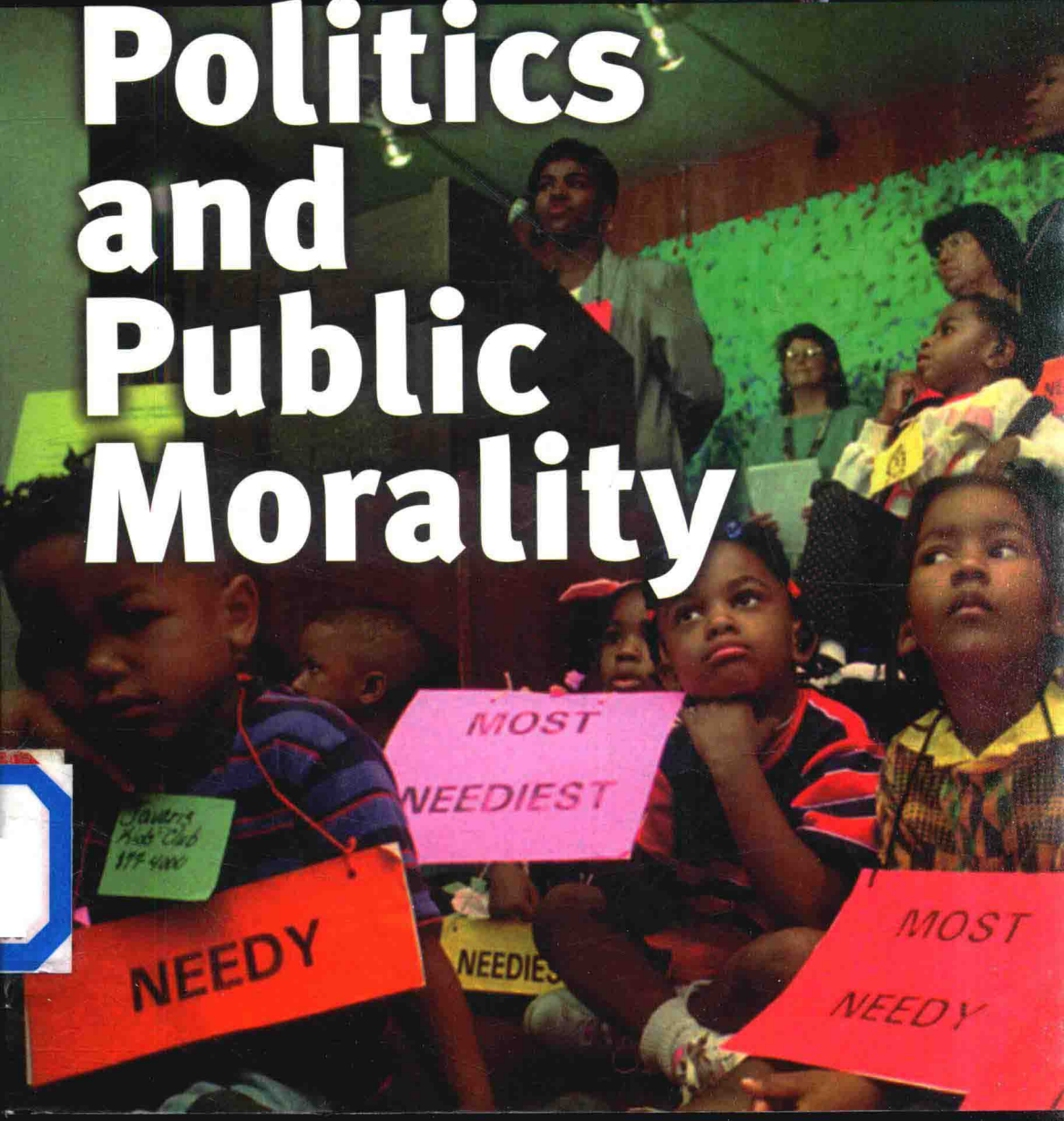


THE
GREAT
AMERICAN
WELFARE
REFORM
DEBATE

GARY BRYNER



Politics and Public Morality



POLITICS AND
PUBLIC MORALITY:
THE GREAT AMERICAN
WELFARE REFORM
DEBATE ★★★

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Brigham Young University



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POLITICS AND PUBLIC MORALITY

To Larry and Virginia Stevens

Acknowledgments

My goal in writing this book is to lay out the history and evolution of welfare policy and reform efforts, explain how the law has changed, and explore the experience of states in reforming welfare. I hope this book will be useful to readers as a source of information about the debate and a framework for assessing the issues. My own conclusions naturally shape the discussion and analysis, but I offer them as part of the analysis and invite readers to examine the arguments and propose their own responses to the issues. I am convinced that welfare policy reform must go well beyond fixing welfare. Solutions to welfare problems will require an enormous amount of good will, hard work, and coordinated effort by all members of the community and cannot simply be imposed through a national program. Reforming welfare is only part of a much broader agenda of actions needed to improve prospects for those whose lives are stifled by a lack of opportunity for meaningful work and participation in social and economic life.

Just as important as examining the politics of welfare or any other policy is an inquiry into the consequences of policy making for our long-term, collective capacity to address and remedy important public problems. This book seeks to encourage discussion among citizens, interested groups, policy makers, and students of politics and public policy about the most promising ways of reforming the welfare system to deal with poverty among American families. It seeks to provide some of the information people need to participate in the debate, assess competing diagnoses and proposed remedies, and suggest public policies and voluntary actions that we should pursue.

In writing this book I have accumulated an enormous number of debts, and I am grateful for the opportunity to acknowledge them here. This project has required the collection and organization of a great deal of information, and several research assistants have made major contributions to the project. I greatly appreciate the work of Allison Wiltbank Brady, Jennifer Hogge, and Elizabeth Romney. During the last year, while writing the chapters, I had the great fortune to have Danille Christensen help me organize materials, identify key issues, and collect information from states and federal agencies. She also edited the manuscript and made major contributions to every chapter. The project could not have been completed without her. Funding for this research was generously provided by the Women's Research Institute, the Virginia Cutler lectureship, and the research committee of the College of Family, Home, and Social Sciences, all at Brigham Young University. Welfare agency officials in virtually every state have been most helpful in sending information about their welfare reform programs and answering questions. Officials in the Department of Health and Human Services, congressional committees with responsibility for welfare, and representatives of advocacy groups have also provided indispensable assistance. I have benefited greatly from participation in and attendance at panels organized by the Association for Public Policy Analysis and Management and the American Political Science Association on the topic of welfare reform. The citations in the endnotes and bibliography do not begin to acknowledge how much I have learned from scholars of welfare policy. David Stoesz provided many helpful suggestions in his review of the manuscript, and Barbara Gerr did a wonderful job copyediting it. Sarah Caldwell, Steve Dunn, Roby Harrington, and others at W. W. Norton have vastly improved the manuscript I first sent to them, and it has been a great pleasure to work with them.

Most important has been the support of my family and their patience as I have worked on this book. That support and interest reaches beyond my immediate family to my extended family, and I gratefully dedicate this book to Larry and Virginia Stevens for their kindness, support, and love.

Introduction

Welfare has been one of the United States' most intractable public policy challenges over the last thirty years. Debate over welfare "reform" regularly reappears in presidential elections; the promise to "end welfare as we know it" is the bipartisan creed of presidential and congressional candidates. For conservatives and liberals, welfare is a fundamentally important political issue, either representative of everything wrong with the American welfare state policy or one of the central collective obligations we all share and a primary responsibility of government. The symbolic importance of welfare in the American political system dwarfs its actual share (about 1 percent) of the Federal budget.

Welfare policy is intertwined with some of the most pressing public problems in the United States, ranging from poverty, racism, sexism, crime, and urban decline to the status of women, children, and the family. The debate over welfare reform is ultimately a debate over the public values to which Americans subscribe, the growing uneasiness more and more working Americans feel about their economic future, and the role of government and the future of the welfare state. Welfare itself is sometimes blamed for perpetuating an urban underclass—plagued by crime, drug use, out-of-wedlock childbirths, high unemployment, and racial hostility—by sending checks to single mothers.¹

Welfare policy is particularly important because of its impact on those who are most vulnerable in our society—single-parent families, children, the poor, and residents of economically depressed urban areas. Welfare policy also has an important impact on the family as the central social unit of American society. Because it is so politically visible, an

effective welfare policy is a critical component of the agenda for redressing poverty in America, but successful policies seem to elude us. There is widespread dissatisfaction with the current system and growing cynicism that it can ever be successful in reducing poverty and helping its intended beneficiaries to become self-sufficient. For some, welfare reflects the “feminization of poverty,” where women and children have come to dominate the poverty rolls. For others, welfare traps women and children in a cycle of dependency and lack of economic and social opportunity.

The term *welfare* has many meanings: It has sometimes described the Aid to Families with Dependent Children (AFDC) program; other times it has represented all means-tested programs (those based on recipients’ income) aimed at helping low-income Americans, such as Food Stamps, Medicaid, and Supplemental Social Insurance. Sometimes it is used to describe federal programs, whereas other times people mean it to include both federal and state efforts. In contrast, AFDC has usually been an unambiguous reference to that one program. Some people use *welfare* to mean only the AFDC program; this is the source of some misunderstanding. Critics of welfare, for example, regularly cite the figure of some \$5 trillion as the cost of welfare over the past forty years, and argue that the reduction or elimination of AFDC is an essential element of any balanced budget or spending-reduction plan. Others emphasize that AFDC only represents about 1 percent of the federal budget, so spending cuts would not provide a major source of budget savings. The discussion here generally uses *welfare* in the broader sense of describing AFDC (and the program created in 1996 to replace it, Temporary Assistance for Needy Families), Food Stamps, Medicaid, SSI, and other means-tested programs aimed at poor families because that is the way Congress and others generally used the term throughout the debate. But caution is required since the term’s use can be confusing.

Welfare reform is sometimes equated with a virtual overhaul of the welfare state, reaching Food Stamps and nutrition programs, Medicaid, enforcement of child-support obligations, public housing, and funding for child care, but much of the attention has been directed toward remedying the long-term dependency of female-headed families on AFDC. The welfare system has undergone periodic legislative and administrative modifications in response to changes in society, culture, and economics, but has never been as complex as some other policy areas such as health care. Advocates for more generous benefits and programs have battled with those who resent that taxes paid by working people are going to those who are not working. Advocates for helping poor

women and children bump up against those who fear the personal and social consequences of illegitimacy and teenage mothers.

The agenda for welfare reform has come to focus on a relatively small number of issues—how to reduce long-term dependency from one generation to the next, how to provide effective preparation for work, how to create incentives to encourage work and self-sufficiency, and how to provide child care, health insurance, and other support programs once welfare recipients begin to work. There is widespread agreement that welfare dependency harms women and children and that the solution is to help welfare mothers find jobs and to discourage the formation of new female-headed, low-income families. Although debate continues over the best way to help recipients become self-sufficient and move into the work force and discourage the creation of new welfare families, the issues are manageable and solutions seem possible. The costs of even the most ambitious reforms are relatively modest, in comparison with other social programs, but a significant increase in welfare spending, if that is what is required to reform welfare, is not likely.

Despite the characteristics of welfare policy that ought to make effective reform possible, we have largely failed to generate the political support to remedy the problems that plague welfare. Welfare reform has regularly fallen victim to politics. The Family Support Act of 1988, for example, passed with bipartisan support and much fanfare, promised to revolutionize welfare but failed to do so. Welfare reform has mostly been a set of exaggerated promises that have created unreasonable expectations and have resulted in more cynicism and skepticism when the next round of promises are made.

No politician has done more to raise expectations about welfare reform than Bill Clinton, whose 1992 presidential election campaign generated great support by promising to “end welfare as we know it.” The Clinton administration’s welfare reform task force and congressional initiatives in 1993 and 1994 promised welfare reform, but the Democratic Congress had failed to act by November 1994, when the Republicans gained control of Congress. The “Contract with America,” proposed by the Republican leadership of the House of Representatives as a platform for candidates to run on and an agenda for the first days of the new Congress, included welfare reform as one of its primary goals. The Contract culminated in the bill passed by the House in March 1995, which dramatically reformulated welfare policy. The Senate passed its welfare reform bill with bipartisan support in 1995. By the end of 1995, however, welfare reform had fallen victim to the acrimonious budget process.

More promising was the welfare reform agenda of states. Throughout

the 1980s and early 1990s, states had taken the lead in experimenting with welfare policy initiatives. These state programs have been widely copied throughout the nation and have served as the basis for national proposals. Governors have used welfare reform to build political reputations as policy innovators. Welfare reform has been used to cut state spending in many states, but in others it has led to expanded services to some poor women and children and improved the chance that they will become self-sufficient. States saw in welfare reform the opportunity to continue to receive federal funds but with many fewer strings attached.

In July 1996, political calculations were revised, and Congress once again passed a welfare reform bill. This time, after negotiations with Congress and within the Clinton administration, in August the president signed a historic welfare reform bill, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. (The term *reconciliation* is included in the title to reflect another purpose of the law, to help reconcile government revenues and expenditures in pursuing the goal of a balanced budget.) Although the new welfare law was hailed as reform, it would be more accurately described as welfare devolution—welfare policy has largely been delegated to states. It ends welfare as a Federal entitlement, where benefits are assured to all persons who meet the qualifications, and converts it to block grants that can be used by states to devise whatever kind of welfare program they choose. It gave AFDC a new name, Temporary Assistance to Needy Families (TANF). States are free to devise comprehensive programs to help welfare recipients or to save money by cutting programs; welfare can include a mix of social services or be primarily a job-finding program. States may contract with religious, charitable, and private organizations to provide services to recipients. With the law now enacted, states have continued to experiment in order to devise the kind of welfare system that is most compatible with their political, social, and economic values and constraints.

Although states have broad discretion in devising their own welfare programs, federal funds can be spent only in certain ways. Recipients are eligible for assistance only for up to two years at a time, with a five-year lifetime cap for receiving benefits. States cannot use federal funds to provide cash benefits to children born to women already on welfare, to noncitizens, or to single, teenage mothers who do not live with their parents. In order to receive their full grants, states must ensure that a certain percentage of recipients are participating in work activities. And states must spend on their new assistance program at least 80 percent of what they spent on welfare in 1994.

The passage of the new welfare law in 1996 has not ended the great American debate over welfare reform. During the 1996 presidential campaign, President Clinton promised to reform the reforms and seek new funding to restore some of the \$35 billion worth of cuts that had little to do with reforming welfare, but that affected other social programs. Some conservatives complained that welfare had not been changed enough and promised to push for more; some liberals warned that the changes had gone too far and promised to restore some provisions. In 1997, Congress again took up welfare issues in a budget reconciliation bill, and provided \$13 billion in new grants to states to provide Supplemental Social Insurance benefits to legal immigrants who were in the United States on August 22, 1996 (when the new law was enacted), give Medicaid benefits for disabled children who lost SSI benefits under the new law, and extend benefits to 15 percent of the able-bodied and childless adults between 18 and 50 who had been denied eligibility for Food Stamps in 1996. An additional \$3 billion was allocated to spend on moving welfare recipients who were poorly prepared for work into jobs. The 1997 changes also prohibited states from contracting to private entities decisions concerning eligibility for Food Stamps and Medicaid and expanded Medicaid benefits to reach an additional five million poor children. Congress upheld regulations issued in May 1997 by the Department of Labor that ordered employers to comply with the Fair Labor Standards Act and other federal requirements in programs moving recipients from welfare to work. Republicans in Congress and many governors warned that requiring employers to pay the minimum wage and comply with other Labor Department mandates would make it too expensive to hire welfare recipients. But Democrats vigorously defended the minimum wage and insisted that welfare recipients be treated as others, and armed with the threat of a presidential veto, the Democrats prevailed. While the Republicans largely got the kind of welfare reform legislation they wanted in 1996, President Clinton achieved most of the changes he promised to pursue when he signed the new welfare law.

The welfare reform debate will continue for years as part of our public discussion of how to reduce poverty in America. America's most pressing social problem is to find solutions to the poverty that has enveloped many urban neighborhoods. At least for the next few years, that debate will increasingly take place in the states and communities, and less in Washington. Solutions to poverty and options for making welfare a program that promotes self-sufficiency, work, and strong families require our best public efforts. Welfare and poverty pose tremendous challenges to states, cities, counties, and communities, particularly in

areas where welfare has contributed to and sustains a cycle of lost opportunity, despair, and dependency.² But they will also continue to require some national decisions about federal funding and goals.

In the past, the debate over welfare reform has in part served as an excuse to avoid the broader issues. Politicians have competed with each other to see who could be most critical of welfare mothers. Attacks on the poor and on the welfare system on which they are dependent have substituted for the more troublesome debate over how to improve the prospects of low-income Americans and increase equality of opportunity. Although the devolution of responsibility for welfare to the states means that we will continue to struggle with difficult issues of helping welfare recipients, the passage of the new law can also free us to focus on improved education and training, improved child care and access to health care, and, ultimately, the goal of ensuring that every person who is able to work will have a job. But devolution also carries the risk that in passing the welfare law we will feel we have done all that needs to be done to address poverty and can comfortably go on to other issues and concerns.

A FRAMEWORK FOR ASSESSING WELFARE REFORM

The welfare reform debate can be examined from a variety of perspectives. The politics of welfare policy provides a unique occasion to study in detail the interaction of Congress and the White House in the legislative process, the differences in how the Senate and House operate, the role of organized interests, public opinion, and the other elements of the political process. It is a particularly useful vehicle to examine federalism and the growing interest in rethinking the responsibilities of state and national governments. Perhaps no other issue is so heavily influenced by a debate over values and public morality than is welfare. The debate points up the sharp contrast between liberal and conservative political philosophy and goes to the heart of questions about what is the appropriate role of government and what are the limits of public policies. Because it is so important and politically visible, welfare policy has consequences for the political system that go beyond changes in welfare programs themselves to the future of the welfare state and our expectations about what government can accomplish and what tasks it should undertake.

The conventional model of the policy-making process typically includes five general steps: (1) problem identification; (2) getting on the

policy agenda; (3) policy formulation; (4) policy implementation; and (5) evaluation and redefinition of the problem. These steps are not discrete events, but are inextricably intertwined; they are not sequential, but form a spiral of interactive efforts. The policy process, for most policies, is never completed, but is a continual attempt to understand problems, devise policies, execute plans, and make adjustments. Welfare and other policies are further complicated by the interaction of different levels of government during each phase of the process. Most important, implementation of policies is critical: Without the prerequisites for effective implementation the entire policy effort is compromised.

This model of the policy-making process provides a structure for describing the major events in the evolution of public policies. However, this framework does not help explain *why* policies evolve the way they do, the consequences of the process for attaining policy goals, or the cumulative capacity of the political system to accomplish public purposes. The debate over policy options to reform welfare poses daunting challenges for policy analysis, and provides an excellent opportunity for exploring how public policies that implicate strongly held normative values can be assessed.³

The analysis takes place at four levels. At the heart of any policy assessment is a common-sense inquiry: What are the goals, and how well are they likely to be achieved? These are questions we should ask of all public policies. Answers are difficult, being affected by our predispositions, but they are inescapable. The traditional model of policy analysis centers on one key question: Does the policy at issue accomplish the objectives established for it? Policy analysis here is understood as part of a rational enterprise of identifying a problem, formulating remedial goals, identifying possible consequences and assigning a value to each, and selecting the optimal alternative. Cost-benefit analysis and other analytic tools are used to assess the extent to which policy interventions have caused or will cause the desired outcome.⁴

A second analytic approach places the policy effort in a broader context and asks to what extent the policy goal is relevant to the problem at which it is aimed: Will the promised policy actually solve the problem? How appropriate are the goals, given the nature of the problems? Policies may accomplish their goals rather efficiently and effectively, but if the goals are misdirected or fail to center on the problems to be solved, the policy effort will ultimately fail. This approach also focuses attention on the conflicting policy objectives we pursue and how efforts aimed at one set of goals may conflict with others.⁵

A third framework for policy analysis focuses on the impact of the policy effort on the broader society. To what extent do policy goals affect or contribute to societal values? Are the policy goals consistent with fundamental societal commitments to free markets, equality, justice, fairness, individual rights, and other essential beliefs of the polity? However, there may be little agreement over core public values, or at least over how they come together in assessing public policies such as welfare. Since these fundamental social commitments are themselves to some extent inconsistent, successful policies will require a careful balancing of competing public concerns.⁶

The final set of questions explores the consequences of specific policy efforts for the long-range capacity of politics and government. The cumulative impact of public policies shapes the prospects for future policy efforts and the long-term ability of government to accomplish the important purposes we have for it. Reforms may temporarily reduce some frustrations with the limits of public policies, but the consequences over time or in other policy areas of these reforms may be quite damaging to effective governance. From this perspective, public policies are ultimately judged by their compatibility with self-government, political participation, community, and the other political values that promote democratic citizenship.⁷

The current welfare system, as well as welfare reform proposals, can be assessed on all four levels of analysis. The framework of questions focuses on the political forces that shape expectations of, demands for, and assessments about welfare. It also includes the institutions that create and manage the welfare system and the legal and bureaucratic structures in which the welfare system operates. The following discussion provides an overview of the arguments I explore in the chapters that follow.

AN OVERVIEW OF THE ISSUES AND ARGUMENTS

The new welfare law promises to make some improvements over the old welfare system. The most promising changes are those that require recipients who can work to move quickly into private-sector jobs and that provide the support services, such as child support, necessary for recipients to be able to work. It is difficult to predict the consequences of the new law. The number of people on welfare fell by 1.9 million between January 1993 and August 1996, when the new welfare law was passed, and by an additional 1.45 million between August 1996 and

May 1997. Although politicians were quick to claim that the new law produced the reduction, the new law did not take effect until July 1, 1997. The rise and fall in the welfare rolls is largely a function of the strength of the economy and to a lesser extent of tax policies affecting low-income Americans, enforcement of child support, state welfare policies affecting eligibility and work requirements, and other factors. There is considerable evidence that as states began requiring work and warning recipients of time limits in the early-to-mid 1990s, many potential recipients were discouraged from applying for welfare. Work requirements also affected the expectations of some of those on welfare who began looking for alternatives. However, there is little information available concerning what happened to families dropped from welfare rolls. The real test of welfare reform will come during the next economic downturn, when unemployment rises and it becomes more difficult to find jobs for people on welfare. The ultimate concern is whether more families become self-sufficient and fewer children live in poverty, rather than what happens to welfare rolls.

Reforming welfare—making it more effective in achieving its goal of reducing poverty—is difficult for several reasons. In order to help recipients who are most disadvantaged, most dependent on AFDC, and least likely to be able to leave welfare soon, the training, counseling, and other programs are expensive. It is cheaper to issue a welfare check than to provide the services that might be helpful. We do not know very much about how to prevent welfare dependency and how to end it. Reducing the behaviors that contribute to welfare dependency is difficult: How do we discourage out-of-wedlock teenage pregnancy, for example? It is difficult to ensure that children do not suffer when their parents are irresponsible. Policies aimed at punishing parents or changing their behavior may adversely affect children. Welfare is a highly charged political issue and provides an attractive vehicle for political posturing and gamesmanship that make compromise difficult. Even when welfare programs are successful in helping recipients become self-sufficient, welfare still cannot solve the problems of crime, economic isolation, poor education, discrimination, and lack of jobs confronting many people. Welfare programs depend on these other public policy pursuits, and policy shortcomings in one area will affect efforts in the other areas.

Congress has largely turned the problem of reforming welfare over to the states. The experience of states in experimenting with their own welfare programs varies greatly. States are given great discretion under the new welfare law to devise their own welfare systems. But much of

what states will do will build on their experience with pilot programs and other experiments they engaged in during the past ten to fifteen years. In general, the experience of these state programs has been that it is relatively easy to get most recipients a job; the challenge is in providing mentoring and helping them keep their job. The top third of welfare recipients can move rather easily into work once they find jobs. The middle third are not ready for work, but they can be helped with education and training programs and work support like child care and transportation assistance. The bottom third face major barriers to moving into the world of work, such as poor health, children with special needs, domestic violence, drug and alcohol dependency, poor education, and lack of personal skills and discipline. Remedial programs have had only limited success with those most dependent on assistance.

Devolution of welfare policy to states is attractive for several reasons. Welfare policy can be tailored to local concerns, conditions, and priorities even more than the old federal-state partnership permitted. States can work out different ways of helping recipients become self-sufficient; successes can be copied and failures avoided. Perhaps most important, welfare policy can become more of a state and local enterprise, where state policy makers work with nongovernmental organizations, businesses, and private citizens to figure out how best to help welfare families.

However, devolution poses its own set of challenges. We need to find ways to accumulate and share the lessons learned by states and communities over next decade of experimentation. Welfare recipients can still serve as convenient scapegoats for people frustrated with a weak economy or ineffective, unpopular government. Budget pressures can encourage state legislators and governors to cut spending on such programs as welfare that have few influential supporters. States can “race to the bottom” in spending on welfare in order to encourage welfare seekers to go elsewhere and in order to spend public funds on more popular programs. During the first year of the new law, states were more generous with benefits than many expected. Block grants are allocated based on the size of states’ caseload in earlier years, when levels were much higher. The dramatic drop in welfare rolls of nearly 24 percent between March 1994 and May 1997 and increased federal spending on child care have given states much more money to spend on welfare under the new law than they received under the old law. That promise of a welfare windfall prompted many governors to enthusiastically support block grants. States have used the funds for child