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Recalibrating the Balance: Reflections on Welfare Reform

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Reflections on Welfare

— BY JEFFREY LEHMAN
AND SHELDON DANZIGER

During the 1992 presidential campaign, Candidate Clinton promised, in *Putting People First*, “to make work pay” and to “end welfare as we know it”:

“It’s time to honor and reward people who work hard and play by the rules. That means ending welfare as we know it not by punishing the poor or preaching to them, but by empowering Americans to take care of their children and improve their lives. No one who works full-time and has children at home should be poor anymore. No one who can work should be able to stay on welfare forever.”

Shortly after taking office, President Clinton created a Welfare Reform Task Force to translate the campaign rhetoric into draft legislation. The Task Force interpreted its mandate to be to craft a reform of the program that most people know as “welfare” — Aid to Families with Dependent Children (AFDC). The reform was expected to resonate with “the basic American values of work, family, responsibility, and opportunity.”¹

Welfare reform debates have always been, at least implicitly, about the four values invoked by the Task Force. Since AFDC was first created by the Social Security Act of 1935, each generation has changed the program to reestablish its understanding of what is required to respect those values while providing cash assistance for the “truly needy.” Each round of statutory amendments has recalibrated the balance among (i) the interests of needy single parents, (ii) the interests of needy children, and (iii) the interests of the larger society in expressing its commitment to all four values.

To be sure, it is not easy to forge a legislative consensus (much less a societal consensus) on how the balance should be recalibrated. In the middle of 1994, the administration sent to



Congress a proposed Work and Responsibility Act (hereafter, the Clinton Plan). Other legislators offered alternative plans during the 103rd Congress, both more liberal and more conservative. Ultimately, however, the first two years of the Clinton Administration elapsed without either house giving even serious com-

mittee consideration to a welfare reform bill.

When the new Congress convenes in 1995, it is more likely that welfare reform will be an early and important item on the legislative agenda. And the debates will be cast in terms of the key values of work, family, responsibility, and opportunity. Many observers would

Reform

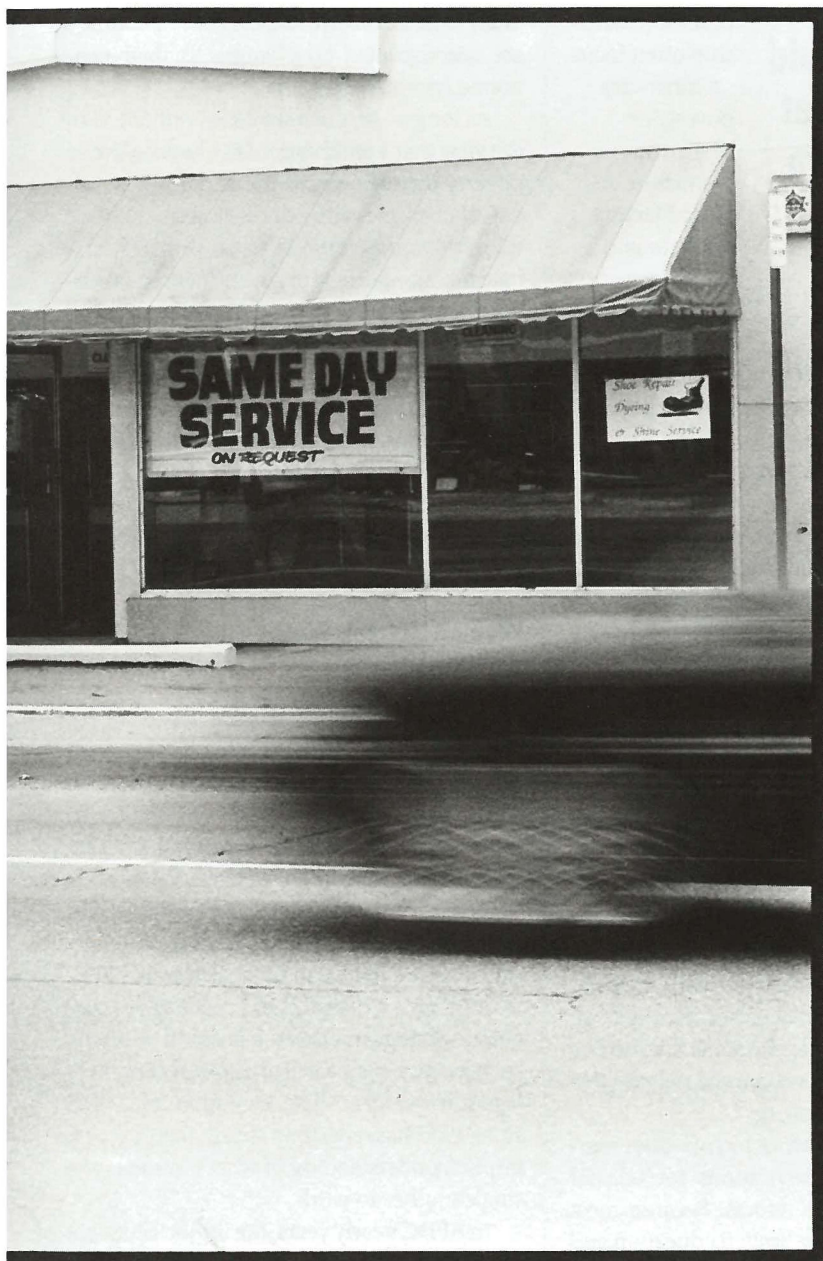


PHOTO BY THOMAS TREUTER

like there to be a simple answer to the question, "How should we want our legislators to act?" In this article, we suggest why no simple answer is available. We instead set forth some of the background empirical and analytic considerations that we hope will inform our next round of difficult collective self-definition.

AFDC Today

Aid to Families with Dependent Children is an income support program that responds to immediate financial hardship. It embodies a commitment to support a subgroup of the poor that was, at one time, thought blameless: low-income families with young children and a missing or financially incapacitated breadwinner. To qualify for benefits, a family must generally show that it has virtually no assets, that it has very low income (each state sets its own ceiling), and that a child in the family is deprived of at least one parent's support because the parent is (a) not living with the child, (b) incapacitated, or (c) a recently unemployed primary breadwinner.

AFDC is almost entirely a program for single mothers and their children. A few single fathers participate, and a somewhat larger number of two-parent families satisfy the stringent requirements for two-parent eligibility. But among the roughly 4.8 million families receiving AFDC benefits in a typical month in fiscal year 1992, about 90 percent were fatherless.

As for mother-only families, AFDC has two aspects: an insurance aspect and a long-term support aspect. Many people fail to appreciate the extent to which AFDC is, today, a form of short-term insurance for disrupted families. Roughly half of all families that begin a welfare spell leave the rolls within one or two years. For those families, AFDC ensures a meager but potentially vital safety net. In 1994, a welfare mother with two children and no earnings received \$366 in cash and \$295 in Food Stamps in the median state, or about 69 percent of the poverty line. Importantly, AFDC also qualifies the family for health insurance in the form of Medicaid.

The long-term support aspect of AFDC is reflected in the fact that almost half of all recipients remain beneficiaries for more than two years. States have small programs to help longer-term recipients make a transition back to the paid work force. Those transitional programs fall under the umbrella of JOBS, the Job Opportunities and Basic Skills Training program created by the 1988 Family Support Act.

1. *Los Angeles Times*, Jan. 17, 1994.

Some AFDC recipients are exempt from the obligation to participate in JOBS (most notably, mothers of children under 3 years old, although some states have limited the exemption to mothers of children under 1 year old). A non-exempt recipient may continue to receive benefits only by complying with all legitimately imposed JOBS requirements. But, if the state has not appropriated sufficient funds to provide a JOBS slot, the recipient need not do anything more. As of 1992, on average states were providing JOBS slots for only about 16 percent of their non-exempt participants.² Under current law, each state will have to place at least 20 percent of non-exempt participants during fiscal year 1995 or face the prospect of losing some federal funds.

The Economic Context of Welfare Reform

Perhaps the most significant change in America's welfare programs over the past two decades is the decline in the level of cash benefits they provide. Throughout that period, inflation has eroded the effective purchasing power of a welfare grant; moreover, during the 1990s, many states have even cut benefits in nominal terms. Thus, in the median state, the combined AFDC and Food Stamp benefit was about 70 percent of the poverty line for a nonworking mother with two children in the early 1990s — down from about 85 percent in the mid-1970s.³

The declining economic position of AFDC recipients is, to be sure, not unique. The past two decades have been characterized by economic distress for the middle class, the working poor, and the unemployed, as well as for welfare recipients. We have had relatively little economic growth over the past generation, and the gains from growth have been very uneven. In the two decades following World War II, a rising tide lifted all boats.

During economic recoveries, all gained — the poor as well as the rich, the less skilled as well as the most skilled. During the 1980s recovery, however, a rising tide became an “uneven tide,” as the gaps widened between the rich and the poor and between the most skilled workers and the least skilled workers.⁴

It is thus simply not the case that most of today's welfare recipients could obtain jobs that would lift them and their children out of poverty, if only they would try harder.

In America today, economic hardship is remarkably wide spread. Popular portrayals of economic hardship often focus on inner-city poverty or single-mother families or displaced factory workers, and associate poverty with their lack of work effort or lack of skills.

But during the 1980s, inequalities increased within most broader groups across the population as well. While white-collar workers fared “better on average than blue-collar workers, and married-couple families fared better on average than mother-only families, many white-collar workers and many workers in married-couple families were also laid off or experienced lower real earnings.

Not even the most educated groups were spared. To be sure, the average college graduate continues to earn much more than less educated workers, and the earnings of the average college graduate grew much faster than the earnings of other workers in the 1980s. Nonetheless, a college degree no longer guarantees high wages. In 1991, among 25-to-34 year old college graduates (without post-college degrees), 16 percent of men and 26 percent of women worked at some time during the year but earned less than the poverty line for a family of four persons.⁵

The general structure of today's labor market has important implications for current debates about welfare reform. Because most welfare recipients have limited education and labor market experience, the contemporary economy offers them fewer opportunities even when unemployment rates are low. Moreover, in many communities, the unemployment rate has exceeded 6 percent for most of the past 15 years; in many inner cities, the unemployment rate is well above 10 percent. And the shift in the skill mix required in today's economy means that, even if an employer extends a job

offer to a welfare recipient with low skills and experience, that employer is not likely to pay very much.

It is thus simply not the case that most of today's welfare recipients could obtain jobs that would lift them and their children out of poverty, if only they would try harder. Fear of destitution is obviously a powerful incentive to survive; it is not, however, adequate to give an unskilled worker a legal way to earn her family out of poverty. The harsh realities of today's labor market mean that changes in welfare mothers' economic incentives are unlikely to make much of a difference unless they are accompanied by changes in their economic opportunities.

As long as America remains committed to the view that a child should not have to live in poverty merely because his or her single parent is unemployable, debates about welfare reform should continue to be primarily debates about *what kind* of government intervention we would like to support. Do we want to continue to support families *outside* the paid work force? Or do we want to try to *improve* the labor market prospects for welfare recipients? In the first instance, these are questions about whether a single parent's care for her own child is a sufficiently important contribution to the larger society, in and of itself, to warrant public support.

Welfare Reform, Work, and Opportunity

The most widely discussed aspect of the current welfare reform debates is “two years and out”: the proposal that, after two years, an AFDC parent's obligations would change so much that one could appropriately say that they are no longer on welfare. When it is suggested that the Clinton proposal would end welfare as we know it, the implicit claim is that such a change in the structure of AFDC would signal a radical shift in society's expectations of single mothers. It is useful to situate such a claim in a broader historical context of legislative reform. The evolution of AFDC since 1935 has reflected a steady change in the implicit understanding of what it means for a single mother to work.

In AFDC's early years, the implicit concept of work was linked to other markers of social status. A stylized interpretation of conditions during the 1930s and 1940s might run as follows: White widows “worked” vicariously through their late husbands and directly by maintaining a “suitable home” for their children. Over time, more white divorcees and unwed mothers claimed welfare benefits; they “worked” by satisfying the suitable home stan-

2. House Ways and Means Committee, 1994, pp. 357-59.

3. In addition, a smaller percentage of poor children now receive welfare benefits. The ratio of children receiving AFDC benefits to the total number of poor children rose from about 20 percent in 1965 to about 80 percent in 1973 as a result of the program expansions set in motion by the War on Poverty and Great Society legislation. This ratio fell to about 50 percent in 1982 as the Reagan budgetary retrenchment went into effect, before rising to about 63 percent in 1992.

4. See Sheldon Danziger and Peter Gottschalk, eds., *Uneven Tides: Rising Inequality in America*, Russell Sage Foundation, 1993.

dard and, if the caseworker thought they were capable, by accepting “appropriate” work for wages. During that same time period, and especially in the south, black single mothers were expected to do whatever house or field work was demanded by local employers. In all cases, the mother, through her “appropriate behavior,” justified public support for the fatherless child.

During the late 1960s, the federal AFDC statute began to embody a different notion of what kind of work was required from single mothers in return for welfare. In response to growing public dissatisfaction over the rising welfare caseload — one which coincided with a rapid increase in married white women’s participation in the paid labor force — Congress amended the statute to provide greater economic incentives for maternal labor force participation and to provide that some women (although, admittedly, few at first) would be required to participate in work training programs.

Since 1967, the statutory expectation for work force participation by single mothers has steadily expanded. Traditionally, mothers of very young children were exempted. But over time, the definition of a “very young” child has fallen from under 6 to under 3 (and, at state option, to under 1). At the same time, Congress has appropriated progressively larger amounts of money to fund state programs that attempt to move mothers off welfare and into a job.

Thus, contemporary discussions of two years and out might be viewed as a straightforward extension of the trends from the recent past. On the other hand, the current proposals might also be seen as an attempt to accelerate the historical trend by putting a strict two-year limit on the time during which single mothers may fulfill their societal responsibility merely by rearing their own children.

One can capture some of the cultural stakes behind two years and out with an analogy to the world of insurance. The proposition that welfare should not be a way of life implies that the “premium” a household pays to society by rearing its own children is a limited one — one that will only allow it to collect a limited “insurance benefit” should it suddenly be struck by the calamity of poverty. In other words, proposals to create time-limited AFDC are effectively proposals to make AFDC more like time-limited unemployment insurance and less like Social Security, whose benefits continue indefinitely.

Would some version of two years and out constitute an improvement over the status quo, or would it constitute an intolerable reduction in the quality of our safety net for the

poor? The question requires an integration of the symbolic message behind two years and out with an appraisal of who is likely to be helped and who is likely to be harmed by a given proposal to implement the change. Before we outline how such an appraisal might be conducted, let us consider the *other* important value that is implicated in welfare reform debates.

Welfare Reform, Family Structure, and Responsibility

The other value that has long been central to welfare reform debates is the value of two-parent families. Can welfare protect children from some of the economic costs of divorce without encouraging divorce? Can welfare protect children from some of the economic costs of being born out of wedlock without encouraging nonmarital births?

Such questions have always been an important part of welfare policy discussions. During the 1980s and early 1990s, however, a broad political consensus emerged that treated *other* issues as paramount. The dominant concern was the challenge of maintaining a social safety net while fighting the alienation of welfare recipients from the paid work force; family structure was a real, but decidedly secondary issue. The past twelve months, however, have seen a crack in the consensus, as some politicians have begun to take the position that a concern with out-of-wedlock childbirth should take precedence over child poverty and non-participation in the work force.

The number of young children who live with only one parent has skyrocketed during the second half of the twentieth century. In 1960, only 9 percent of children under 18 lived with one parent, and less than 0.5 percent lived with a single parent who had never married. In 1992, 27 percent of children under 18 lived with one parent, and 9 percent lived with a single parent who had never married.

Because AFDC is a program designed to assist low-income children in one-parent households, the demographics of AFDC recipient families have changed in tandem with the changes in society as a whole. In 1935, the “typical” AFDC family was headed by a widow. In the 1950s, the AFDC parent was typically a divorced or separated mother. But since the mid-1980s, a majority of AFDC-recipient children have lived with a never-married parent.

In the past year, several legislators have proposed denying AFDC benefits to children born out of wedlock.⁶ They have often justified such proposals by invoking a *Wall Street Journal* column that Charles Murray published last year under the headline, “The Coming White

Underclass.”⁷ The column has proven to have sufficient political importance to warrant a thorough discussion.

In “White Underclass,” Murray revived the polemical style that he had deployed in *Losing Ground* a decade earlier,⁸ constructing an argument with eight structural characteristics:

(1) Murray presented a troublesome social fact. In *Losing Ground*, the troublesome fact had been the increasing rate of pre-transfer poverty. In “White Underclass,” it was the increasing rate of out-of-wedlock childbearing.

(2) Murray presented the troublesome social fact in a variety of ways, using quantitative measures from several different data sets.

(3) Murray speculated in apocalyptic terms about the future implications of the troublesome social fact.

(4) Murray hinted darkly that the troublesome social fact had been concealed from the average American. While “headlines” reported one thing, Murray suggested that the “real news” had been suppressed.

(5) Murray expressed his vision of society in quotable aphorisms. (“In the calculus of illegitimacy, the constants are that boys like to sleep with girls and that girls think babies are endearing. . . . Bringing a child into the world when one is not emotionally or financially prepared to be a parent is wrong. The child deserves society’s support. The parent does not.”)

(6) Murray offered a simple account of how the troublesome social fact could (in theory) have resulted from the rational responses of self-interested individuals to government social welfare programs.

(7) Murray insisted that the troublesome social fact would disappear if government disappeared (in this case, by eliminating many social welfare programs and denying an unwed mother any right to collect child support from the child’s father).

(8) Finally, Murray offered assurances that the costs of his recommendation would be minimal because the world of private, voluntary exchange would be an effective substitute

5. In 1991, the poverty line for a family of four was \$13,924. College graduates do indeed fare much better than high school graduates. In 1991, 30 percent of the male and 57 percent of the female high school graduates earned less than \$13,924.

6. See, e.g., The Welfare Reform Act of 1994, H.R. 4566, 103rd Cong., 2d Sess.

7. *Wall Street Journal*, Oct. 23, 1993; see also Charles Murray, “Keep It In the Family,” *London Sunday Times*, Nov. 14, 1993.

8. Charles Murray, *Losing Ground: American Social Policy, 1950-1980*, New York: Basic Books, 1984.

for the public safety net. (How does a poor young mother survive without government support? The same way she has since time immemorial.)

An important part of what makes Murray's polemic effective is the clever way it baits academics. The structural characteristics (3), (4), and (5) in the list above seem calculated to goad professorial critics into making analytically sound but politically unpersuasive criticisms.

Consider an example. In Murray's argument, a key premise is that having a child out of wedlock is detrimental to both the mother and the child — a premise that would meet little resistance with the general public and that would seem to be supported by data showing a correlation between nonmarital births and unfavorable measured outcomes. To an academic reader, however, Murray's claim seems to cry out for one of two responses. First, any observed correlations between out-of-wedlock childbearing and, say, poverty might be *spurious*. Nonmarital birth might not be the *cause* of poverty; it could be the *consequence* when young people grow up in impoverished surroundings and see little potential for escaping their conditions. Alternatively, both nonmarital births *and* poverty might be caused by some other pernicious social force.

Second, even a supposedly causal connection could be *contingent*. In other words, even if illegitimacy is harmful under today's conditions, it might not be so harmful if social programs or educational or economic opportunities could be changed.

As a theoretical matter, these responses to Murray are completely sound. Social science methods are too limited to provide incontrovertible proof of social causation. And social phenomena are virtually all contingent. Our point, however, is that, while such responses might expose *theoretical* weaknesses in Murray's argument, they do not present counter-evidence to demonstrate that the relationship between out-of-wedlock births and poverty is *in fact* spurious. Nor do they demonstrate that American society could realistically be transformed to make the phenomenon benign. For policymakers, the knowledge that a social fact might not be *inevitably* troublesome is worth very little, especially if Murray's "troublesome" thesis (if not the "apocalypse" thesis) resonates with most people's intuitions about how the world works and is likely to continue to work.

Yet it would be terribly unfortunate if academic criticism of Murray's argument got bogged down in the logical failings of the way he used characteristics (3), (4), and (5). The danger is that the serious flaws reflected in

characteristics (6), (7), and (8) would remain unexposed. Accordingly, for purposes of discussion, let us stipulate that out-of-wedlock birth is a troublesome social phenomenon and that its recent rise is a troublesome social fact. Let us even stipulate that government might consider supplementing the War on Poverty with Murray's War on Illegitimacy. The problem is that Murray has not even remotely begun to make the case for the idea that the first step in his War should be to deny unwed mothers all access to the social safety net.

Here it is Murray who indulges in theoretically interesting but practically irrelevant speculation. As a matter of pure theory, Murray could well have been right that the structure of AFDC eligibility brought about the rise in out-of-wedlock births. But it is just as easy to construct a story on the theoretical plane about why Murray's account of the rise in nonmarital childbearing is *completely wrong*.

The key point, ignored by Murray in "White Underclass" just as he ignored it in *Losing Ground*, is that merely knowing the *direction* of an economic incentive does not tell us anything about how *big an effect* the incentive actually has. When it comes to the decisions to have sex, to bear a child, and to raise a child, a host of other factors can easily dominate or dwarf the effects of AFDC's benefit structure. If we offered you a dollar to jump off a building, the direction of the economic incentive would be clear, but we would not expect to see much of an effect in the real world. Likewise, we know that an increase in the tax on cigarettes will reduce the incentive to smoke, but it has not been shown that taxation is the most effective way to reduce smoking.

Even more importantly, we do not need to resign ourselves to this stand-off in the world of purely theoretical speculation. For many years, social scientists have been diligently measuring the effects of welfare's incentives on family structure. In a recent comprehensive review of the literature, Robert Moffitt considered the time-series data.⁹ He concluded, "the evidence does not support the hypothesis that the welfare system has been responsible for the time-series growth in female headship and illegitimacy."

He then considered the econometric analyses of the effects of variations in the level of welfare benefits on the likelihood that a child lives with two parents.¹⁰ Moffitt concluded that, while studies undertaken during the 1980s had begun to show some evidence of a detectable effect on rates of female headship, the magnitude of the effect was small. "The failure to find strong benefit effects is the most notable characteristic of this literature [on the relationship between welfare and female

headship]." Summarizing the studies that looked specifically at the relationship between welfare benefits and nonmarital childbearing, Moffitt concluded that there was mixed evidence of any effect at all.

In sum, the statistical evidence fails to support Murray's strong historical claims that the current "crisis of illegitimacy" resulted from the structure of AFDC. It offers even less reason to believe Murray's suggestion that we could dramatically reduce out-of-wedlock births by denying unwed mothers access to public support and by freeing unwed fathers of all child support obligations.

If one were serious about reducing nonmarital childbearing, what kinds of reforms might one consider? What changes might increase the relative benefits (or reduce the relative costs) of deferring childbearing, without significant attendant social harms? For any high school graduate who had not borne or fathered a child out of wedlock, the government might subsidize higher education, or provide a guaranteed job, or do more to ensure that any opportunity provided for single mothers trying to get off welfare will be equally available to young women who avoided welfare by not having a child.

Thinking about Welfare Reform in 1995

One way to frame the ultimate policy question is as follows: Should a member of Congress endorse the Clinton Plan? That question raises a number of difficult considerations of political strategy that we can only note here. For example:

- The "crowding" problem. One might rationally believe that the Clinton Plan is an improvement over the status quo, but nonetheless oppose it because one believes an even *bigger* improvement is politically attainable if the Clinton Plan is rejected, but will be crowded off the policy agenda if the Clinton Plan is adopted.
- The "Frankenstein" problem. One might rationally believe that the Clinton Plan is an improvement over the status quo, but nonetheless believe that it will inevitably be transformed by the legislative process into a mutant that is worse than the status quo.
- The "shifting baseline" problem. Even if

9. "Incentive Effects of the U.S. Welfare System: A Review," *Journal of Economic Literature*, 1992.

10. Much of that literature is based on interstate variations in the level of benefits. In 1992 the combined value of AFDC and Food Stamps for a family of three ranged from \$456 to \$798 in the contiguous 48 states.

the next Congress does nothing, the status quo will not continue. Over the past three years, the image of a coherent national AFDC program has become less and less accurate, as governors have received waivers to implement their own versions of welfare reform.¹¹ Thus, a legislator should be comparing the Clinton Plan not with the status quo, but rather with a projection of how AFDC will continue to evolve in the absence of Congressional action.

Before one begins to undertake such complex tactical judgments, however, one must come to terms with simpler questions. Given the general framework of welfare reform issues that is on the table at the present time, how might one recognize a package of changes that could plausibly constitute an improvement over the status quo?

The Clinton Plan introduced in 1994 set the initial terms for negotiation. It proposed that a young parent should be given a complete exemption from work force participation for only twelve months after the birth of a first child, and twelve weeks after the birth of a child conceived while the parent was on AFDC. (Exemptions would also be available for a limited number of others.) Outside of exempt periods, the parent would have a lifetime "bank" of 24 months during which she could participate in AFDC and JOBS. By working in the paid work force, a parent could replenish that bank to provide emergency "cushions" of up to six months at a time. Once the time for AFDC and JOBS participation was exhausted, the parent would either have to find a job in the paid work force or else participate in a special program known as WORK.¹²

WORK would offer subsidies to public or private employers to encourage them to take on AFDC recipients in work-like positions; the employer would pay a "paycheck" in an amount that equaled the former welfare check, in exchange for however many hours of work that amount could buy at the minimum wage (or, if higher, at the wage the employer otherwise paid for comparable work). The WORKer would be eligible for special child care subsidies and for Medicaid, but not for the Earned Income Tax Credit that is made available to holders of mainstream jobs.

The Clinton Plan would also increase child support enforcement efforts. It would not deny benefits to unmarried mothers, but it would deny benefits to mothers who are unable to identify all possible fathers or are unwilling to help locate them. And it would require all teenage parents to live with an adult relative unless the home circumstances were dangerous or no adult relatives were willing to have the teenager in the home.

There could be enormous social benefits associated with a meaningful expansion of opportunity for people who are currently unable to participate effectively in the work force.

Without necessarily endorsing the Clinton Plan as written, we can comfortably conclude that it provides an appropriate framework for discussion. On the one hand, there are profound social costs associated with any changes that risk reducing support to needy children. On the other hand, the status quo has proven inadequate to meet the needs and desires of AFDC parents to participate in the paid work force. The Clinton Plan proposes to invest an additional \$9 billion to \$11 billion over five years in child care, WORK wage subsidies, education, training, and job placement. There could be enormous social benefits associated with a meaningful expansion of opportunity for people who are currently unable to participate effectively in the work force.

Five of the key analytic questions are these:

(1) Will the daily care experiences of children whose parents are affected by a time-limited welfare system be better or worse? The empirical literature on this point is inconclusive. We are aware of no studies that consider the effects of different forms of child care (maternal or paid) on the children of welfare recipients. One can imagine that the 2-year-old child of a disadvantaged welfare recipient might benefit from the stimulation of a day care center; one could as easily imagine that she might suffer from disruption in her intimate relationships. Ultimately, the effects on children will necessarily reflect both (a) the quality of the AFDC recipient child's new care environment and (b) the extent to which increased experience in the paid work force provides the mother with a transition to a higher standard of living and with a set of life opportunities that make her a more successful parent.

(2) Will the new WORK positions provide more effective pathways into the work force than currently exist for welfare parents? Over the years, the federal government has supported many different forms of job creation and job training, from CETA through the WIN Demonstration projects. Evaluations of those programs have rarely shown huge long-term benefits, but they have often shown noticeable

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marginal improvements. Much will depend on the details of program design and implementation.

3) Will the changes in young people's opportunity sets that might result from welfare reform lead them to defer childbearing until more appropriate times? This is a question both about the substance of reform and about the way in which that substance comes to be understood by ordinary citizens. To the extent the impetus for welfare reform is a desire to shape behavior, the effectiveness with which reform is explained to the larger public may be as important as its actual content.

4) What about universal health care? There is some evidence for the proposition that the loss of Medicaid is one of the biggest concerns of welfare recipients considering work in the paid work force. Under current law, people who leave welfare are entitled to retain transitional Medicaid benefits for a year. If one of the aims of reform is to make paid work more attractive than welfare, further discussion of health insurance remains a necessity.

5) How many people will fall through the cracks, and how far will they fall? In most states, AFDC is the last meaningful safety net for children who live in poverty. Under a reformed system, what will happen to those children whose parents are unable or unwilling to comply with the greater demands of that system?

Any reform package that aspires to make a significant change along the dimensions of work, family, responsibility, and opportunity will be expensive. In the current economy, it will cost a lot to create meaningfully expanded work opportunities for single parents who may lack marketable skills. But if welfare reform is to be worth pursuing, it must proceed on a principle of balanced responsibility: welfare recipients and prospective parents must take responsibility for themselves and their children; the government must take responsibility for providing meaningful employment opportunities for all. Only when everyone, regardless of fortune, has agreed to do more, will it be appropriate to speak of a new social contract.

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11. See Susan Bennett and Kathleen Sullivan, *Disentitling the Poor: Waivers and Welfare Reform*, *Michigan Journal of Law Reform*, forthcoming, 1994, and Michael Wiseman, *Welfare Reform in the States: the Bush Legacy*, *Focus*, Institute for Research in Poverty, University of Wisconsin, Spring 1993.
12. For any month in which a recipient worked a specified number of hours, generally about half-time, her 24-month lifetime allocation would not be reduced.

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