

A TWENTIETH CENTURY FUND BOOK

We the
POOR
People

Work, Poverty, & Welfare

Joel F.

Yeheskel

Handler & Hasenfeld

We the Poor People

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Foreword

As of this writing, America is in the midst of an enviable period of sustained economic growth. The value of financial assets, especially stocks, has increased enormously. Some salaries are going through the roof, but overall inflation is modest. There is even a strong political movement contending that the consumer price index is substantially overestimated. All these developments add to the many continuing economic advantages the nation enjoys when compared to most of the rest of the world.

Americans, as a group, are enormously rich. We spend less of our income on food, water, clothing, fuel, and shelter than almost anyone else in the world. Looking at necessities, we spend exceptionally only on health care. We not only have the smallest current public deficit, we also pay the smallest share of income in taxes of any industrialized nation.

But we are neither happy nor satisfied.

In spite of these favorable developments, many, probably most, Americans are disappointed with their economic circumstances. This reaction is understandable. Over 85 percent, for example, of the rapidly growing financial assets are in the hands of only 10 percent of Americans. In fact, half of families have less than a thousand dollars in net financial assets. For the majority, real wage growth has either been limited or even negative. Many feel burdened by debts and insecure about the future.

The median American family, in any case, does not compare its living standard to the British, for example, and feel rich. We are a people accustomed to constant and rapid improvement; we experience sharp disappointment when progress is slow. Our personal economic disappointment feeds antipathy to government, stunting our sense of national mission. We think small, undertaking little, underestimating our strength, and exaggerating the harmful consequences of public debt.

Tax revolts, the ideology of selfishness, and other elements of the backlash against the bipartisan liberal activism of the post–World War II era have spread rapidly through the voting public. People feel hurt and defeated by their personal failures to make economic progress. The generous impulses of the public sector in the 1960s and 1970s, in this pessimistic view, have been rewarded in the 1980s and 1990s by steady deterioration in the economic

condition of the average family. Even as the average level of education rose, even as an ever larger proportion of the population joined the workforce, families—even two-income families—saw the American dream of rising income, upward mobility, a home of their own move further away.

As a result, although our economy easily could afford better health care and education for the young, we despair of finding the necessary resources. Even though we easily could save and invest more in public as well as private projects, we do not. In truth, no constraint of national poverty or solvency forestalls the possibility of calling on government for constructive change. But individually, many of us feel that *we* cannot afford to bear our share of the “burden” of building a better society.

In this context the persistence of poverty, while seen as unfortunate, increasingly is viewed as simply a problem for those who are affected by it. For the great bulk of workers, charity, whether personal or through taxes, is just too much to ask.

At least this is one interpretation of the astonishing fact that the federal budget for the nation’s basic welfare program, which amounts to only 1 percent of total spending, has consistently been at the center of national political campaigns. In 1996, all this attention culminated in a Democratic President and Republican Congress agreeing on a welfare reform plan that drastically alters the federal role in helping the nation’s poorest. The restructured system reflects pessimism about those on welfare (they could be working, but they’re not). But it also reflects optimism about the job market (if you look, you’ll find work). The authors of this volume are quite sure that this new experiment will not succeed.

Joel F. Handler, professor of law at the School of Law, University of California, Los Angeles, and Yeheskel Hasenfeld, professor of social welfare at the School of Social Welfare, also at the University of California, Los Angeles, have studied welfare and poverty for many years. They understand both its intransigence and the difficulty of finding workable programmatic solutions. In this volume, they go well beyond finding fault with past efforts, proposing ideas that would break the pattern of previous policies and even current reform efforts. Setting aside the many attacks on the current system that depend on emotion and prejudice, serious students of what to do about welfare agree that the focus needs to be on two major questions: first, do we need a new conception of what welfare programs are meant to accomplish; and second, is it possible to realize improvement in the system by restructuring it?

Handler and Hasenfeld offer provocative answers to both questions. Regardless of one’s view about poverty in America, it would be a leap of faith indeed to conclude that the welfare reform program enacted in 1996 is the end

of the story. The ideas set forth in this book are therefore likely to receive the attention they deserve as the nation struggles, in the years to come, with the inevitable process of “reforming the reforms.”

On behalf of the Trustees of the Twentieth Century Fund/Century Foundation, I thank the authors for their thorough and most interesting treatment of this important aspect of American public life.

Richard C. Leone, President
The Twentieth Century Fund
June 1997

Acknowledgments

We survived and thrived—a University of Michigan–trained sociologist and a mushy lawyer type. Ten years, two books, several papers, many conferences and talks about poverty, welfare, social policy, foreign policy, whatever. On vacations, while our wives browsed, we plotted. It's a great friendship, a great collaboration, and we are still going strong.

Along the way we have had lots of great support. For this particular project, we wish to express our thanks to Sandy Danziger, Sheldon Danziger, Mark Greenberg, Rena Hasenfeld, Julia Hastings, Julia Henly, Katherine Hill, Frank Munger, and Lucie White. Margaret Kiever is a wonderful secretary, and it is hard to exaggerate the excellence of the research staff of the UCLA Law Library.

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Part One

The Fixation on Work versus Welfare

It is not bread the poor need, it is soul;

it is not soup, it is spirit.

Chapter 1

The Choices We Make

In *The Structures of Everyday Life*, Fernand Braudel describes medieval European welfare policy:

The peasants lived in a state of dependence on merchants, towns and nobles, and had scarcely any reserves to their own. They had no solution in case of famine except to turn to the town where they crowded together, begging in the streets and often dying in public squares. . . .

The towns soon had to protect themselves against these regular invasions. . . . Beggars from distant provinces appeared in the fields and streets of the town of Troyes in 1573, starving, clothed in rags and covered with fleas and vermin. They were authorized to stay there for only 24 hours. But the rich citizens . . . soon began to fear that “sedition” might be spread among the poor inside the town or in the surrounding countryside, and in order to make them leave, the rich men and the governors . . . were assembled to find the expedient to remedy it. The resolution of this council was that they must be put outside the town. . . .

The attitude of the bourgeois hardened considerably towards the end of the sixteenth century, and even more in the seventeenth. The problem was to place the poor in a position where they could do no harm. In Paris the sick and invalid had always been directed to the hospitals, and the fit, chained together in pairs, were employed at the hard, exacting and interminable task of cleaning the drains of the town. In England the Poor Laws, which were in fact laws *against* the poor, appeared at the end of Elizabeth’s reign. Houses for the poor and undesirable gradually appeared throughout the West, condemning their occupants to forced labour in workhouses. . . . In Dijon the municipal authorities went so far as to forbid the town’s citizens to take in the poor or to exercise private charity. “In the sixteenth century, the beggar or vagrant would be fed and cared for before he was sent away. In the early seventeenth century, he had his head shaved. Later on, he was whipped; and the end of the century saw the last word in repression—he was turned into a convict.” This was Europe.¹

Certain themes leap from Braudel's description—danger, containment, stigmatization, deterrence. That was Europe.

What is welfare policy today? We often think about the poor—or at least the welfare poor—in much the same way, as threats to dominant values and the social order. The failure to support oneself and one's family has always been considered more than just being poor. Violating the work ethic is a moral fault; as such, it contaminates other areas of personal and family life. In Braudel's Troyes, Paris, Dijon, and London, as well as in the contemporary United States, those considered able to work but fail to work—the “unworthy” poor—are associated with sin, vice, disease, and crime.

Today's welfare mothers, it is said, do not work or marry. They have children out of wedlock and engage in other forms of antisocial behavior, including drugs and crime. As a consequence, it is widely believed that welfare children grow up in poverty; they suffer from bad environments, do poorly in school, and, for the most part, follow the paths of their parents in dependency or worse. The stereotypical image of the “welfare recipient” is the young, unmarried woman, more likely an addict, who has children in order to get on and stay on welfare. Her children, in turn, will at best become welfare-dependent, but more likely substance abusers and criminals. The subtext is the African American “underclass” or the inhabitants of the Latino barrios. Race, ethnicity, and religion reinforce the moral condemnation of welfare. Whereas the unworthy poor used to be called the “dangerous classes,” now the polite euphemism is “counterculture poverty” or the more pejorative “underclass.” In prior periods of welfare crises, threats to the social order were often riots or the fear of riots; today, it is the fear of the spreading underclass.

Accordingly, welfare policy is deeply involved in preserving the moral order—the work ethic and family, gender, race, and ethnic relations. Welfare policy is fundamentally a set of symbols that conveys what behaviors are virtuous and what are deviant. It is continually identifying and categorizing the deserving and undeserving poor. Thus, welfare symbols are addressed not only to the welfare poor but equally to the nonpoor. As in most symbolic systems, especially those engaged in primal moral struggles, the “myths and ceremonies” of welfare are ambiguous and at times contradictory. The debate over welfare policy is both moralistic and ritualized, less concerned with the experience and needs of the poor than with validating dominant norms about who the poor are, why they are poor, and how social control is justified.

Welfare policy both contributes to and is shaped by the larger moral debates in society. In the United States, race, ethnicity, and gender have always had a significant impact on welfare policy. As we shall see in Chapter 2, patriarchy decisively influenced early state aid to dependent children's programs; race and

gender had a similar impact on the twin pillars of the New Deal—Social Security and Unemployment Insurance. Today, welfare policy is part of the larger debates over immigration, changing family structure, sexual behavior, cultural pluralism, and growing inequality.

Welfare policy is also part of the debate over the role of government. The control of the deviant, the “dangerous classes,” has always been seen as primarily a *local* issue; it is in the community that the worthy can be separated from the unworthy. When “government” (national or state) tries to interfere, it becomes the problem rather than the solution to controlling the unworthy poor. At the same time, delegating the “welfare problem” serves the interests of upper-level politicians; it pushes the moral conflicts to the local level and buffers them from contending interest groups.

As symbolic politics, as an exercise in myth making serving majoritarian values, welfare policy diverts attention from the fundamental issues of growing inequality, poverty, and the deterioration of the low-wage labor market. Instead, welfare becomes the *cause* of societal ills; therefore, the remedy for the disease is to exorcise welfare rather than confront the more fundamental problems and search for workable solutions. Welfare policy ignores the lives and the actual experiences of the poor. In short, welfare programs are more interested in blaming the victim than in disturbing labor markets or redistributing income.

The latest welfare reform is part of this long history of misconception, mythology, and diversion.

The Current Welfare Reform

Predictably labeled a “crisis,” welfare became an issue in the 1992 presidential campaign when candidate Bill Clinton promised to “end welfare as we know it.” Welfare dependency, he said, had become a “way of life.” Clinton was referring to Aid to Families with Dependent Children (AFDC), the welfare program primarily for single mothers and their children. Candidate Clinton proposed a two-year time limit on welfare during which the recipient would be required to participate in training. At the end of two years, if the recipient had not been able to secure a job, she would be offered a public job for a limited period of time; but, in any event, welfare would end.

Over the next four years, welfare reform was the subject of partisan politics. The Republicans and Democrats in Congress and the state governors all submitted proposals. Twice the President vetoed Republican-sponsored bills. While welfare reform was stalled in Washington, the states were reforming welfare on their own under waivers granted by the U.S. Department of Health and Human Services. Then, on the eve of the 1996 election, Clinton signed the Personal Responsibility and Work Opportunity Reconciliation Act of 1996—a

comprehensive bill that formally abolishes AFDC, JOBS (the work and training program for welfare recipients), and Emergency Assistance to Families with Children, and replaces them with a block grant of federal funds given to the states, known as Temporary Assistance for Needy Families (TANF).²

The new legislation is complex and comprehensive—it covers several programs in addition to AFDC³—and it is ambiguous. Consequently, it will be years before the major provisions of the legislation, let alone the details, will be sorted out, and undoubtedly changes will continue to be made. Despite the claims of “ending welfare as we know it,” TANF is not the last word on welfare. Throughout this book we discuss specific provisions of the act, and in the concluding chapter we give our overall assessment of the reforms and our predictions as to the future. Here, we briefly summarize the major welfare provisions.

The new legislation can be summarized in terms of four major themes. The first is that the legislation ends the “entitlement status” of welfare by folding that program, along with several others, into block grants to the states.⁴ In general, a state will receive the TANF grant, based on a formula, when the Department of Health and Human Services approves the state plan. In return, the states are required to meet a basic maintenance of effort, which is no less than 80 percent of a “historic spending level.”⁵ There are several purposes in the block grant provision. Ending “entitlement status” sends the message that recipients can no longer count on welfare. The block grant provision would allow states more easily to reduce the amount of money they spend on welfare or shift funds to other programs. Even though there are federal restrictions, the block grants will allow the states to manage welfare free from federal interference. As will be discussed in the next chapter, contrary to political rhetoric, the states have always had a great deal of control over AFDC, including the all-important benefit levels, but the block grants would significantly increase state authority over all aspects of AFDC. For example, under TANF individuals and families have no entitlement to assistance. Presumably, states are free to determine which families receive assistance, how much, and under what circumstances; if a state runs out of funds, applicants can be placed on waiting lists or rejected. In other words, there no longer is a guarantee of aid.

The second major theme combines time limits for welfare with work requirements. Under TANF, there are two sets of time limits. The first is the two-year time limit. Starting in fiscal year (FY) 1997, a quarter of each state’s recipients must participate in “work activities”; the percentage of the caseload increases annually to 50 percent by FY 2002. Up to 20 percent of the state’s caseload can be exempted from this requirement. The requirements are considerably higher for two-parent families. A state risks a penalty for failure to

meet the annual rate.⁶ Second, recognizing that many welfare recipients cycle on and off welfare, there is a cumulative lifetime five-year limit on welfare.⁷

Time-limited welfare addresses the perceived lack of work ethic on the part of welfare recipients. Other aspects of welfare reform speak to different issues. A cluster of provisions deals with so-called family values. Unless states specifically opt out, they cannot provide aid to children who were conceived while the mother was on welfare (called the “family cap”) or to minor parents unless they are attending school (called “learnfare”) and living at home. Nor can they provide aid to reduce or eliminate assistance if the family does not cooperate in the establishment of paternity and obtaining child support. States would also have the option to deny aid to mothers under eighteen.

Further provisions deny aid to immigrants, both legal and illegal. For example, future legal immigrants who have not become citizens would be ineligible for most federal welfare benefits during their first five years in the United States. Supplemental security income (SSI) and food stamps would end for noncitizens now receiving benefits. Other provisions would also affect poor families. For example, thousands of children would lose SSI disability benefits under stricter standards. Unless a state opts out, people convicted of drug felonies cannot receive assistance.

Almost forty states have either received or are applying for waivers from the Department of Health and Human Services. Under TANF, states may continue to operate welfare according to the waivers. Waiver provisions vary—and not all of them are punitive—but the most popular deal with time limits (usually two years, although some states are opting for shorter periods), increased work requirements, and family values. Several states, for example, along with strict time limits, are mandating quick entry into the low-wage labor market, or requiring recipients to work off the welfare grant at community service jobs. The state time limits are cumulative; nonexempt families who cannot find a job or otherwise participate in state-approved work activities (for example, a community service job) will lose their cash assistance at the end of one or two years rather than the five-year federal limit. Other states mandate family caps and the establishment of paternity, in addition to requiring that teenage mothers live with their parents and attend school. Counting the number and variety of state waivers, either already granted or in the works, even before TANF, it is clear that the country was already in a full-blown welfare reform.

Although it is hazardous to predict how TANF and the state programs will eventually sort out, the Urban Institute, based on “optimistic” assumptions (that is, that the states will maintain current benefit levels and exempt 20 percent of the caseload), estimates that when fully implemented, government spending on the major welfare programs will be reduced by nearly \$16 billion

annually; AFDC by \$5.3 billion, with almost a million families losing all benefits; SSI by nearly \$5 billion, with 900,000 individuals losing benefits; food stamps by \$5.5 billion, eliminating 850,000 families. The number of people in poverty will increase by 2.6 million; most of this increase will occur in families with children. About 1.1 million more children will be poor. The poverty gap will increase by about \$6 billion for all families.⁸

The Assumptions Behind the Current Welfare Reform

Why has welfare reform become such a prominent political issue? And why such harsh provisions? It's not as if welfare has suddenly become a "problem." For more than thirty years, repeated attempts have been made to change welfare, always with the promise of "major reforms." As recently as 1988, the Family Support Act was enacted, also hailed as a major reform. And why the particular reforms? It's certainly not because reducing welfare will affect taxes and government spending. Welfare is quite small compared to other social welfare programs. In 1993 the total amount spent on AFDC—by both the federal government and the states—was \$22.3 billion. The big-budget items are: Social Security Retirement and Disability (\$419 billion), Medicare (\$143 billion), and Medicaid (\$132 billion). The federal share of AFDC costs was \$12.2 billion, or 1.5 percent of all federal spending.⁹

Furthermore, if costs are the major consideration, politicians and policymakers know that welfare is the *cheapest* alternative. It is certainly cheaper than doing anything constructive for welfare recipients, such as providing meaningful education, training and work, day care, and health benefits. And it is cheaper than drastically reducing welfare, since higher shelter and foster care costs are likely to occur. After all, most welfare recipients are children. When one compares welfare with health, crime, substance abuse, AIDS, low wages, education, child protection, and many other problems, the fixation on welfare is puzzling.

Even though welfare is a relatively small part of government budgets, when welfare rolls and costs rise—or when the electorate *thinks* they are rising—welfare comes under attack. It's not the amount of money that is being spent, it's what the money is being spent for. It's the specter of the welfare recipient. Welfare, it is believed, is no longer a temporary measure to help single mothers and their children over a bad patch. Instead, it encourages and perpetuates dependency; it has become "a way of life." The resentment may also be fueled by the large numbers of middle- and working-class mothers who are now in the paid labor force, working hard, and paying for their own child care and health care. They not only do not receive any support from government, but they pay taxes. The middle class is hurting; real wages are stagnating or declining and

families need two, if not three, jobs to stay even. It may be that the political focus on welfare draws attention away from the plight of the middle class.

Conservatives became increasingly concerned over the perceived connection between welfare and the lack of work ethic in the Reagan years. It was during that period that Charles Murray popularized the idea that welfare induced people to quit work and to break up homes.¹⁰ As part of the general campaign against liberalism and the Great Society, the idea of entitlement to welfare was attacked. The very idea of an entitlement was seen as a corrupting influence on recipients. Besides, why should welfare recipients have “entitlements” when no one else had? Citizens have *responsibilities*, not entitlements, some conservatives said. This is the social contract; it was a matter of fairness, of equity. The “truly needy” deserved to be helped, but they must also contribute to society by supporting themselves and their families if they can.¹¹ The theme of responsibility became very popular, and is now endorsed by liberals as well. In fact, time-limited welfare was first proposed by the liberal left.¹² Dependent mothers will be helped—by income and by education and training—but after a reasonable period of time, they must help themselves.

It used to be thought that mothers should stay at home and take care of their children. Welfare was designed so that poor mothers could do the same. But times have changed. The argument today is that because the majority of women are now in the paid labor force, including mothers of young children, welfare mothers can no longer expect to stay at home and take care of their children. However, there is more to the argument than mere symmetry. The failure of the able-bodied to support themselves and their families is a moral fault that compromises other areas of personal and family life.

Several long-standing assumptions are behind today’s apparent political consensus on what is wrong with welfare and what to do about it:

First, “dependency,” as used in the welfare context, is not simply being poor. It is not simply being out of work. Rather, welfare dependency is a problem of attitude, a moral failure to have the proper work ethic. It is a way of life.

Second, the assignment of moral fault is rarely unidimensional. When those with whom we are familiar, who are “like us,” fall on hard times, it is because of “bad luck” or “misfortune.” Moral condemnation is reserved for those who are not only poor but different—in terms of race, ethnicity, country of origin, or religion—or who violate patriarchal norms. The poverty of our neighborly, aged, white widow is different from the dependency of the inner-city young black mother or single male, and, increasingly, immigrants. Race and ethnicity have always been fault lines in American history. In the last century, immigrant Catholic families, especially from Ireland or the Mediterranean, suffered the multiple burdens of harsh discrimination. Today, it is primarily people of