 28 percent later returned to school. (The rate for teenage parents was only 20 percent.) In Milwaukee County alone, the total sanctions (22,379 in all, because each month is counted as a separate sanction) imposed between September 1988 and December 1989 resulted in an estimated reduction in AFDC payments of about \$3.4, including a federal savings of about \$1.9 million.

Sixth, rewarding positive behavior can be more useful than imposing penalties. Benefits send the same signal as penalties, with fewer drawbacks. Tangible rewards for doing the right thing can uplift and encourage; penalties threaten to discourage recipients who may already feel psychologically beaten down. As the proverb teaches, you can catch more flies with honey than

with vinegar. (Wisconsin's and New Jersey's proposed Bridfare Programs may be examples of how this can be accomplished while minimizing the dangers of perverse incentives.)

In the long run, benefit-oriented programs will probably be more acceptable to the general public because they do not run the risk of hurting those recipients who cannot alter their behavior. They would probably also be easier to administer: imposing penalties invites lawsuits, because the burden is on the state to prove noncompliance. But when a benefit is promised for certain behavior, the burden is on the recipient to prove compliance.

Seventh, benefits (or penalties) should encourage the internalization of long-term changes in behavior. Large penalties raise the stakes so much that bureaucrats and the public recoil from imposing them. Just as behavior is continuing, so should the benefit or penalty be additive. As Aristotle said, "Virtue is habit." Thus, all the major proposals aimed at improving school attendance raise or lower welfare payments on a monthly basis in response to the recipient's recent attendance record.

Finally, humility and caution should infuse the New Paternalism. The problems faced by the poor make action necessary, but too many questions remain unanswered to rush headlong into radically new programs. Tentative as it may seem, states should adopt a step-by-step approach, securing sound successes -- and avoiding over-promising and overreaching. After all, we are tinkering with the lives of the most deprived and the least powerful among us.

**The New Paternalism
Programs and Proposals**

BEHAVIOR	PROGRAM/PROPOSAL	RULE	PENALTY	BENEFIT
Employment	California Welfare Reform Proposal	able-bodied adults who remain on AFDC for 6 months without getting a job would receive lower welfare payments	15% reduction in AFDC grant level after six months for any family headed by an able-bodied adult	
	New Jersey Welfare Reform	AFDC mothers (and families) who work will be allowed to keep more of their earnings without losing benefits		earned income disregard will increase to an amount up to 25% of monthly AFDC grant
	Teenage Parent Demonstration (Illinois and New Jersey)	unemployed teenage women with one child and pregnant women on AFDC must participate in education and employment services	AFDC benefits are reduced upon failure to participate in education classes and job training	
School Attendance	California Welfare Reform Proposal - "Cal Learn"	teenage parents must attend school regularly	\$50 reduction in welfare grant if students drop out of high school	\$50 increase in grant for each month in which students attend high school
	Driver's License Regulations in AR, FL, KY, LA, MS, TN, TX, VA and WV	students age 16-18 must remain in school to keep their driver's licenses	loss of driver's license if school attendance requirements are not met (conditions vary by state)	
	LEAP (Ohio)	teenage parents and pregnant teenagers on AFDC must stay in school	\$62 decrease in welfare grant for each month in which student has >4 absences	\$62 for each month with ≤4 absences and an initial bonus of \$62 for school enrollment

BEHAVIOR	PROGRAM/PROPOSAL	RULE	PENALTY	BENEFIT
	Learnfare (Wisconsin)	all 13-19 year olds who are covered by an AFDC grant must stay in school	AFDC benefits are reduced (for family or student) until attendance requirements are met	
	Maryland Welfare Reform Proposal	children in AFDC families must stay in school	AFDC payments would be reduced without certification of school attendance	
Teenage Living Arrangements	California Welfare Reform Proposal	teenage mothers must live with a parent or legal guardian	teenage mothers would have to live with a parent or legal guardian to receive AFDC payments	
Preventive Health Care	Maryland's Medicaid Program	parents must have a family doctor to receive medical treatment - encourages preventive health care	Medicaid recipients cannot be hospitalized or see a specialist without the permission of a primary care doctor	
	Maryland Welfare Reform Proposal	parents must obtain preventive health care for their children	proof of health care visits would have to be provided to avoid reductions in welfare grants	
	Women, Infants and Children (WIC) food voucher program demonstration (Chicago and New York)	mothers on WIC are rewarded for getting immunization shots for their children		proof of childrens' immunization allows mothers to receive 3 months worth of vouchers at one time
Fertility	California Welfare Reform Proposal	eliminate welfare grants for additional children	AFDC grants for additional children would be eliminated	

BEHAVIOR	PROGRAM/PROPOSAL	RULE	PENALTY	BENEFIT
	New Jersey Welfare Reform	eliminate welfare grants for additional children	AFDC grant for additional children will be eliminated	
	Parental and Family Responsibility Initiative Proposal (Wisconsin)	reduce the size of welfare grants for additional children	AFDC grants for second children would be reduced and grants for additional children would be eliminated	
	Planned Parenthood "Dollar A Day" Program in Denver, CO	encourages teenagers at high risk of becoming pregnant to use contraception or practice abstinence		\$7 for each week in which girls are not pregnant
Marriage	New Jersey Welfare Reform	tries to promote marriage among welfare recipients		increases total AFDC benefits available to married couples
	Parental and Family Responsibility Initiative Proposal - "Wedfare" (Wisconsin)	tries to promote the marriage of young couples		would allow married young couples to retain \$200+ of their independent income while on welfare

SOURCE: American Enterprise Institute, Washington, DC, 1992.