

Winter 1997

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## Recommended Citation

Lehman, Jeffrey S. and Danziger, Sheldon, "Ending Welfare, Leaving the Poor to Face New Risk" (1997). *Cornell Law Faculty Publications*. Paper 1319.  
<http://scholarship.law.cornell.edu/facpub/1319>

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# ENDING WELFARE, LEAVING THE POOR TO FACE NEW RISK

*Jeffrey Lehman and Sheldon Danziger*

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**I**n 1992, a centerpiece of Bill Clinton's bid for the presidency was a short book titled *Putting People First*. In it, Clinton argued that America should reform its policies to "make work pay" and "end welfare as we know it." Specifically, the book maintained that

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.<sup>2</sup>

In 1996, in the midst of another presidential campaign, President Clinton signed the Personal Responsibility and Work Opportunity Reconciliation Act. The act abolished Aid to Families with Dependent Children (AFDC)—the federal program that most Americans had come to know as welfare.

Why did President Clinton choose to sign the legislation rather than veto it as he had two previous welfare-reform bills? The president's explanation was that he was keeping his 1992 campaign promise. He had offered alternative ways to keep that promise, to no avail, and now the only way for him to avoid breaking his promise, he reasoned, was to sign a law he admitted was flawed.

Promise keeping is a virtue. But President Clinton's promise, as embodied in the quotation cited above, surely should not have been interpreted to mean that he would sign anything that ended welfare.

We interpret his promise, instead, to have had two components: (1) that he would, in good faith, submit his own legislative proposal to end welfare; and (2) that he would not veto legislation ending welfare as long as the legislation passed a minimalist test of public policy. The test: that legislation, even if flawed, would constitute an improvement over the status quo.

Does the 1996 welfare reform bill that the president signed into law pass this minimal, incrementalist test? Is it likely to produce a better society than the one that existed when the president signed the law? We don't think so.

Numerous ways have been proposed to end welfare as we know it. No doubt many would have improved our welfare state, which was surely in need of

repair. But the bill the president signed into law is a disgrace. We believe that in signing the bill, the president broke the other promise he made during his 1992 campaign: that welfare would be ended “not by punishing the poor or preaching to them, but by empowering Americans to take care of their children and improve their lives.”

#### FOUR VALUES

Shortly after taking office, President Clinton created a Welfare Reform Task Force to translate campaign rhetoric into draft legislation. The task force sought to reform the nation’s welfare system as embodied in the provisions of AFDC. Welfare reform was expected to resonate with “the basic American values of work, family, responsibility, and opportunity.”<sup>3</sup>

The debate over welfare reform has always been, at least implicitly, about those four values. Ever since AFDC was created by the Social Security Act of 1935, each generation has modified the program to reflect its interpretation of those values while providing cash assistance for the truly needy. Each round of legislative amendments adjusted the balance among the interests of needy single parents, needy children, and the larger society.

When President Clinton signed the welfare reform bill into law, he made critical empirical judgments about its impacts on work, family, responsibility, and opportunity. And he reached the conclusion that welfare must be altered to better reflect contemporary social values.

Before 1996, AFDC was an income-support program designed to sustain a subgroup of the poor that was, at one time, regarded as blameless: low-income families with young children and a missing or financially incapacitated breadwinner. To qualify for benefits, a family had to show that it had virtually no assets, that it had very low income (each state set its own eligibility ceiling), and that a child in the family was deprived of at least one parent’s support because the parent was not living with the child, was incapacitated, or was a recently unemployed primary breadwinner.

In practice, AFDC was primarily a program for single mothers and their children. A few single fathers—and a somewhat larger number of two-parent families—satisfied the stringent requirements and participated in the program. But of the roughly 9 million children receiving AFDC benefits in a typical month in fiscal year 1993, about 90 percent were fatherless.<sup>4</sup>

Despite public perceptions that those who receive welfare never escape its grasp, about half of all families who received AFDC benefits left the rolls within one or two years.<sup>5</sup> For those families, AFDC provided a meager, but potentially vital, cash safety net.

To be sure, that safety net was not very far off the ground. In 1994, the average welfare mother with two children and no earnings received \$366 in cash through AFDC and \$295 in food stamps each month. This level of income placed her about 30 percent below the government’s official poverty line, which, for a family of three, was about \$11,500. AFDC recipients also qualified for family health insurance in the form of Medicaid.

#### FROM WELFARE TO WORK

AFDC was reformed several times between 1967 and 1996 in an effort to facilitate the transition from welfare to work. As a result, the requirement for

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workforce participation by single mothers receiving welfare steadily increased during that period.

Traditionally, mothers of young children were exempt from any obligation to work outside the home. But who qualified as “young children”? Over time, the age limit for young children fell from those under 6-years of age to those under three. After the Family Support Act was passed in 1988, states had the option of exempting from work only mothers of infants less than a year old.

Congress also increased appropriations for state programs that fostered the transition to paid employment. Those efforts culminated with the Job Opportunity and Basic Skills Training (JOBS) program, created as part of the Family Support Act of 1988. The creation of JOBS reflected the apparent success of many state workfare demonstration programs of the early 1980s.

When workfare programs were evaluated by the Manpower Demonstration Research Corporation (MDRC), they were found to be modestly successful in reducing welfare dependency and increasing earnings.<sup>6</sup> Just as important, MDRC studies showed that many participants viewed the programs as both fair and helpful in supporting their efforts to find employment. A result of this research was temporary bipartisan support for increased government spending to help find jobs for welfare recipients.<sup>7</sup>

The JOBS program required mothers on welfare to perform state-specified work-related activities—including job search, education, job training, and community service—in return for continued receipt of benefits. For instance, mothers of children ages 3 and over were required to participate for up to 20 hours per week in JOBS. Mothers of children over 6 were required to participate for up to 40 hours per week. The state provided child care, transportation, and other work-related expenses, such as resume preparation and printing.

In principle, welfare recipients who failed to comply with program requirements without good cause could have their benefits reduced. However, recipients who lived in one of the many states that failed to appropriate sufficient funds to support the JOBS initiative could not be penalized. As of 1992, states were providing—on average—JOBS slots for only about 16 percent of their nonexempt participants, or about 7 percent of all adult welfare recipients.

The JOBS program imposed no time limit on its safety-net provisions. Recipients were free to enter the AFDC program, enroll in JOBS, find a job, lose that job, and return to welfare and the JOBS program. Nevertheless, the program emphasized mutual responsibility between welfare recipients and states; welfare recipients had to make sincere efforts to pursue available job opportunities, and the state had to support those efforts.

## WORK OPPORTUNITY AND TIME LIMITS

According to some observers, JOBS didn't do enough to speed the transition from welfare to work. During the late 1980s, David Ellwood, a professor at Harvard University's Kennedy School of Government, proposed placing a strict time limit on AFDC cash benefits.<sup>8</sup> Under Ellwood's proposal, welfare recipients who exceeded time limits would be obligated to accept minimum-wage government-created jobs if they could not find other paid employment.

To facilitate the transition to work, Ellwood proposed an expanded system of subsidized child care and health insurance. And to help protect the new workers from poverty, he proposed that low wages be supplemented through expanded tax credits and guaranteed child support.

*Workfare programs...were found to be modestly successful in reducing welfare dependency and increasing earnings.*

Presidential candidate Clinton incorporated Ellwood's proposal to place time limits on benefits into his promise to "end welfare as we know it." Once elected, President Clinton appointed Ellwood as one of the cochairs of the interagency task force that developed the Clinton administration's welfare-reform legislation in 1994. Time limits became increasingly popular as a host of governors began to propose their own versions of welfare reform. Ultimately, time limits became the major focus of reform discussions both at the state and federal levels.

Significantly, the pursuit of a time limit was decoupled from its companion—a guaranteed public job of last resort. The idea of "two years and work" metamorphosed into the harsher "two years and out." Once the time limit arrived, a poor mother would be left to exercise her own personal responsibility, and the state would have no further obligation to subsidize her family's income.

In effect, AFDC would become more like time-limited unemployment insurance, which a recipient exhausts after six to nine months, and less like supplemental security income, whose benefits can continue indefinitely.

## WORK AND FAMILY CONCERNS

With strict time limits in place, welfare recipients will no longer be able to stay on the welfare rolls indefinitely, even if economic conditions or their levels of education and skill make them unemployable. In theory, such trends could simply reflect a society that feels increasingly selfish, stingy, or disconnected from its poor. The primary impetus for strict limits, however, seems to have been a greater willingness to charge welfare recipients with moral culpability—to punish them and their children for actions inconsistent with the dominant values of family and responsibility.

Throughout the history of the American welfare state, policymakers have sought to devise programs that protect the economic well-being of children who are born out of wedlock, without encouraging nonmarital births.

During the 1980s and early 1990s, however, the family issue became less important than the work issue: how to transform the social safety net in ways that encourage welfare recipients to prepare for and seek paying jobs. Since 1993, however, Republicans in Congress have cited the family issue, especially the increased percentage of births to women who have never married, as the central welfare-reform problem.<sup>9</sup>

Although experts disagree about how welfare reform can best reduce poverty and dependency, there is no disagreement that rapid changes in family structure have occurred. The number of young children who live with only one parent has skyrocketed since the early 1950s.

Consider, for instance, that in 1960, only 9 percent of children lived with one parent and less than half a percent lived with a single parent who had never married. By 1992, 27 percent of children lived with one parent, and 9 percent lived with a single parent who had never married.<sup>10</sup>

Because AFDC, for the most part, assisted low-income children in one-parent families, the demographics of welfare families have changed in tandem with societal changes in family structure. In 1935, for instance, the typical AFDC family was headed by a widow; in the 1950s, by a divorced or separated mother. Since the mid-1980s, however, most AFDC-recipient children have lived with a parent who has never married.<sup>11</sup>

The writings of David Ellwood provided the intellectual rationale for time-

*Welfare recipients will no longer be able to stay on the welfare rolls indefinitely, even if...unemployable.*

limiting cash assistance to promote work and responsibility. In a comparable fashion, the writings of Charles Murray reasserted the centrality of the values of family and responsibility. Murray's work became a rallying point for legislators who preferred not to make welfare recipients' employment obligations contingent on the availability of job opportunities.

In 1993, Murray published a column in *The Wall Street Journal* titled "The Coming White Underclass."<sup>12</sup> The essay, written in the polemical style that Murray also deployed in his controversial books *Losing Ground* and *The Bell Curve*, suggested that many out-of-wedlock births were caused by welfare and would come to an end if welfare were eliminated and unwed mothers were denied the right to collect child support from the child's father.

Republican legislators invoked Murray's column as a reason to abandon the consensus of the 1980s that nonwork was the primary welfare problem. Instead, they insisted that efforts to reform welfare to promote the employment of unmarried mothers would aggravate the more pressing welfare-related problem: nonmarital births. Following Murray's lead, these legislators pressed for the complete abolition of benefits for unmarried mothers.

#### EVIDENCE ABOUT EMPLOYMENT

Welfare policy is not science. No amount of calculation can reveal what our welfare state should look like. At its core, the crafting of our welfare laws is a process of self-definition. It is a mechanism whereby the American people decide what values matter most to society and, in particular, where compassion for the needy ranks among those values.

The fact that welfare policy is not science does not mean, however, that evidence is irrelevant. Policies can work as planned, or they can backfire, and evidence can help us shape our empirical assumptions about the likely effects of policies. Good social-science data can help us decide how best to proceed on the matters of time limits, work opportunities, and nonmarital births.

Let us assume that society continues to harbor the belief that American children should not grow up destitute. That means all children, regardless of the economic and social circumstances of the families in which they live, should have adequate levels of food, shelter, clothing, and health care. And they also should receive adequate levels of adult supervision until they are old enough to care for themselves responsibly.

AFDC was intended to protect children of single parents from destitution. Under the program, the parent would be available to provide necessary supervision. And the government would provide minimal levels of material support.

Yet, as we have seen, there has been growing concern about the adequacy of AFDC as a response to child poverty. For the moment, consider what evidence we have about the likely impact of the proposed remedies.

The strictest forms of time-limit proposals appear extremely risky. They assume that welfare recipients could adequately support their families through paid work if only they were properly motivated. Rather than offering a mandatory, but guaranteed, transition to paid employment, they insist that after the time limit is reached, a welfare recipient must go it alone, carrying her children along a high wire to paid employment without benefit of a safety net.

Policymakers considering such an approach should care a great deal about whether welfare recipients could find jobs to support their families if they did not have welfare to fall back on.

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Social science cannot furnish a definitive answer, but it can offer some evidence. The existing evidence implies that many recipients will not be offered a job, no matter how hard they search for one.

AFDC supported a heterogeneous collection of families. Thus we should resist the temptation to describe the widely varying population of welfare recipients with a single typical example.

Some recipients could have taken available jobs without leaving their children at risk but chose not to—perhaps because they did not perceive any economic advantage to working instead of living on welfare.

In other families, the adult supplemented welfare benefits by working off the books in low-wage jobs, in violation of existing welfare rules.<sup>13</sup> In still other families, the adult refused to take available paid employment because of a lack of child care or because the position did not provide the health insurance that AFDC did.

Other parents had physical or mental limitations that inhibited their ability to work but were not sufficient to qualify them for supplemental security income. Still others simply lacked the labor-force skills or experiences that potential employers required.

A strict time limit, applied uniformly, would have different consequences for each of these types. Some might make it across the high wire unassisted. Others might do so with only modest assistance in the form of child care or health insurance. Still others might fall.

Policymakers should care about how many families would fall into each of these categories, but social scientists have not yet provided such a count. Still, trends in the overall economy give us ample reason to worry about how well welfare recipients can fend for themselves. (Please see “*Benefits, Opportunities Decline for Current Welfare Recipients.*”)

Past studies suggest that many welfare recipients will have difficulty maintaining stable employment after benefits end.<sup>14</sup> And our own research reinforces that concern.

To estimate the overall job prospects for current welfare recipients, we studied

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## Benefits, Opportunities Decline for Current Welfare Recipients

**O**ne change in America’s welfare programs over the past two decades involves the decline in the level of cash benefits the programs provide. Indeed, inflation significantly eroded the purchasing power of a welfare grant after the mid-1970s.

Moreover, during the 1990s, several states cut benefits in nominal terms. By the early 1990s, the combined AFDC and food-stamp benefit in the median state for a nonworking mother with two children was about 70 percent of the poverty line. That marked a decline from about 85 percent 20 years earlier.

The declining economic circumstance of AFDC recipients is not unique. The past two decades have been characterized by slow economic growth and increased economic distress for the middle class, the working poor, and the unemployed.

In the two decades following World War II, the rising economic tide lifted all families’ boats regardless of whether the families were rich or poor or had less-skilled or more-skilled workers. After the early 1970s, however, the rising tide became uneven, as the gaps in living standards widened between the most-skilled and least-skilled workers.

Economic hardship became remarkably widespread. Popular portrayals of economic hardship tend to focus on inner-city poverty, single-mother families, or displaced fac-

a sample of single mothers between the ages of 18 and 45 living in the nation's 77 largest metropolitan areas. We defined single mothers as women who had at least one child under the age of 18 living with them and who did not have a husband residing in the same household.

Compared to the average single mother who does not receive welfare, the typical welfare recipient has less education, is younger, has more children, and is more likely never to have been married.

Consider the following:

■ About 25 percent of nonrecipients, but 50 percent of welfare recipients, have never married.

■ About 20 percent of nonrecipients, but more than 40 percent of welfare recipients, lack high-school degrees.

■ Less than 17 percent of nonrecipients, but 25 percent of welfare recipients, are below 25 years of age.

■ About 17 percent of all nonrecipients, but 33 percent of welfare recipients, have three or more children.

All of these characteristics suggest that welfare recipients are more likely to possess lower earning potential than nonrecipients and will have a more difficult time finding jobs.

Whereas the average earnings for a working single woman was \$18,215 in 1989, our economic model predicts that the average welfare recipient could have earned only about \$13,000. The prediction is less than \$7,000 for African-American mothers under 25 who had never married and who lived in central cities with a child under 6. Indeed, only 40 percent of welfare recipients could have anticipated earning as much as the poverty level for a family of three.

This evidence counsels caution in the structuring of time limits. It suggests that some form of employment assurance is necessary to avoid throwing many families with young children into destitution. In other words, shock therapy carries a high risk of failure.

But what about those families that can successfully navigate the high wire

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tory workers. Most of these portrayals attribute poverty primarily to those persons' behavior or lack of skills.

During the 1980s, however, inequalities increased within most socioeconomic groups as well. It is true that white-collar workers fared better on average than blue-collar workers and that married-couple families fared better on average than mother-only families. Nevertheless, many white-collar workers and many workers in married-couple families also were laid off or experienced declines in real earnings.

Not even the most educated groups were spared. 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.

Such recent economic hardship should prompt suspicion of claims that any welfare reform can permanently transform most welfare recipients into self-sufficient workers. The fact is, the welfare problem is part of a broader poverty problem, which, in turn, is part of a broader economy-wide problem.

The problem has resulted from two decades of slow economic growth and rising income inequality. In effect, despite the lower unemployment rates that have accompanied the recent economic recovery, the economy continues to generate hardship for the least-skilled members of society.

A set of structural changes in the labor market is the primary source of this increased economic hardship. Less-educated workers have found it more difficult to se-



and find employment? Even if adequate work opportunities for welfare mothers exist, what are the effects on children of requiring their mothers to accept those opportunities?

The research on this issue is inconclusive. Some children will benefit, but others will suffer. For instance, one could imagine that the 2-year-old child of a disadvantaged welfare recipient might benefit from the stimulation provided by a day-care center while her mother is at work. On the other hand, one can as easily imagine that the child might suffer from the disruption in his or her intimate relationships.

Ultimately, the effects on children will reflect two factors. The first relates to the quality of the child's new day-care environment. Will state funds be sufficient to provide adequate child-care assistance, or will some children end up with inadequate supervision?

The second is how much the mother's work experience raises the family's standard of living and makes her a more successful parent. As states implement the new welfare reforms, they should pay close attention to these factors.

## EVIDENCE ON NONMARITAL BIRTH

Other questions involve the increasing rate of nonmarital births. Did AFDC exacerbate it? Will restructuring welfare reduce its incidence?

To Murray, the linkages were so obvious and causal that they did not require proof. If one did not have to consider evidence, those linkages are plausible. The structure of AFDC to provide benefits to never-married mothers created an incentive in the direction of having a child out of wedlock. Indeed, worry about that incentive has long been prominent in discussions of welfare policy.

The problem, however, is that any discussion of incentives should not stop at the level of theory. Merely grasping the theoretical direction of an economic incentive does not tell us anything about how great an effect the incentive actually has in the real world.

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cure employment, and those who are hired tend to receive lower wages. Meanwhile, the decline in labor-union membership, declining manufacturing jobs, and increased global competition have all lowered employer demand for and the wages of less-skilled workers. And the introduction and spread of computers and other technological innovations have increased demand for skilled workers.

These changes in the structure of the labor market carry important implications for welfare reform. Because most welfare recipients have limited education and experience in the labor market, the economy offers them minimal prospects even when unemployment rates are low.

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.

These facts lead to the conclusion that most welfare recipients cannot hope to obtain stable jobs that will lift them and their children out of poverty. Despite what some welfare opponents claim, most have not failed to find jobs for want of trying.

Fear of destitution is a powerful incentive to survive; it will not, however, guarantee that an unskilled laborer who actively seeks work will earn enough to support her family. Changes in incentives aimed at prompting welfare mothers to search for work are unlikely to make much of a difference in actual earnings unless they are accompanied by expanded employment opportunities. □JL/SD

When it comes to the decisions to have sex, to bear a child, and to raise a child, a host of factors can easily dwarf the effects of AFDC's benefit structure.<sup>15</sup> Robert Moffitt, professor of economics at Johns Hopkins University, reviewed the literature on the growth over time in the rate of out-of-wedlock births and concluded that

the welfare system may increase nonmarital childbearing, but the magnitude of its effect may not be large relative to the effect of other factors in contributing to recent increases....In fact, the simplest evidence indicates that the welfare system has not been largely responsible for the recent increases in nonmarital childbearing.<sup>16</sup>

The evidence again counsels caution. Denying benefits to unmarried mothers is unlikely to do much about the nonmarital birthrate. It is, however, certain to reduce the level of economic resources available to their children.

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#### WHAT MIGHT HAVE BEEN

What would it have taken for Congress and the president to have devised a balanced reform of the welfare system that would have ended welfare as we know it and produced a national welfare state better attuned to the values of work, family, responsibility, and opportunity? A time limit on the period during which a parent could receive unconditional cash assistance could have been tested in several versions in several states. But available social-science evidence suggests that such an experiment also should have included the following elements.

■ **Safety Net.** Given the absence of evidence to support the Murray thesis on out-of-wedlock births, the reform should have maintained an entitlement to a minimal level of material support for deprived children.

■ **Work.** Given the absence of evidence to support the claim that the private market will offer jobs to all current welfare recipients who seek them, the reform should have provided assurances of paid work for those recipients who cannot find jobs by the time their welfare payments expire. Such positions could have been provided directly by the public sector or subsidized by public funds when not enough jobs were available in the private sector.

■ **Child Care.** One goal of all welfare reforms has been to foster children's well-being. That can only occur if children now being cared for by their mothers receive adequate care once those mothers have jobs. If children are shifted from home care to inadequately financed and poorly managed day-care centers, it is unlikely that children's well-being will improve.

■ **Health Care.** The loss of Medicaid is a serious concern facing many welfare recipients whose only job offers do not provide health insurance. Under current law, people who leave welfare for employment retain Medicaid eligibility for a year. If paid work is to become more attractive than welfare, further discussion of universal health insurance or, at minimum, entitlement to health care for the working poor, remains a necessity.

■ **Child-Support Enforcement.** No welfare-reform plan that ignores fathers can meaningfully promote a "new commitment to enforcing parental responsibility." Given the high rate of joblessness among the fathers of children on welfare, policies must be devised to boost employment opportunities for absent fathers.

■ **Willingness to Spend.** Any welfare reform that makes significant im-

provements in the realms of work, family, responsibility, and opportunity will cost more than the status quo. Health care and out-of-the-home child care are costly services. And most welfare recipients are not, at least initially, likely to persuade private employers that they will be productive enough to cover the costs of health care, child care, and a minimum wage.

Jobs either could be provided directly by government or created through subsidies to private employers. Health care and child care could be provided directly by government, through subsidized programs sponsored by employers on behalf of their employees, or through vouchers assigned directly to workers. A nonpoverty wage can be assured through a higher minimum wage or additional wage supplements to employees.

Any combination of these reforms would have been more expensive than the current welfare system. But any combination could have been tried out—as the acknowledged price of ending welfare as we knew it—in a manner that acknowledges the ongoing mutual responsibility that the poor and the rest of society owe one another.

## THE REFORM THAT WAS

In 1994, the Clinton administration submitted to Congress a legislative package that was consistent with the components of the reform described above.<sup>17</sup> The bill that President Clinton signed into law, however, was a far cry from his original proposal.

Under AFDC, the federal government required the states to award benefits to certain categories of dependent children. The new welfare law does away with this entitlement. AFDC was replaced by the Temporary Assistance for Needy Families block grant. Each state can now decide which categories of children are eligible for assistance and which are not, subject only to the requirement that families receive fair and equitable treatment.

In addition, the new law significantly reduces the total amount of money that the prior system required from the federal and state governments in support of poor children. The federal contribution to each state is essentially capped at its 1994 level of federal welfare payments.<sup>18</sup> Increased costs associated with population growth or economic downturns will be borne by either the states or the poor.

To receive matching funds from the federal government under AFDC, states had to create, fund, and award benefits within existing federal guidelines. By contrast, the new welfare law requires states to spend only 75 percent of their 1994 levels of expenditures on AFDC, JOBS, child care, and emergency assistance. These figures are not adjusted for future inflation or demographic or economic changes. Any state could, for example, impose an immediate 25-percent cut in cash payments to welfare recipients without any loss of federal funds, and it could freeze all future expenditures at 75 percent of the 1994 level.

To be sure, some prosperous states may choose to go beyond the minimum and provide a broader and more supportive safety net than before. But in a mobile society where politicians worry about turning their states into welfare magnets, it's unlikely that any state will raise taxes sufficiently to pursue such reforms.

The new welfare law not only eliminated the entitlement to cash assistance, but it also toughened federal restrictions on benefit eligibility. Programs funded

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by the federal block grant and state monies may not provide more than a cumulative lifetime total of 60 months of cash assistance to any welfare recipient, no matter how willing she might be to work for her benefits.

States have the option of granting exceptions to the lifetime limit for up to 20 percent of their caseload. Under AFDC, however, about half of all welfare children lived in families that received benefits for more than 60 months.

The new law also adds new conditions concerning parental participation in work programs during the months in which the family may receive benefits. Single-parent welfare recipients with no children under age 1 will have to work at least 20 hours per week. By fiscal year 2002, single mothers with no children under 6 will have to work 30 hours per week.

Meanwhile, the new law offers no promise of health insurance for poor families that work, even though many family members hold jobs that do not offer health benefits. It displays no willingness to spend new funds, even though evidence suggests such funds are likely to be required to reduce economic hardship. Instead, federal spending for welfare will likely decline by \$55 billion over the next five years.

What is missing from the new welfare bill is any sense of mutual responsibility or obligation on the part of the government to help those who want to help themselves. As a result, the time limit becomes a high wire with no safety net.

## ABANDONING THE NEW DEAL

The Great Depression of the 1930s taught Americans an important lesson: individuals can be poor and unemployed through no fault of their own. The New Deal and the War on Poverty expressed a commitment to helping such individuals. Working Americans pitched in to help create opportunities for others. In the process, the country as a whole became more productive and compassionate.

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 rejects some of the values of the New Deal and the War on Poverty. It seems that the slow economic growth and increased inequalities and insecurity of the past two decades have merged with other social forces to make it more difficult for the haves to identify with the have-nots.

Members of America's middle class now seem to have trouble seeing themselves, their parents, their children, or their friends standing in the shoes of the poor. If that has happened, then much more than AFDC is in jeopardy in the coming years.



## NOTES

1. The authors would like to thank Edward Gramlich, Jodi Sandfort, Diane Lehman, Ann Lin, Theodore Marmor, Robert Moffitt, Sharon Parrott, Wendell Primus, Kristin Seefeldt, and Eugene Smolensky for providing helpful comments on earlier drafts of this article.
2. Bill Clinton, *Putting People First* (NY: Times Book, 1992).
3. *Los Angeles Times*, January 17, 1994.
4. *House Ways and Means Committee, 1994, Ways and Means Committee Print 103-37, Table 31, pp. 325, 401-402.* The 90 percent of families without a father

subdivide as follows: in about 37 percent of cases a marriage was disrupted by death, divorce, or separation; in the other 53 percent, the parents were never married. In 1992, 39 percent of AFDC parents were white, 37 percent were black, 18 percent were Latino, 3 percent were Asian, 1 percent were Native Americans, and the remainder were of unknown race.

5. *House Ways and Means Committee*, 1994, pp. 325, 401-402. Some of those who entered AFDC left after one or two years but eventually returned to the rolls. As a result, about 70 percent of those who began a first round of welfare received benefits for more than two years during their lifetimes.

6. Judith M. Gueron and Edward Pauly, *From Welfare to Work* (NY: Russell Sage Foundation, 1991).

7. *House Ways and Means Committee*, 1994, pp. 357-59. States could exempt participants who had health problems, were needed to care for an ill relative, lived far away from available jobs, or faced various other liabilities that would stand in the way of finding and holding a job.

8. *Poor Support: Poverty in the American Family* (NY: Basic Books, 1988). Also, see Mary Jo Bane and David Ellwood, *Welfare Realities: From Rhetoric to Reform* (Cambridge: Harvard University Press, 1994).

9. Mickey Kaus, "Bastards: The Right Abandons Workfare," *The New Republic*, February 21, 1994, pp. 17-19.

10. *House Ways and Means Committee*, 1994, pp. 1112-1113.

11. *Ibid.*, p. 401.

12. *The Wall Street Journal*, October 23, 1993. Also see Charles Murray, "Keep It In the Family," *London Sunday Times*, November 14, 1993.

13. Kathryn Edin and Laura Lein, *Making Ends Meet: How Single Mothers Survive Welfare and Low-Wage Work* (New York: Russell Sage Foundation, 1997); Christopher Jencks and Kathryn Edin, "The Real Welfare Problem," *American Prospect* (Winter 1990).

14. Judith M. Gueron and Edward Pauly, *From Welfare to Work* (NY: Russell Sage Foundation, 1991); LaDonna Pavetti, "Who Is Affected by Time Limits?" in Isabel Sawhill, ed., *Welfare Reform: An Analysis of the Issue* (Washington, DC: Urban Institute, 1995).

15. For a review of the sociological, psychological, and economic factors affecting out-of-wedlock childbearing, see U.S. Department of Health and Human Services, *Report to Congress on Out-of-Wedlock Childbearing* (Washington, DC: Department of Human Services Publication No. 95-127, September 1995). Included in this volume is Robert Moffitt, "The Effect of the Welfare System on Nonmarital Childbearing," pp. 167-176.

16. After publishing "White Underclass," Murray confronted the data in "Does Welfare Bring More Babies?" *The Public Interest* (Spring 1994), pp. 17-30. There, Murray suggests that welfare may have caused nonmarital births to increase. When welfare benefits fell, however, the rate of nonmarital births failed to decline because illegitimacy "took on a life of its own." Murray does not attempt to reconcile the idea that illegitimacy has already taken on a life of its own with his theory that eliminating welfare benefits would reduce the rate of nonmarital births in the future.

17. *Work and Responsibility Act of 1994*, H.R. 4605, 103rd Congress., 2nd Session.

18. The new welfare law establishes special funds to provide supplemental grants to states with relatively low benefit levels or substantial population growth or high unemployment. But those funds will be far below the level that would have been spent under AFDC in response to changes in population, the poverty rate, and joblessness.

The law also creates performance bonuses for states that experience declines in the proportion of out-of-wedlock births without attendant increases in abortions.