

5. Federal Welfare Reform

Congress should

- reauthorize the Personal Responsibility and Work Opportunity Reconciliation Act;
- strengthen welfare reform's work requirements;
- avoid federal funding of private charities;
- avoid federal marriage programs; and
- ultimately, replace welfare with private charity.

In 1996 Congress passed the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), the most significant revision of the American welfare system since the Great Society. PRWORA replaced Aid for Families with Dependent Children (AFDC), the primary cash assistance program, with the Temporary Assistance for Needy Families (TANF) block grant. That effectively abolished most federal eligibility and payment rules, giving states much greater flexibility to design their own programs. The TANF block grant was a fixed amount for each state, largely based on the prereform federal contribution to that state's AFDC program. In addition, the block grants eliminated welfare's "entitlement" status, meaning that no one would have an automatic right to benefits.

Welfare reform brought about mixed, but generally positive, results. The number of welfare recipients declined by more than half. Approximately 4.7 million Americans have left the welfare rolls since 1996. And, in general, those people were modestly better off after leaving welfare. However, dependence on government programs remains widespread, and spending on government welfare programs, at both the federal and state levels, has actually increased. While out-of-wedlock birthrates have leveled off, they remain at unacceptably high levels. The work of welfare reform is far from complete.

However, since 2002, Congress has been deadlocked over proposals to reauthorize PRWORA (the original bill sunset after five years). The result has been a series of short-term continuing resolutions that preserve the basic structure of the 1996 reforms but prevent actions to either strengthen the reforms or move on to next steps.

Work Requirements

Among the most contentious areas of debate has been welfare reform's work requirements. Under PRWORA, most welfare recipients were required to "work" as a condition of receiving benefits. States were initially to have at least 40 percent of their welfare recipients either working or participating in work preparation activities; that percentage was to increase to 50 percent by 2002, although states were given wide discretion in designing work programs. In reality, however, states were given various credits and exemptions that significantly reduced the number of recipients actually required to work. For example, states are given a credit based on their caseload reductions, meaning that states with large numbers of people leaving welfare do not have to meet the stated levels of work participation for those remaining on the rolls. Without those credits, only 19 states would be meeting their participation requirements for single parents and only two states would be meeting the requirement for two-parent families. In fact, for 31 states, the credit reduced the actual work requirement to *zero*. In addition, roughly 14 states have continuing waivers, from the old AFDC program, that may override work requirements under TANF. Vermont, in fact, claims that existing waivers exempt it from *all* work requirements. Those exemptions make it possible for states to meet federal work participation mandates and make it seem like far more welfare recipients are working than actually are.

Moreover, the term "work" was interpreted so broadly that current work requirements have fallen far short of their goals. For example, in all 50 states, "job search," or simply looking for work, constitutes a work activity. Some states limit the amount of time that can be spent in job search, generally to six or eight weeks out of any 12-month period, but 29 states have no limit to the amount of job search a recipient can substitute for actual work. Nearly all states (47) count vocational education or training as a "work activity," and in six states there is no time limit on the training. In 12 other states, between 24 and 36 months of training can be substituted for work. In addition, 47 states consider adult education or the study of English as a second language to meet work activity requirements, and in

at least 35 states there is no time limit on those activities. Training in “job readiness skills,” such as completing a job application, writing résumés, interviewing skills, “life skills,” career goal setting, and workplace expectations, count as work in 48 states. Finally, four states include alcohol and drug abuse treatment as work activities.

A great many welfare recipients are taking part in nonwork “work activities.” In fact, only about 31 percent of the people that states consider “working” are in jobs, either subsidized community service jobs or private-sector employment.

Advocates of welfare reform have sought to rectify those problems by increasing the work requirement for recipients to 40 hours per week, at least 24 of which must be actual work, and by eliminating the “case load reduction” credit that has enabled many states to give the appearance of meeting work requirements without actually doing so. In contrast, some opponents of welfare reform have not only resisted those changes but have sought to further water down the definition of “work,” to include more education and training, including college attendance.

Yet, study after study has shown that work is the surest route off welfare and out of poverty. The states with the strongest work requirements, and the most severe sanctions for failing to comply with those requirements, have been the most successful.

Moreover, the evidence strongly indicates that the most successful form of “work activity” is work itself. There have been several studies that compared “work-first” programs that attempt to push recipients into jobs as fast as possible with programs that emphasize education and training. The work-first programs increased earnings and decreased welfare dependence far more quickly than the education- and training-based alternatives. In particular, the National Evaluation of Welfare to Work Strategies, a comprehensive review of 11 welfare-to-work programs, conducted by HHS, followed former welfare recipients over a five-year period and found that employment-based programs were more successful at moving recipients into jobs and did so at far less cost than education and training programs. An even more telling study by Bruce Meyer of Northwestern University and Dan Rosenbaum of the University of North Carolina–Greensboro actually found a negative correlation between education and training programs and employment. Welfare recipients who participated in training programs were *less* likely to find work.

It is essential, therefore, for Congress to strengthen—not weaken—PRWORA’s work requirements.

Federal Marriage Programs

One change that Congress should not adopt is proposals for the federal government to fund programs designed to encourage poor people to get married. Current legislation calls for spending roughly \$2 billion over the next five years for this purpose. But such proposals not only represent a massive expansion of government into the most personal and private areas of our lives; they are also likely to fail as a matter of policy.

Of course marriage is a good thing. A substantial body of social science shows that marriage can benefit both individuals and society. But, before embarking on a massive new federally funded marriage program, we should consider several key problems with that approach.

First, and most obvious, there is the question of just whom poor women, especially poor pregnant women or single mothers, are supposed to marry. William Julius Wilson and others have shown that in high-poverty areas, with their attendant crime and unemployment, there are relatively few marriageable men. Several studies have looked at the fathers of children born out of wedlock and found them quite unprepared to support a family. More than a third lacked a high school diploma; 28 percent were unemployed; and another 20 percent had incomes of less than \$6,000 per year. In addition, roughly 38 percent had criminal records.

An examination of attempts to collect child support payments from low-income unwed fathers found that a substantial number of them faced serious employment barriers, including criminal records and poor health. Many single mothers may remain single precisely because they find their unemployed and undereducated potential partners unattractive marriage material. Encouraging marriage to unsuitable partners may do more harm than good.

Second, marriage may do less to increase family income than supposed. Despite the evidence cited above that marriage leads to increased family income, the impact on low-income single mothers may be less than on others. About half of unwed mothers are in fact already living with their child's father. Another third are romantically involved with the father but living separately. The father can be presumed to be providing at least some resources under the circumstances, so any increase would be marginal. Moreover, given the economic conditions of the fathers described above, they may have few additional resources to bring to a marriage.

Forcing poor women into early marriage may also have unintended negative consequences. For example, if they marry, teen mothers are more likely to have a rapid second birth, which brings with it a variety of

economic and other concerns. They are also more likely to leave school after they become pregnant and less likely to return to school later on. In addition, marriages of younger men and women are far less stable than those of people who delay marriage until they are older. The young divorce more frequently and after a shorter period of marriage. There are greater incidences of domestic violence.

In short, getting the federal government involved with marriage may do far more harm than good.

Prevent New Entrants to the Welfare System

Perhaps the most important step that Congress could take to end welfare dependence would be to prohibit new entrants to the system. Despite increased efforts at diversion under welfare reform, states continue to allow new and returning entrants into the cash assistance system. Consequently, caseloads have recently begun to level off or even grow in some states. That trend testifies to the fact that women will continue to drop out of school and have children out of wedlock so long as going on welfare remains an option.

Welfare reformers need to turn their efforts to encouraging young women to (1) finish high school; (2) not get pregnant outside marriage; and (3) get a job, any job, and stick with it. The most effective way Congress can communicate this message is to remove welfare as an alternative for young women who fail to make smart choices. While continuing to support and encourage work among those already receiving welfare, Congress should enact a prohibition against new, single mothers' signing onto the rolls.

This cutoff will have the effect of encouraging young women to think twice before entering into an unsustainable situation. Those who continue to have children they are unable to support will have to turn to their families and the community for assistance. Already, a rich variety of private-sector, voluntary, and faith-based initiatives is available to families attempting to surmount obstacles on the path from welfare to work. Such efforts would likely proliferate in the absence of the public cash assistance alternative.

Corrupting Charity

However, it is important to realize that shifting from government-run welfare to private charity does not mean that government should fund those charities.

President Bush has proposed that faith-based charities be eligible to receive billions of dollars in federal grants to provide social services. But, in doing so, he risks mixing government and charity in a way that could undermine the very things that have made private charity so effective.

Government dollars come with strings attached and raise serious questions regarding the separation of church and state. Charities that accept government funds could find themselves overwhelmed with paperwork and subject to a host of federal regulations. The potential for government meddling is tremendous, and even if the regulation is not abused, it will require a redirection of scarce resources away from charitable activities and toward administrative functions. Officials of charities may end up spending more time reading the *Federal Register* than the Bible.

As they became increasingly dependent on government money, those charities could find their missions shifting, their religious character lost, the very things that made them so successful destroyed. In the end, Bush's proposal may transform private charities from institutions that change people's lives into mere providers of services, little more than a government program in a clerical collar.

Most important, the whole idea of charity could become subtly corrupted, blurring the difference between the welfare state and true charity. After all, the essence of private charity is voluntariness, individuals helping one another through love of neighbor. In fact, in the Bible, the Greek word translated as charity is *agapeo*, which means love. But the essence of government is coercion, the use of force to make people do things they would not do voluntarily. As historian Gertrude Himmelfarb puts it, "Compassion is a moral sentiment, not a political principle." The difference is as simple as the difference between my reaching into my pocket for money to help another and my reaching into yours.

Conclusion

Six years after passage of the new welfare law, the country's cash assistance system shows modest improvement. More individuals are having to work for their benefits, fewer remain on the rolls, a greater number are finding employment after they exit the system, and fewer are losing out in the transition from welfare to work.

On an overwhelming number of measures, however, welfare as we once knew it remains firmly intact. The people who leave welfare for work continue to be short-term, transitional cases; individuals who remain on the rolls are still supported by a generous array of cash and in-kind

benefits; life after welfare continues to be characterized by low-wage employment, heavy reliance on supplemental benefits, and frequent returns to the rolls; and the system continues to encourage dependence by allowing new entrants and providing generously for young women who give birth out of wedlock.

Congress needs to recognize that the solution to the country's dependence problem involves more than efforts to simply wean families off the welfare rolls. A more preventive approach is required, which involves making welfare no longer an attractive or viable alternative for single young women considering getting pregnant. Congress should encourage states to scale back bloated and ineffective welfare programs by eliminating the maintenance-of-effort spending requirement attached to receipt of federal TANF grants. Rather than require states to meet historic spending levels associated with much larger, prereform caseload numbers, Congress should permit states to divert saved welfare dollars to alternative efforts or, ideally, back to taxpayers. Ultimately, to dramatically reduce out-of-wedlock childbearing and life-long dependence, Congress should enact a prohibition against new entrants into the cash assistance system. Until welfare is no longer available to young women making crucial choices for themselves and their families, the country will continue to spend endless amounts of energy and taxpayer money trying to solve its dependence problem.

Suggested Readings

- Blank, Rebecca, and Ron Haskins, eds. *The New World of Welfare*. Washington: Brookings Institution, 2001.
- Murray, Charles. *Loosing Ground: American Social Policy: 1950–1980*. New York: Basic Books, 1984.
- . *The Underclass Revisited*. Washington: American Enterprise Institute, 1999.
- Tanner, Michael. *The Poverty of Welfare: Helping Others in Civil Society*. Washington: Cato Institute, 2003.
- Zeigler, Jenifer. "Implementing Welfare Reform: A State Report Card." Cato Institute Policy Analysis no 529, October 19, 2004.

—Prepared by Michael Tanner

