

# Beyond Welfare

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New Approaches to the  
Problem of Poverty in America

Edited by

Harrell R. Rodgers, Jr.

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# **Beyond Welfare**

# Acknowledgments

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Six University of Houston professors participated in the conference as discussants. Their insights contributed to a stimulating and rewarding conference, and to improved research papers. To George Magner, Professor of Social Work; Karen Haynes, Dean of the Graduate School of Social Work; Helen Rose Ebaugh, Chair of the Department of Sociology; Richard Hooker, Associate Professor of Education; John Antel, Assistant Professor of Economics; and Janet S. Chafetz, Professor of Sociology, we extend our sincere thanks.

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To our families we apologize for the late night and weekend writing binges, and express our love.

HARRELL R. RODGERS, Jr.  
Houston, Texas

# **Introduction**

## **The Role of Nonwelfare Social Policies in Reducing Poverty**

**Harrell R. Rodgers, Jr.**

In recent years it has become increasingly evident that the nation's efforts to eradicate poverty are failing. In the late 1970s and early 1980s poverty increased quite significantly. It expanded most dramatically among families headed by a single parent (usually the mother), greatly raising the rate of poverty among children. Children in families headed by single women have the highest rate of poverty of any group in America. But poverty rates have risen for two-parent families as well. Since 1978 poverty among families with one or more full-time workers has doubled. Today, one-fifth of all American children live in poverty.

### **Why is poverty increasing?**

In the first essay in this volume, "The Economy, Public Policy, and the Poor," Sheldon Danziger focuses on some of the major causes of recent increases in American poverty. Danziger points out that macroeconomic conditions since the early 1970s have refuted two key assumptions of the War on Poverty/Great Society planners: (1) that the business cycle could be controlled, and so poverty could be fought against a background of healthy economic growth; (2) that in an economy with low unemployment rates, and with antidiscrimination policies and educational and training programs in place, everyone—rich, poor, and middle class—would gain. Contrary to these expectations, the economy experienced several recessions and poverty and inequality increased, especially for families with children.

Over the 1973–1985 period, Danziger points out, the poor, especial-

ly the working poor, were adversely affected by all three of the main mechanisms by which income is generated and redistributed—the market, government income-support programs, and the tax system. Rising unemployment rates and declining real wages for many low-skilled workers raised poverty rates. The working poor—those with inadequate earnings—could have been helped by increased support from government income-maintenance programs. But, many benefits were eroded by inflation during the late 1970s. Then, despite back-to-back recessions, programs aiding the nonaged poor were cut during the retrenchment of the early 1980s. Deteriorating market incomes and reduced government benefits led to a sharp decline in pretax incomes. And to make matters worse, taxes on the poor increased steadily from the mid-1970s through 1986.

Danziger notes that, while the Tax Reform Act of 1986 eliminates taxes for most of the poor, it will do nothing to offset the declines in earnings and government benefits of the past decade. There is little evidence that the recent recovery has significantly benefited the working poor, much less those among the poor who are not expected to work. And, with unemployment rates projected to remain above 6 percent for the foreseeable future, the poor are not likely to find expanded employment and training opportunities in the private market.

What is clear, Danziger argues, is that poverty will not significantly decline unless and until its eradication is once again made a top priority of government.

An increasing number of scholars and public officials have come to agree that an antipoverty policy initiative is needed. Most also agree that it will take a combination of welfare reforms and new or improved nonwelfare social policies to strengthen families and greatly reduce poverty. The evidence, most agree, suggests that current welfare programs need to be better funded and the nation's major welfare program, Aid to Families with Dependent Children (AFDC), redesigned. Additionally, millions of families need assistance in the form of nonwelfare benefits or social services and legal protections if they are to escape or avoid poverty.

The essays in this volume provide in-depth analysis of many of the nonwelfare policies by which families could be economically strengthened and thus sheltered from poverty. One chapter also critically evaluates workfare, the primary reform of AFDC being debated in Congress and tested in some states and cities.

## Integrating work programs into AFDC

There have been many proposals for reforming AFDC in recent years. The most prominent of them involve moving welfare recipients off AFDC by requiring or encouraging the parent to engage in a job search, enroll in job training, or accept a job. The proposals generally provide welfare parents with some supportive services that they will need to stay in the program or hold a job. The primary service many parents require is childcare. Under a variety of proposals based on the experiences of state and city programs, parents are to be provided with free or very low-cost childcare while they receive employment training or assistance and become established in the job market.

In “Workfare and Welfare Reform” Michael Wiseman provides an overview and recent history of work programs for welfare recipients. He begins by pointing out that the definition of workfare has changed: a term that at one time meant only requiring work in exchange for welfare payments has come to be used for any welfare reform that links income maintenance to employment programs. Wiseman next reviews the traditional arguments for and against exacting work in exchange for benefits and shows how the “work requirement” has gradually been changed to an “effort toward self-support” prerequisite. The catalyst for this change was a series of program options provided states by the Omnibus Budget Reconciliation Act of 1981 and subsequent related legislation.

Employing a model employment program as a base point, Wiseman examines three workfare programs. The first was a modest job-search/community-service-work requirement imposed upon new applicants for public assistance in San Diego, California in 1982. The second and third are the larger, much-publicized state workfare programs in Massachusetts (ET-Choices) and California (GAIN). Using data derived from studies by the Manpower Demonstration Research Corporation, Wiseman shows that while the San Diego program improved the work rate of recipients, increased their earning power, and reduced dependency, the actual effects of the program were modest. No evaluation data for the Massachusetts or California programs are available, but Wiseman cautions that although well-designed programs can produce positive results, workfare should not be oversold. Workfare is operationally complex, raises questions about equity, and its quantitative impact may be modest. Certainly workfare is not a panacea or a substitute for other social-welfare efforts. Still, in combination with other



welfare programs, workfare might have a positive, incremental impact on poverty.

### **Family support policies**

In “Reducing Poverty through Family Support,” Rodgers’s major thesis is that millions of families are in economic distress because social policy has failed to keep pace with major alterations in American family structure over the last two decades. The average American family is no longer a single-earner two-parent family. Rather, most families are headed either by a two-earner couple or by a single parent. To make ends meet, such families often need various types of supportive assistance, but quite often they find that the services are not available or cost more than they can afford. The result is that millions of families either cannot exercise options that would improve their economic conditions or they are seriously burdened by costly payments for essential services.

Rodgers discusses a variety of public policies that could be implemented to help families be economically and personally more viable. He starts with two options to enhance the take-home pay of low-income families: tax reform and modest alterations in the Earned Income Tax Credit (EITC). Next, two policies that play a major role in determining how well parents balance their dual role of parent and employee are examined. The first is childcare services. Four major problems with childcare services are examined and various policy options for overcoming these deficiencies are analyzed. Second, Rodgers discusses the need for maternity- and parental-leave policies. He points out that such policies are common in other western industrial countries, and are crucial if adults are to be encouraged to raise a family while pursuing a career. The policies that would have to be adopted to establish economically sound programs are examined.

### **Improving child support**

A major contributor to the economic problems that afflict such a large percentage of female-headed families is the prevalence of flawed child-support systems. Most single parents are never awarded child support. Among custodial parents who are awarded support, only about half receive the full amount due them; about one-quarter receive nothing. In “Child Support and Dependency,” Irwin Garfinkel, Sara McLanahan,

and Patrick Wong critically examine the traditional private child-support systems that exist in most states, and the public program financed by AFDC. They then compare these approaches with the Child Support Assurance System (CSAS), a nonwelfare program currently being implemented and tested in the state of Wisconsin. The CSAS has three main features: (a) a standardized income-sharing rate reflecting the income of the noncustodial parent; (b) automatic income withholding; and (c) an assured child-support benefit that comes into effect when payments from the absent parent fall below a minimum level.

The authors also review recent federal efforts to strengthen state child-support systems. They conclude by comparing the economic consequences of adopting the CSAS approach as opposed to an improved private child-support system supplemented by public support. The analysis shows that, holding costs and reduction in poverty constant, CSAS shows a clear advantage in reducing the extreme dependence endemic to AFDC.

### **Improving the income of women**

Another major cause of poverty among families is the low earning potential of most women. In "Labor Markets and the Feminization of Poverty," Jane Bayes isolates and analyzes the major factors that account for the low earning power of most female workers, and then examines some policies that might be implemented to enhance women's earnings.

As major causes of low earning power, Bayes focuses on the educational and market experience of women, the high rate of unemployment, occupational sex segregation, sex-related variations in pay within occupations, patterns of sex segregation between industries, changes in the international economy, and the evolving technological character and dual structure of the U.S. domestic economy.

As policy solutions Bayes considers comparable worth and a variety of methods of enabling more women to enter capital-intensive, core-economy industries and firms. She also discusses a wide range of family policies that would help parents to balance work and family roles. Bayes concludes that the economic policies reviewed can make incremental contributions to enhancing the earning power of women, but that to be effective they must be built on improved public policies for parents. Still, Bayes's primary conclusion is that achieving genuine economic equality will be a complex, difficult, and long-term project.

## Reducing teenage pregnancy

There is a well-established link between teenage childbearing and poverty. In “Teenage Parenthood and Poverty,” Richard Weatherley cites studies showing that early childbearing is associated with poor health outcomes for mothers and children, diminished educational, employment, and marriage opportunities, and an increased likelihood of public-welfare utilization. These findings make a compelling case for better preventive efforts to reduce teenage pregnancy and childbearing through sex education and family planning.

Weatherley reviews and evaluates the political and policy consequences of four approaches to teenage pregnancy prevention: (1) campaigns to discourage initiation of sexual activity; (2) sex education; (3) improving access to and use of contraceptives; and (4) policies to maintain and increase access to abortion. He also discusses two policies that would ameliorate the impact of teenage pregnancy: (1) greater utilization of adoption; and (2) education, childcare, and job-training programs for young parents.

Weatherley examines teen childbearing cross-nationally and shows that nations with similar levels of teenage sexual activity often have very different rates of teenage pregnancy and childbearing. A nation’s approach to education and access to contraceptives have a significant impact on these rates. Income distribution policies may also have an influence. Teenage childbearing correlates significantly with poverty. Teenagers from low-income families, regardless of race, initiate sexual activity earlier and are more likely to become pregnant and carry a child to term. Weatherley, examining the correlation between teenage childbearing and poverty, concludes that poverty may be more a causal factor than an effect. Thus, while there are policies that can reduce teenage pregnancy and childbirth, dealing with the problem of poverty may be an essential part of this effort.

## The role of education

In “Educational Programs: Indirect Linkages and Unfulfilled Expectations,” Margaret LeCompte and Anthony Dworkin examine the educational innovations that have been directed at increasing the human capital of inner-city and low-income children. Too often, the authors point out, these programs have applied inappropriate standards and

established contradictory as well as noncognitive goals for children. Compensatory programs have been badly underfunded, representing only 3 to 7 percent of educational expenditures. Moreover, funding is sometimes directed in such a way that those most in need do not receive the benefits.

Still, the authors note that it is possible to identify characteristics of educational programs that work to improve student learning and reduce dropout rates. Such strategies as early intervention (prekindergartens); teaching that prepares children for taking standardized tests; increasing "time on tasks," or a greater emphasis on assignments, especially in difficult subjects such as math and English; greater student-teacher interaction, facilitated by small student-to-teacher ratios; individualized educational plans along with structured instructional programs; and bilingual education, all have been found to be effective.

LeCompte and Dworkin argue that schools can be effective if the successful strategies discussed above are supplemented with the following reforms: individually tailored curricula; an end to the primarily remedial basic-skills focus of compensatory education; mainstreaming of potential dropouts; better and more standardized recordkeeping on dropouts; on-site daycare facilities for the children of student-parents; changing the anachronistic vocational orientation of programs for the disadvantaged; developing techniques for teachers to monitor their own behaviors; and affording to both students and teachers the opportunity to initiate educational planning.

### **Combining welfare and nonwelfare reforms**

The isolated impact on poverty of any one of the reforms discussed in this book might be significant, but it must still be limited. The combined impact of reforms in all the policy areas, in conjunction with basic alterations in, and better funding of, the AFDC program could, however, be substantial.

In addition to the work programs analyzed by Wiseman, only two other reforms of AFDC have been seriously debated in Congress in recent years. One amendment given serious consideration would establish a minimum stipend level for all states. Currently, benefit levels vary greatly by state, with some being rather generous and others providing extremely inadequate benefits. Most reform proposals would require the low-paying states to increase benefit levels to 50 to 60 percent of the poverty level. The other major reform found in most

recent proposals would require all states to extend AFDC payments to two-parent families when the father is unemployed. Currently only twenty-six states extend benefits to unemployed fathers. It is impossible to predict whether either of these reforms of the AFDC program will be passed by Congress.

Increased financial aid for supported work programs is a popular option in Congress and the most likely choice for increased congressional assistance. Supported work programs for poor parents combined with the other nonwelfare policies examined in this volume could have a substantial impact on American poverty. With enlightened policies the salaries of low-income workers could be enhanced, the availability, quality, and affordability of childcare could be improved, and parental-leave policies could enable more families to harmonize work and family responsibilities. Improved child-support policies would leave fewer single-parent families impoverished. Better sex education and family-planning services could reduce the number of unwanted pregnancies and births. A combination of policies could improve the earning power of women. A determination to design, fund, and implement instructional programs to give all children a quality education would enable more young people to maximize their talents and meet the needs of society.

The policies examined and critiqued in this book are not panaceas for poverty. They are incremental policy responses to obvious, and often changing, social and human needs. Most of these policies are of the type that enlightened societies employ to strengthen individuals and families so that they will never become poor. Such policies generally prevent more than they cure, and prevention is the most enlightened of all policy goals.

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# The Economy, Public Policy, and the Poor

Sheldon Danziger

The antipoverty programs of the War on Poverty and the Great Society of the 1960s have come under frequent attack during the 1980s. In February 1986, in one of his Saturday radio addresses, President Ronald Reagan made this charge:

In 1964, the famous War on Poverty was declared. And a funny thing happened. Poverty, as measured by dependency, stopped shrinking and then actually began to grow worse. I guess you could say, "Poverty won the War." Poverty won, in part, because instead of helping the poor, government programs ruptured the bonds holding poor families together.

This view is typical of a number of recent attacks (of which Charles Murray's *Losing Ground* [1984] is the most famous) on the programs of the War on Poverty and the Great Society.

Granted, there is much to criticize about the way we have attempted to reduce poverty, especially in the 1980s. But such attacks tend both to ignore the many successes of the War on Poverty and Great Society programs and to overlook the poverty problems caused by economic stagnation since the early 1970s.

The poverty rate in America remains high today not because of what government programs did, but because of what government programs did not do; not because we provided too much aid to the poor, but because we failed to aid many of them; not because of adverse economic and family effects created by public programs, but because of adverse and unexpected macroeconomic trends (see Danziger and Wein-