Welfare Reform Within a Changing Context: Redefining the Terms of the Debate

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Cover Page Footnote
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Author’s Note: As this Essay goes to press, there is news of President Clinton’s veto of a welfare bill that would have radically altered the federal program along the lines anticipated by this Article. The legislative tally suggests that there are insufficient congressional proponents of the most recent bill to muster the two-thirds majority necessary to override the veto. Nevertheless, it is likely that any compromise bill worked out between the President and the Republican-led Congress will include many of the provisions contained in the most recent bill.

The most recent bill eliminated the entitlement status of welfare for cash assistance to children; instead it provided fixed block grants to the states for cash assistance. The bill imposed a five year time limit and left wide discretion over eligibility standards and benefit levels to the states. Strong work requirements were included with specific and increasing annual percentages of the caseload that must be employed. Federal policy would have explicitly prohibited increased benefits for mothers on welfare who bear additional children. Only state law could have overridden this prohibition. Few additional resources were provided for child care and employment training, despite the more stringent work requirements. Further, the bill included provisions to reduce Medicaid and remove the automatic eligibility that AFDC recipients now enjoy. Finally, the bill reduced the level of income supplementation for low income working families now provided by the Earned Income Tax Credit.
If some of these provisions are included in the compromise bill, the effects discussed in this Essay will develop. Poverty rates will rise significantly, insecurity and instability will grow, and the health and well-being of millions of children and mothers will increasingly erode.

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state would have received a lump sum of federal money to be used for general purpose of helping the poor.

"An earlier Senate version with similar provisions was evaluated by the staff of the Department of Health and Human Services to assess its probable impacts. It was estimated that the time limit provision alone under full implementation would result in denying assistance to 3.3 million children in poverty in the absence of a recession. OFFICE OF THE ASSISTANT SECRETARY FOR PLANNING AND EVALUATION, U.S. DEP'T OF HEALTH AND HUMAN SERVICES, COMPARISON OF HOUSE AND SENATE WELFARE REFORM PLANS PASSED BY THE HOUSE MARCH 24, 1995 AND SENATE SEPTEMBER 19, 1995—"IMPACTS ON CHILDREN" (November 1995).
Introduction

Welfare is at the center of a shifting view of the role of government in the United States. For many Americans, welfare is a symbol of what has gone wrong with our country. Rather than viewing welfare as a necessary social tool to cushion the economic shocks of unpredictable and adverse personal events and labor market fluctuations, it is now seen as a vehicle for undermining personal responsibility and initiative.

Similarly, the heated debate in Washington about "welfare reform" is the result of generalized frustration and impatience with the ability of government to intervene in the personal behavior of individuals. As a result, proposals that arise in Congress are likely to be designed as a reaction to current arrangements; they are not likely to be a response to the lessons learned from the welfare system, to increase the incomes of women with children or to expand their economic participation.


Though changes emerging in social policy appear startling in their vehemence and single-mindedness, their antecedents have been present throughout the history of American social policy debates. The impulse to place responsibility for economic outcomes solely on the individual, however, is at odds with much of what recent research has shown about the principal causes of declining incomes and the failure of individuals to overcome them. Research on the most recently enacted legislative and administrative innovations in welfare suggests that it is unreasonable to expect restricting benefits or increasing work demands alone to significantly alter the size of welfare caseloads or the incomes of recipients. The most recent reform proposals, which restrict benefits and eligibility, only punish those who cannot compete in a changing economic environment and promises to reduce the well being of those struggling to participate in it. Effective policy must deal realistically with the profound societal changes and economic restructuring that explains the shifting behavioral and economic patterns of the last two decades.

This Essay explains the evolution of various approaches toward welfare, assesses the most recent reform efforts under the Family Support Act and reviews the principal findings of welfare research to evaluate the success of alternative program strategies. Ultimately, the goal of this Essay is to assess the value of the current welfare reform proposals. Part I explains the evolution of various approaches toward welfare over the last thirty years. Part II describes the most recent reforms instituted in 1988 and reviews the dynamics of welfare caseloads and benefits over the past few decades in light of the concurrent changes in the economic and social environment. Part III reviews the research findings in welfare reform's critical areas: those efforts (i) that seek to alter benefit structures and eligibility and (ii) those that seek to alter fertility behavior through both incentive and punitive models. Both areas show the limited potential of current proposals to alter existing caseload patterns. Part IV examines the research on the welfare-to-work programs that formed the basis for the Family Support Act. Part V reviews the findings from qualitative studies of welfare.

3. See infra part II.
recipients themselves, attempting to enrich the understanding of the factors that explain their behavior. Part VI describes and analyzes the most recent experiences and designs of state-level welfare reform programs that, anticipating most federal proposals, emphasize restricting benefits and eligibility, imposing time limits and punishing early childbearing and additional births. Part VII uses the review of both the research evidence and the description of the most recent reform proposals to reflect on the likely impact of such reform. This Essay concludes with a pessimistic appraisal of the recent proposals' potential for success because they fail to respond to the underlying problems that keep welfare recipients poor: low-wages; poor and unstable jobs; and inadequate skills.

I. The Evolution of Approaches Toward Welfare

In the United States, the welfare system is a broad array of multiple programs with overlapping mandates and complex, poorly coordinated rules about eligibility, benefit levels and administrative arrangements. The system includes cash assistance, food stamps, housing assistance and Medicaid. The most prominent welfare program is Aid to Families with Dependent Children (AFDC), which operates under federal guidelines and a jointly funded arrangement by states and the federal government. Developed as part of the Social Security Act of 1935, AFDC remains the major income assistance program serving poor families. It is a categorical program, largely made up of cash grants, some social services and, more recently, employment and education services. AFDC has always been somewhat ill-suited to play the role it has been required to play over the last sixty years. Historically viewed as a program for the unemployable, AFDC has awkwardly shifted to

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13. The able-bodied employable poor — largely understood to be male heads of household and individuals — were historically ineligible for public assistance. Local administration and benefit levels supported a view that local jurisdictions knew more about the needs of their clients and the needs of local labor markets. The denial of
respond to the needs of a changing caseload under shifting economic conditions and social expectations.\textsuperscript{15}

States developed their own public assistance programs that they administer under federally established limitations and regulations in exchange for federal matching funds.\textsuperscript{16} The federal matching funds vary according to a formula that includes a consideration of state income.\textsuperscript{17} State AFDC programs vary dramatically from state to state, with benefit levels varying widely across the nation. For example, the maximum monthly benefits for a family of three in Mississippi is $120; in Alaska it is $975.\textsuperscript{18} Though the original emphasis was on providing a social safety net for women left to care for children with no breadwinner, benefits have always been low, and public skepticism about the size and character of societal commitment has always been high.\textsuperscript{19} Over time, widows and orphans came increasingly to represent a smaller and smaller portion of the welfare caseload.\textsuperscript{20} When widows and orphans were replaced by divorced, abandoned or never-married mothers and the size of the caseload began to rise in the late 1960s, the first rumblings of legislative debate expressing discontent with the form and incentives of AFDC programs could be heard.\textsuperscript{21}

A. Evolution of Approaches: Rehabilitation, Work Incentives and Poverty Reduction

The two-and-a-half decades preceding the Family Support Act of 1988\textsuperscript{22} (the most recently enacted welfare legislation), witnessed an

\begin{footnotes}
\item[17] SALAMON, supra note 14, at 15.
\item[19] See generally KATZ, supra note 15, at 68.
\item[20] See KATZ, supra note 15, at 66-78.
\item[21] Id.
\item[22] See Family Support Act, supra note 5.
\end{footnotes}
ongoing national debate on welfare. The debate was characterized by continually shifting views and ideological emphases. These shifts fueled a series of policy and legislative initiatives that responded to the changing composition, and rapid increase in the size, of the AFDC caseload.

During the 1960s, a range of legislative changes sought to provide social and rehabilitative services to aid single-parent families and to reduce what was thought to be a growing "culture of poverty." In addition, in response to the concern that the method of calculating benefits produced strong disincentives for women to work, legislation passed in 1967 provided an economic work incentive. Instead of reducing a woman's benefits by one dollar for each dollar she earned, the new legislation permitted a recipient to retain the first thirty dollars of her earnings each month as well as one-third of her remaining earnings before AFDC benefits were reduced. This legislation also required women with children over six years old to register for work and training opportunities under the Work Incentive Program (WIN).

Though a prevailing unease about both the increasing numbers of single mothers and the role that work ought to play in reducing the welfare rolls and increasing incomes existed, initiatives to reduce poverty and raise benefit levels continued to surface over the next twenty-five years. The most successful efforts where those that created in-kind benefits—often tied to welfare—to improve living standards. Food stamps, Medicaid and housing subsidies

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25. An example of the “culture of poverty” from that era can be found in the work of Oscar Lewis, The Children Of Sanchez: Autobiography Of A Mexican Family (1961) and, more recently, in the work of William Julius Wilson, The Truly Disadvantaged: The Inner City, The Underclass, and Public Policy (1987). They argue that a culture of poverty locates the behavior of the poor in response to restricted opportunities and limited expectations for self improvement as producing a culture capable of perpetuating hopelessness, lack of incentive and perverse adaptation to the realities of continued poverty.
27. Id. § 602(a)(7)(D)(3).
28. Id. § 602(a)(7)(D)(19)(C)(II). The benefit calculation changes were seen as a way to make work opportunities more attractive in comparison to welfare.
30. The inclusion of these additional benefits in the welfare package also responded to the concerns of those who saw inequities in the disparate standards of need identified by each state's program. Since food stamps are fully federally funded and are calculated for each family on their income including welfare, recipients in lower paying states could close the gap in their AFDC benefit levels somewhat since
and their continued growth over the period, served to improve the economic well being of poor families, even though these programs increased the difference between the value of the welfare package and the net value of wages these women could otherwise earn. Because all three programs served some additional populations as well—especially the working and elderly poor—the burgeoning cost of these programs contributed significantly to public misgivings.\textsuperscript{31}

Until recently, welfare reform strategies were fueled by the goal of reducing poverty and improving the material well-being of recipients on the one hand, and the goal of increasing the work efforts of the poor and reducing program caseloads and budgets on the other.\textsuperscript{32} In part, these competing motivations were the result of the conflicting views about the causes of poverty and welfare dependency.\textsuperscript{33} Those that viewed welfare recipients as largely the victims of circumstances who needed time and support to get their lives together sought to reduce poverty and increase the well-being of recipients through (i) increased benefits, (ii) reduction of complexity in the welfare system and (iii) improved access to services.\textsuperscript{34} Early research on caseload dynamics paints a picture consistent with this view.\textsuperscript{35}

Those that held the alternative view, that welfare recipients were mired in the culture of poverty, unwilling or unable to become self-sufficient, emphasized proposals that (i) reduced work disincentives from benefit packages that compete with wages and (ii) made income support conditioned on mandatory job search, training or public work.\textsuperscript{36}

Three approaches over the last two decades tried unsuccessfully to resolve these competing visions and objectives. President Nixon's Family Assistance Plan sought to make benefit levels and

\begin{itemize}
\item[31.] See generally Moffitt, \textit{supra} note 13, at 1-3.
\item[32.] \textit{Id.} at 37-40.
\item[33.] \textit{Id.} at 40-56.
\item[34.] See generally \textit{Mary B. Sanger, Welfare of the Poor} (1979).
\item[35.] P. Rydell et al., \textit{Welfare Caseload Dynamics In New York City}, tbls. 5.5 & 5.6 at 61-62 (1974); and \textit{Greg J. Duncan, Years Of Poverty, Years Of Plenty} (1984).
\item[36.] See generally \textit{Work Incentive Program, supra} note 26.
\end{itemize}
eligibility uniform nationwide and to reduce family dissolution incentives by extending eligibility to two-parent poor families.37

Similarly, President Carter's Program for Better Jobs and Income also sought to insure uniform national benefits and eligibility for two-parent families; however, in response to concerns about labor supply, his administration also developed a complex system of variable entitlement and work obligations to deal differently with those “expected” to work and those “not expected” to work.38 The Carter plan included a federal jobs program to provide public employment as a last resort.39 The plan's size, administrative requirements and program costs ultimately undermined its enactment.40

President Reagan's Omnibus Budget Reconciliation Act succeeded in becoming law in 1981.41 It represented an effort to reduce program costs and caseload size with little concern about work-incentive effects.42 It made dramatic changes in the methods of calculating benefits and the income ceiling for eligibility.43 Further, it encouraged considerable experimentation in the design of state programs by allowing waivers from federal requirements.44 All of these proposals reflected conflicting impulses and differing underlying philosophies about the causes of welfare dependency, the relative importance of anti-poverty goals and the role the federal government should play in formulating solutions to poverty.

37. Susan Kellam, Welfare Experiments, 4 CONG. Q. RESEARCHER 795, 800 (1994). But fears about labor supply effects and competing views about the adequacy of maximum benefits defeated any compromise. While the Family Assistance Plan was defeated, additional programs developed as part of a more general antipoverty strategy survived. The Food Stamp Program provided a negative income tax in the form of vouchers for food and extended eligibility to any family unit eligible on the basis of income. Its continual growth over the decades has made it an import income supplement to both welfare eligible and the working poor. The Supplemental Security income program also survived and consolidated several categorical program with differing eligibility and benefit levels. It provides a cash grant adjusted by income to blind, disabled and elderly recipients not eligible under existing programs. See SALAMON, supra note 14, at 93-97.


39. Id. at 49.

40. Id. at 66.


Thus, when Senator Moynihan's Family Support Act\textsuperscript{45} became law in 1988, with bipartisan support, it was hailed as having achieved a new national consensus.\textsuperscript{46} Described as “the most sweeping overhaul of the nation's welfare system in half a century”\textsuperscript{47} and as a redefinition of the social contract,\textsuperscript{48} the FSA and the Job Opportunities and Basic Skills Training Program (JOBS) contained within it, are now slated for the trash heap under promises by President Clinton to “change welfare as we know it”\textsuperscript{49} and by the new Republican majority in their Contract with America.\textsuperscript{50}

II. What Has Happened Since 1988: Assessing the Last Round of Reform Efforts

A. The Family Support Act and Its Impact on State Welfare Systems

The FSA represents a profound shift in the relationship between welfare recipients and the state because it established reciprocity in the extension of benefits: in exchange for income support, the employment and training section of the FSA requires recipients to make efforts to become self-sufficient.\textsuperscript{51} The JOBS program requires employable recipients to search for employment or invest in their own employability through training, education or work experience.\textsuperscript{52} Further, it requires states to provide a specific range of employment and training services to at least a minimum proportion of employable recipients and to target expenditures to certain groups.\textsuperscript{53} The target groups are those for whom the threat of long-term dependency is most acute. They include: (i) young unmarried mothers who have not finished high school or have little or no

\textsuperscript{47} CONGRESSIONAL QUARTERLY WEEKLY REPORT (Oct. 8, 1988) at 2825.
\textsuperscript{50} HOUSE REPUBLICAN CONFERENCE, CONTRACT WITH AMERICA, LEGISLATIVE DIGEST (Sept. 27, 1994).
\textsuperscript{51} See generally Family Support Act.
\textsuperscript{52} Id. § 602(a)(19)(A); § 682(a)(1)(A).
\textsuperscript{53} Id. § 682(a)(1).
recent work experience; (ii) those whose welfare tenure was for thirty-six of the previous last sixty months; and (iii) mothers whose eligibility will be lost within two years because their youngest child will become too old for assistance. The FSA mandates require states to provide support services, such as day care, transportation and continued eligibility for Medicaid for one year after the start of employment. Services, including cash assistance, social services, employment and training as well as education and job placement services, are required to be coordinated by a single state agency.

Virtually all states met initial mandated participation rates through 1993. States failed to use outcome-based measures for evaluating their programs as a whole, though. As a result, it is difficult to assess the overall success of the program with confidence. Nevertheless, recent research on specific state programs, provides a picture of predictable and modest, but generally positive, impacts on unemployment.

Most troubling is that despite more favorable federal matching rates, all the available federal funds allocated for state matches have not been spent. This suggests that severe budgetary constraints facing states have played a significant role in restricting

54. These are the groups whose characteristics make them likely to benefit from the program. See Erica B. Baum, When the Witch Doctors Agree: The Family Support Act and Social Science Research, 10 J. OF POLICY ANALYSIS AND MANAGEMENT 603, 612 (1991).


56. Id. at 2.

57. Id. at 5-6.

58. See generally Lurie, supra note 55, at 7; U.S. GENERAL ACCOUNTING OFFICE, WELFARE TO WORK: JOBS PARTICIPATION RATE DATA UNRELIABLE FOR ASSESSING STATES' PERFORMANCE (1993). Although a 1983 General Accounting Office study and other analysis suggest that the state methods of calculation for 1991 were neither accurate nor comparably derived and therefore do not provide a fair basis for assessing states' participation rates. Id.

59. See Lurie, supra note 55, at 8.

60. See generally part III.

61. See generally U.S. GENERAL ACCOUNTING OFFICE, JOBS AND JTPA: TRACKING SPENDING, OUTCOMES, AND PROGRAM PERFORMANCE (July 1994).

62. Id.
It is important to recognize this fact when evaluating the likely impacts from any new initiative whose program funding relies to a great extent on state capacity and commitment.

The research on the FSA shows that the outcomes have not been very different from the expectations. States complying with federal mandates have been able to enroll recipients and to provide a range of job placement, employment, training and education services to high-risk groups. In a number of the sites that were studied, participants experienced improved earnings, increased labor force participation and modestly reduced welfare grants. Overall, caseload sizes were not significantly reduced; nor were welfare budgets. Research prior to program implementation, however, provided no expectations for quick or dramatic changes in recipient well-being or caseload reductions.

Despite these facts, the desire to alter dramatically the nature and character of "reform" is becoming more radical and aggressive. The current debate does not question the FSA's underlying shift in expectations about recipients and the obligation for recipients to help themselves. It questions the obligations of the state. Even Democrat reforms seek to limit significantly the length and scale of state support and investments on behalf of recipients. The result is a debate focused almost exclusively on determining the precise bounds of state responsibilities and on the severity of the demands placed on recipients.

The frustration with the failure of existing policies evident in those debates emanates from an overly simplistic notion of what can move large numbers of women from welfare to work and from a misunderstanding of the current relationships of welfare mothers to the labor market. It reveals a backlash among the working poor and those households who find it increasingly difficult to sustain a middle-class life. Finally, it reflects an unwillingness and inability of the federal and state governments to sustain current levels of welfare spending in times of growing fiscal stress.

64. Id. at 669.
65. Id. at 670.
66. Id.
67. Id. at 670-672.
68. Id. at 672-674.
69. Pressure for budget control requires hard choices among competing interests. Popular villains are always sought. Those who are not well-organized and for whom
Current policy surrounding welfare reform emphasizes the failure of individuals and the role of government in exacerbating these failures. These policies do not consider, nor address the impact of structural changes in the economy, such as employment and wage levels. The current emphasis is on reducing the negative behavioral incentives implicit in social program design. The most important targets are undesirable social acts such as early and out-of-wedlock childbearing, failure to complete high school and lack of employment.

B. Caseloads and Benefits 1975-93

The size and composition of the AFDC caseload fluctuates with changes in the economy. Welfare rolls decline with increasing levels of employment during periods of growth and increase correlatively during periods of economic downturns. A 1993 Congressional Budget Office Study on the determinants of caseload change estimates that more than a quarter of the caseload increase between 1989 and 1992 could be attributed to the prolonged economic downturn. One-half of the increase can also be explained by increases in the number of female-headed families.

In inflation adjusted dollars, total AFDC expenditures have remained relatively stable since 1975. In contrast, the average monthly benefits per family has fallen from $576 per family in 1975 to there has traditionally been suspicion and mistrust have provided a convenient target for frustration and blame. See generally Theda Skocpol, Protecting Soldiers and Mothers: The Political Origins of Social Policy in the United States (1992). Welfare recipients, whose public face is black, provide a particularly visible and focused symbol for the assault on all that is wrong with public policy because their presence on welfare is more often than not the result of early childbearing, failure to marry, and failure to complete high school. See Dave M. O'Neill & June E. O'Neill, Implications for Employment and Training Systems of a Time Limited Welfare Reform Initiative 23, tbl. 11 (July 1994) (unpublished manuscript, on file with THE Fordham Urban Law Journal) (demonstrating that while only 39.1% of AFDC women in 1978 were black, they represented 49% of those who spent four or more years on welfare by 1989. This compares with whites who represented 51.4% of the caseload in 1978, but only 44.9% of the long term stayers over the period). 70. See generally Lucy Williams, Race, Rat Bites and Unfit Mothers: How Media Discourse Informs Welfare Legislation Debate, 22 Fordham Urb. L.J. 1159 (1995).

71. Id. at 1163-68.


74. Id.
$373 in 1993—a fall in value of 35%. Over the same period, the national AFDC caseload grew by two and a half million recipients, from 11.1 million in 1975 to 13.6 million in 1992.

The true value of the benefit package available to recipients includes not only AFDC cash payments but food stamps and Medicaid as well. Medicaid is the fastest growing part of the means-tested federal budget. The number of Medicaid recipients has increased from 22 million in 1975 to 30.9 million in 1992—nearly a 50% increase. Total Medicaid expenditures have grown dramatically from $12.6 billion in 1975 to $152.3 billion in 1994, even though they do not accrue to families in the form of increases in cash. The growth of expenditures reflects the increase in the costs of medical services. Most of the dramatic increase in Medicaid, however, is not attributable to the AFDC caseload but to increasing costs of supporting an increasingly elderly population, especially for home and long-term care.

The number of food stamp recipients has grown from $16.3 in 1975 to $27 million in 1993. In inflation adjusted dollars, average monthly benefits per person increased 36% over the same period from $50 in 1975 to $68 in 1993, and total expenditures in constant dollars increased from $10.9 million in 1975 to $24.8 in 1993—a 140% increase in real dollars. In contrast to Medicaid, food stamps can accrue to any income-eligible individual or family and are thus highly responsive to changes in the economy. The increase in food stamp expenditures from 1975 to 1993 reflects both increased welfare participation and an increase in the level of benefits.

The growth in the total size of the welfare “package” is relevant because most critics point to the increasing difference between what recipients can bundle in their welfare package and what they can generate from employment. In real terms, however, the com-

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75. Green Book, supra note 18, at 325.
76. Id.
77. In addition one-quarter of AFDC households nationally receive some rent subsidy or public housing. See Green Book, supra note 18, at 806, 807, 905.
78. Id.
79. Id. at 782.
80. Id.
81. Id.
82. The combined AFDC and Food Stamps benefit for a family of four (a typical family is a three person family) represents a little more than 50% of average full-time earnings for a high school graduate, and about 70% for those with 1-3 years of high school. See O'Neill & O'Neill, supra note 69, at 14, fig. 7.
bined value of the package peaked in 1972-76 and has declined ever since.\textsuperscript{83}

C. Family Composition

As early as the 1960s, AFDC was increasingly recognized as becoming a program that supported divorced, abandoned, and never-married mothers.\textsuperscript{84} There has been an increase in never-married mothers, especially teenagers giving birth out-of-wedlock.\textsuperscript{85} The societal consequences of this phenomenon are significant.\textsuperscript{86} Though birth rates are down, even for poor women, the proportion of births to unmarried women as a percentage of all births has been growing.\textsuperscript{87}

Teenage childbearing, especially to single mothers, dramatically affects the economic well-being of children and their families. It also increases the probability that a family will have to resort to welfare as a means of support, and even develop long-term dependence on public assistance.\textsuperscript{88} The resulting consequence of teenage parenthood is that 50\% of all teenage mothers, and 77\% of those who were unmarried when they gave birth, end up on welfare within five years of becoming a parent.\textsuperscript{89}

\textsuperscript{83} Id. at 12.
\textsuperscript{84} By 1983, Mary Jo Bane & David Ellwood's cohort analysis of welfare receipt over time identified that 75\% of new recipient starts on AFDC were associated with divorce (45\%) or the birth of a child to an unmarried woman (30\%). MARY JO BANE & DAVID T. ELLWOOD, U.S. DEP'T OF HEALTH & HUMAN SERVICES, THE DYNAMICS OF DEPENDENCE: ROUTE TO SELF-SUFFICIENCY (1983).
\textsuperscript{85} See id.
\textsuperscript{86} Id.
\textsuperscript{87} Id. Research by the Alan Guttmacher Institute shows that, in particular, the percentage of first births that occur out-of-wedlock to teenagers has increased dramatically since the early 1960s. Births to teenagers (women aged 15-17) increased from 33\% in the early 1960s to 81\% in the late 1980s. A. Bachu, Fertility of American Women: June 1990, 452 CURRENT POPULATION REPORTS 7, tbl. (1991).
\textsuperscript{88} See Christine Nord et al., Consequences of Teenage Parenting, 62 JOURNAL OF SCHOOL HEALTH 310 (1992); J. Grogger & S. Bronars, The Socioeconomic Consequences of Teenaged Childbearing: Findings From A National Experiment, 25 FAMILY PLANNING PERSPECTIVES 156 (1993); Saul Hoffman et al., Reevaluating The Costs of Teenage Childbearing, 30 DEMOGRAPHY 1 (1993). Examination of an analysis using the National Longitudinal Survey of Youth indicates that approximately 48\% of the teenage mothers received at least one month of welfare in the first year following the birth compared to 7\% of those who were married. O'NEILL & O'NEILL, supra note 69.
In addition, recidivism is particularly high for this group.90 The social costs associated with the high incidence of poverty and welfare participation among teenage parents is very costly to the State. The Congressional Budget Office estimates that the social costs of teenage childbearing are over $22 billion a year solely for the major income social support programs.91

Although it is hard to separate the role that early school failures play in inducing early child bearing, early childbearing clearly reduces opportunities for the teenage mothers to obtain subsequent education and interferes with the acquisition of employment. Thus, teenage childbearing, particularly among unmarried adolescents, is significantly related to poverty and severely restricted life chances. Its relationship to welfare receipt and long-term dependence cannot be understated.

D. AFDC Caseload Dynamics, Experiences and Heterogeneity

Historically, the conventional wisdom held that the welfare caseload is relatively static. Most recipients were thought to experience long-term stays and dependence.92 More recent opportunities to follow long-term welfare recipients, using longitudinal data, have permitted a more sophisticated analysis of the actual experiences of the caseload. The results draw a picture of a relatively heterogeneous caseload that is quite different from what might be concluded from a snapshot of the characteristics of the caseload at a single point in time. Cross-sectional surveys—snapshots—tend to over-represent long-term stayers and are unable to explore the mobility of cases over time.

Early studies by Mary Jo Bane and David J. Ellwood show that most recipients stay on welfare for short periods of time, but that long-term stayers make up a significant minority of the rolls at any point in time and account for a disproportionate amount of welfare expenditures.93 More recent studies, however, draw a picture of families, many of whom have multiple spells of welfare dependence, even if many of the experiences are relatively short.94 When multiple experiences are taken into account, Ellwood found that

90. Id. (noting that more than 70% of those teenage parents who are able to escape welfare return again within three years); see also Gleason Philip et al., The Dynamics Of AFDC Spells Among Teenage Parents (Jan. 1994) (paper presented at the Econometrics Society Meeting) (on file with the author).
91. CONGRESSIONAL BUDGET OFFICE, PROGRAMS FOR TEENAGE PARENTS (1990)
92. See MARY BRYNA SANGER, WELFARE OF THE POOR 1-14 (1979).
93. See BANE & ELLWOOD, supra note 84, at ii.
94. See generally O'NEILL & O'NEILL, supra note 69.
30% of welfare recipients receive benefits, aggregated for 1-2 years, 20% for 3-4 years, and 19% for 5-7 years.\textsuperscript{95} Thirty percent receive benefits for eight or more years.\textsuperscript{96} Thus, it becomes clear that patterns of welfare use vary dramatically and the seriousness and significance of welfare dependence is not the same for all women.\textsuperscript{97} To the degree that women are short-term stayers (two years or less on the rolls), they have fewer handicaps.\textsuperscript{98}

E. Changing Labor Market Opportunities: Jobs and Wages

Though growing numbers of out-of-wedlock births to young mothers are a source of the increase in caseload growth, changes over the last decade in the labor market have had a greater impact on caseload size and mobility. Structural changes in the labor market and constricted wages affect employment opportunities for low-skilled workers.\textsuperscript{99} Even though overall unemployment has declined, teenage unemployment remains high.\textsuperscript{100} In addition, while aggregate employment has increased, the quality of the jobs being created is deteriorating. Growing numbers of low-wage jobs have few benefits and offer little training opportunities. Such jobs provide low-skilled workers with families decreased opportunities for long-term economic independence. Even full-time employment in these jobs does not insure wages above the family poverty line.\textsuperscript{101}

In addition, inflation-adjusted wages for low-skilled workers have fallen and income inequality both within and between different skill-level groups has increased. Growing numbers of low-wage

\begin{itemize}
\item \textsuperscript{95} See generally David T. Ellwood, Mathematica Policy Research, Targeting 'Would Be' Long-Term Recipients of AFDC (1986).
\item \textsuperscript{96} Id.
\item \textsuperscript{97} See generally Bane & Ellwood, supra note 84. These findings are not surprising given the variation in education, childbearing and employment experiences of the caseload.
\item \textsuperscript{98} O'Neill & O'Neill, supra note 69, at 28. A recent study using both the data from the Current Population Survey and the National Longitudinal Survey of Youth illustrate these differences. Id. The study looked at women on AFDC in 1989 who had come on the rolls at some point since 1978. Short-term stayers had more work experience prior to coming on welfare, had fewer children, and had somewhat (but not significantly so) better skills when compared with long-term stayers. Id. Skills were based on scores derived from the Armed Forces Qualifications Test. Id. at 25. Long-term stayers were more likely to have dropped out of high school and have had a birth out-of-wedlock as a teenager. Id. at 25-26, tbl. 14.
\item \textsuperscript{99} See Blank, supra note 72, at 171-178.
\item \textsuperscript{100} Id. at 170.
\item \textsuperscript{101} In 1989, a single mother with two children needed about $15,000 to stay out of poverty. Less than half the women aged 25-34 who worked in 1989 earned that much. Christopher Jencks & Katherine Edin, Do Poor Women Have a Right to Bear Children? 20 The American Prospect 43, 45 (1995).
\end{itemize}
job seekers, international competition, and the weakening role of unions have all led to reduced wages and increased wage inequality for workers. While women's wages (as compared with men's) have not experienced as significant a decline, the wages for women without a high school diploma still average only 58% of comparably educated men.

Women's economic investment in marriage is clearly affected by the declining income prospects of their potential husbands as well. Public policy discussions, however, have focused less on the fathers of welfare children than on requiring their mothers to work. This is true despite the fact that the FSA provides strong mandates for states to establish paternity and encourages aggressive pursuit of child support. Child support payments are one potential source of improving the economic prospects of welfare women dependent on low-wage employment. Thus, declining wages and job opportunities for men may adversely affect welfare women.

Finally, increased rates of poverty over the last decade are the result of structural changes in the labor market. The distribution of earnings increasingly reflects the distribution of formal education. This disparity negatively impacts a large percentage of the welfare caseload, especially because the recipients with a high school equivalency diploma have been shown to fare no better than high school dropouts. The gap in earnings between more and less educated workers is increasing and the standard of living of a large proportion of workers has steadily declined. These outcomes coupled with the increase in the numbers of female-headed fami-

102. See Blank, supra note 72, at 168-169.
103. Id. at 173.
104. Much debate surrounds the thesis advanced by William Wilson, which states that increases in out-of-wedlock births are related to women's choices of suitable marriage partners. See generally Wilson, supra note 25.
105. See generally Family Support Act.
106. See Derek Cheek, Child Support Hammer a Hard Sell; Dead Beats Would Lose All Licenses, THE TENNESSEAN, Dec. 31, 1995, at 1B.
107. Most recent data shows that 23.7% welfare recipients lack a high school diploma and that 22.4% have no schooling after high school. See Congressional Quarterly Researcher supra note 47, at 811 n.1.
108. Id.
lies have contributed to rising caseloads. This is so even though the real wages of low-skilled female workers have not declined as steeply since 1979 as men's. Thus, a complex series of social and economic forces have contributed to increased dependence on welfare.

III. Lessons from States' Efforts Since 1988: Research and the Design of Reform

The ongoing welfare reform debate rests on several key, but contested assumptions about the flaws of the current AFDC program, and the relationship of these flaws to growing levels of welfare dependency. These assumptions are: (i) that the design of the system—its eligibility rules and benefit determination formulae—encourages perverse behavior by rewarding it; (ii) that open-ended entitlement inhibits efforts to achieve independence because it suppresses the need for independence; (iii) that the program rewards socially undesirable family decision-making regarding childbearing and child support by indemnifying potential parents for the risks they take; and (iv) that comparison of the size of the benefit package and the costs of going to work provide strong work disincentives. Researchers evaluating recent state experiments under the JOBS program and federal waivers are testing these assumptions.

More fundamentally, current discussions assume that the expectation of self-sufficiency is necessary to motivate socially desirable behavior and to provide incentives for work. This assumption is at the heart of reform proposals that stress a need to return to traditional American values of individual responsibility, self-reliance and hard work. The very existence of an entitlement that provides support for those who fail is commonly held to undermine

110. See notes 99-103 and accompanying text.
111. Id.
these values. Thus, the role and structure of social protection itself are the subjects of critical review.

The most recent legislative initiatives are designed to achieve political objectives more than to insure policy outcomes. Investigating what we know about different work and welfare programs provides a basis for predicting the likely impacts of current proposals on the poor.\(^{118}\)

The following section summarizes the research on various welfare reform strategies, including those that alter benefit levels and eligibility, those designed to change behavior, and those that alter incentives for work and job training. The research suggests the possibilities and limits of competing strategies relevant to the current debate.

A. Strategies that Alter Benefits or Change Eligibility Rules

Manipulation of benefit levels and eligibility rules are two areas that intuitively appeal to policy-makers seeking to reduce welfare participation. These are significant features of current state experiments\(^{119}\) and are central to federal reform efforts as well.\(^{120}\)

Programs that manipulate benefit levels in hopes of changing the behavior of welfare recipients are predicated on economic theories that posits that economically rational individuals buy more of everything as their income increases, including leisure. Thus, if an individual’s non-work income rises, there is less incentive to generate wage income. Conversely, lowering benefit levels increases the recipient’s incentive to participate in the labor market.

Benefit formulas for income support programs also include an implicit tax rate — or benefit reduction rate — that reduces benefits as income from work increases. A given benefit level combined with a benefit reduction rate determines the level of income at which benefits fall to zero and program eligibility ends. The bene-

\(^{118}\) It might be argued that tight budgets, economic competition, falling wages and worsening living standards have precipitated a practical, rather than a philosophical, crisis. Yet, inherent tensions between competing values have always characterized American social policy. KATZ, supra note 15, at 126; FRANCES F. PRIVEN & RICHARD CLOWARD, REGULATING THE POOR: THE FUNCTIONS OF PUBLIC WELFARE (1993). While the drama created by the apparent national mandate resulting from the 1994 elections is real, the underlying debate about the role of the State and the responsibilities of individuals is a familiar American theme with dozens of historical examples. Id. at 8-22.

\(^{119}\) For example, Arkansas, Georgia, New Jersey and Wisconsin all limit or even end benefit increases for additional children. See CONGRESSIONAL QUARTERLY RESEARCHER, supra note 47, at 804, tbl. 1.

\(^{120}\) See, e.g., Personal Responsibility Act, § 101; Work Opportunity Act, § 101(b).
fit reduction rate measures the incremental reward an individual will enjoy from increased hours of work. Current rules impose a 100% rate on recipients after four months of employment and impose an overall ceiling of 150% of a state's standard of need for continued eligibility. Theoretically, manipulating benefit reduction rates can have an ambiguous result.\textsuperscript{121} A rise in a tax rate can be seen as decreasing the rewards from work and, thus, making leisure cheaper — and more attractive. In contrast, it can be seen as reducing total income, which results in decreasing purchases of all things — including leisure. Thus, one effect would decrease incentives to work and the other would increase it.

Finally, programs can simply change eligibility requirements making previously eligible categories ineligible. Income cutoffs can be used — such as the 150% of the state standard of need in OBRA. In that case, individuals, who might otherwise be eligible on the basis of the benefit formula alone, might be dropped from the roles when their income reached a certain level. Similarly, a state might simply exclude a category of recipient — illegal immigrant, teenagers bearing children out of wedlock, or those who will not or cannot comply with program rules. The goal might be to change incentives or simply to reduce costs and caseloads.

Considerable research has been undertaken of the actual impacts of changes in benefit levels, tax rates and eligibility rules.\textsuperscript{122} It has been done over long periods of time using different data bases and research designs, and controlling for different variables. Researchers studying participation rates within and across states have found that benefit and eligibility manipulation within existing ranges (either by increasing or decreasing the grant) does little to decrease overall welfare participation or to increase labor market participation.\textsuperscript{123}

\textsuperscript{121} Moffit, \textit{supra} note 123, at 8-10.
\textsuperscript{123} The participation rates were compared within and across states associated with either variations in or changes to benefit levels or benefit reduction rates. See Moffitt, \textit{supra} note 123, at 31-36.
1. Earnings Disregards under the Work Incentive Program (WIN)

Established in 1967, the Work Incentive Program (WIN) was one of the federal government’s early attempts at encouraging job training and placement while improving the “financial incentive” to leave welfare. Instead of reducing benefits dollar for dollar as income from earning grew, the amendments instituted “earnings disregards” that allowed recipients to retain the first $30 of monthly income and one-third of the rest before benefits would be offset. The objective was to encourage welfare mothers to work their way off welfare. Labor market participation, however, was only slightly affected by WIN. In fact, the earnings disregards approach may have increased the welfare caseload because work and welfare were no longer mutually exclusive. As a result, the earnings disregard provision failed to require recipients to leave welfare altogether. In fact, many women previously ineligible for welfare because of their work earnings became eligible because a portion of their salary was disregarded in calculating eligibility.

2. The OBRA Caps

The Omnibus Budget Reconciliation Act of 1981 (OBRA) sought to reduce program costs and caseloads by replacing AFDC’s earnings disregard provisions with reductions in eligibility for working recipients and decreases in benefits. OBRA called for a benefit reduction rate on earnings for working recipients of 100% after four months of employment and it placed a cap on AFDC eligibility at 150% of each state’s standard of need. For welfare recipients, OBRA eliminated all economic incentive to work and imposed more stringent work requirements. Three years after the OBRA caps were installed, work participation fell from approxi-
OBRA was able to reduce the caseload at the national level and in various states effectively through reduced eligibility; however, there has been a constant caseload increase from 1982 to the present.

Researchers point out that those women who lost eligibility entirely on account of the OBRA cap rules had to work more; nevertheless, their total income did not increase significantly. Additional hours worked at low-wage jobs barely replaced the lost AFDC benefits. This exemplifies the importance of addressing the inadequacy of current wage levels. Those women who, despite working additional hours, were unable to increase their earnings to an amount adequate to attain self-sufficiency, may have had to return to the welfare rolls, thereby increasing recidivism. Considerable evidence supports the dynamics of low-wage jobs and welfare recidivism. Women who take low-wage jobs with no benefits and high turnover rates frequently find themselves with no alternative but to reapply for welfare.

Thus, it appears that altering benefit levels, attaining benefit reduction rates to account for income from work, and modifying eligibility rules have only a modest impact in increasing labor market participation or substantially decreasing the AFDC caseload.


134. Janice Peskin et al., How The Economy Affects AFDC Caseloads (paper presented at the Annual Meeting of the Association for Public Policy Analysis and Management, Denver 1992) (on file with the author). According to the House Ways and Means Committee, the national caseload appears to have decreased by approximately one-half million from 1981 (the year OBRA was enacted) to 1982.

135. Id.


137. Id.


139. Id. at 8-9.

140. Results from the Negative Income Tax Experiments which subjected large numbers of experimental families to different program parameters with in more significant ranges have shown more significant labor supply effects. See generally Gary Burtless, The Work Response to a Guaranteed Income: A Survey of Experimental Evidence, in Lessons from the Income Maintenance Experiments (Alicia H. Munnell ed., 1987).
B. Behavior-Based Strategies

Current welfare reform discussions link the growth in welfare caseloads and long-term dependency to socially perverse behavior allegedly underwritten by the welfare system.\textsuperscript{141} Increasing proportions of births out-of-wedlock are thought to represent socially undesirable behavior with clear and significant links to extended welfare receipt.\textsuperscript{142} Income support for single parents is thought to reduce the harsh consequences of out-of-wedlock births and, as a result, many have argued, encourage it. Thus, many current state welfare experiments reduce the benefits of subsequent pregnancies to current welfare recipients by: (i) denying additional benefits for the birth of another child; (ii) reducing the grant for each additional child; or (iii) requiring pregnant teenagers to live at home with their parents in order to qualify for benefits.\textsuperscript{143}

The rationale for capping or reducing welfare benefits for subsequent births is that economic incentives are central to behavioral change. Several recent efforts to reduce initial and subsequent childbearing of teenagers, however, have had surprisingly discouraging results.\textsuperscript{144} A range of well-designed programmatic efforts, which provide a number of economic incentives and punishments, social services, educational and employment-related interventions, have yielded disappointing results in affecting teenage pregnancies.\textsuperscript{145} Because each of these programs uses some of the mechanisms proposed in the ongoing welfare reform debate,\textsuperscript{146} their evaluations provide important lessons.

Two of these programs, Project Redirection and New Chance, are incentive-driven behavior models. These programs are

\begin{footnotesize}
\begin{enumerate}
\item Personal Responsibility Act, § 100 (1995); Work Opportunity Act, § 101(a)(2) (modifying section 401).
\item See supra notes 84 to 91 and accompanying text.
\item For a discussion of examples, see infra part III.B.1.
\item See Rebecca Maynard, The Effectiveness of Interventions Aimed at Reducing the Incidence of Teenage Pregnancy and Mitigating the Consequences of Early Childbearing (paper prepared for the 1994 Annual Research Meeting of the Association for Policy Policy and Management) (on file with the author).
\item See generally Personal Responsibility Act; Work Opportunity Act.
\end{enumerate}
\end{footnotesize}
designed to reduce the number of teen mothers on the AFDC rolls by rewarding certain behavior. Two other programs, the Teenage Parent Demonstration Program (TPDP) and Ohio’s Learning, Earning and Parenting Program (LEAP), are designed to discourage socially undesirable fertility behavior by punishing it.

1. The Incentive Approach

Project Redirection is a demonstration project for teen parents, 17 years of age or younger, that offers comprehensive services, including: education, training, mentoring, job placement, child care, family planning and parenting training services. The project operates in four different sites: Boston; New York City; Phoenix, and Riverside, California. The demonstration project carefully evaluated the impacts of experimental groups against a comparable control group. The New Chance program was located in sixteen sites. With 95% of its clients having dropped out of high school, New Chance offered comprehensive services such as education, training and social services to its teenage-parent clients.

Project Redirection and New Chance were similar in that they both employed the same management approach. In both, program participation was voluntary and the role of the case manager was considered to be one of a “caring adult.” Also, an incentive or reward system was used by both programs to encourage client participation and performance.

2. The Punitive Model

In contrast, TPDP and LEAP were both mandatory programs that sanctioned or penalized teens who failed to participate by imposing monthly AFDC grant reductions. Recipients who failed to fulfill LEAP’s school attendance requirements in any given month, had $62 deducted from their monthly welfare payment.

147. O’NEILL & O’NEILL, supra note 69, at 45.
149. Id.
150. Id.
151. O’NEILL & O’NEILL, supra note 69, at 47.
152. Id. at 50.
those participants who fulfilled LEAP's attendance requirements each month had their grants increased by $62.\textsuperscript{153}

TPDP lasted from late 1987 to mid-1991.\textsuperscript{154} It had pilots in Camden and Newark, New Jersey and Chicago, Illinois.\textsuperscript{155} Its goal was to build self-sufficiency through the provision of services, such as workshops in child support, family planning, health and nutrition, life skills, family management, employment preparation, education preparation, and HIV and drug abuse prevention.\textsuperscript{156} TPDP also provided case management and support services (i.e., child care and transportation assistance) to participating mothers.\textsuperscript{157}

LEAP, like TPDP and the incentive-based programs, also focused on increasing and maintaining the school enrollment and attendance of single teenage mothers.\textsuperscript{158} Unlike the other programs, however, it only offered minimal case management services.\textsuperscript{159}

3. Comparison of Approaches

The limited employability or skill level of AFDC recipients justifies the development of education and human capital enhancement initiatives. Employment characteristics of mothers in AFDC remains an important issue when considering new routes to decreasing the growing welfare caseload.\textsuperscript{160} Data from the Armed Forces Qualifying Test confirm a dismal level of skills, even for those with higher levels of formal education.\textsuperscript{161}

Programs such as TPDP and Project Redirection focus primarily on improving the educational level of recipients. TPDP requires participants to enroll in school or job training, or else to find a job. Project Redirection offers support and mentoring services. Education, health and welfare services are also integrated in these pro-

\textsuperscript{153} Id. Therefore, a client who failed to meet the program requirements would only receive a $212 grant for that month, whereas a client who satisfactorily fulfilled the requirements would receive a $336 grant.

\textsuperscript{154} Id. at 47.

\textsuperscript{155} Id.

\textsuperscript{156} See O'NEILL & O'NEILL, supra note 69, at 47-48.

\textsuperscript{157} Id. at 48.

\textsuperscript{158} Id. at 49.

\textsuperscript{159} Id. at 49-50.

\textsuperscript{160} Currently, 4.9% of those on AFDC have below a ninth grade level of education, 18.8% have some high school experience, 22.4% are high school graduates, 6.8% have attended some college and 0.5% are college graduates. GREEN BOOK, supra note 18, at 401.

\textsuperscript{161} O'NEILL & O'NEILL, supra note 69, at 26 (1994). Using data from NLSY women have shown that those who started out as unwed mothers and had an average welfare stay of 72 months since their first birth had an average AFQT score only in the 18th percentile, with 40% below the 10th percentile. Id. at 27.
grams. Three factors are important for assessing the success of these programs: (i) educational attainment; (ii) employment rates; and (iii) welfare participation rates.

In TPDP, punitive AFDC grant reductions were assessed against any eligible recipient who did not participate in the program. As a result, it had over a 95% participation rate, and 79% of its participants were either in school, job training, or employed two years after entering the program. Nevertheless, 85% of the participants' incomes continued to remain below the poverty line.

Project Redirection differed from TPDP in that it was a voluntary program. No punitive measures were assessed against those who elected not to participate. The educational outcomes in this program were disappointing. Project Redirection participants were found to be no different from those in a control group not taking part in the program. Moreover, welfare participation among Project Redirection participants initially remained higher than among a control group. At the two-year follow-up, 68% of the control group received welfare as opposed to 75% of Project Redirection participants. The percentage then decreased significantly at the five-year follow-up audit for both groups—59% for controls as opposed to 49% for program participants.

These outcomes offer two important lessons about human capital focused models. First, programs such as TPDP, that successfully improve the education level of their participants, may not be able to help them escape poverty. Second, mandatory education programs, such as TPDP have better overall participation than voluntary programs such as Project Redirection.

One explanation for why voluntary programs are not as effective in maintaining client participation as mandatory programs is that few recipients prefer to participate in a basic education program that is provided in a traditional school setting. An analysis of a seven-site national evaluation of JOBS indicates that the JOBS activity that recipients prefer to engage in involves direct job placement or training: 49-68% prefer to "go to school to learn a job skill"; 25% prefer to "go to a program to get help looking for a

163. ld. at 22.
164. Id. at 23.
165. O'Neill & O'Neill, supra note 69, at 46.
166. Id.
job";\textsuperscript{167} and only 5-11\% want to "go to school to study basic reading and math."\textsuperscript{168}

Although all four of these programs allocated a considerable amount of their resources to fertility-behavior control (family planning and counselling were two types of interventions often employed), the incidence of repeat pregnancy remained high in all of them—regardless of whether or not the program took an incentive or a punitive approach.\textsuperscript{169} The pregnancy rates actually increased among participants in the New Chance program by 8\%.\textsuperscript{170} The abortion rates also increased in the New Chance sites.\textsuperscript{171} Surprisingly, in Project Redirection and TPDP sites, the abortion rate decreased and the live birth rate increased.\textsuperscript{172} These results are discouraging and confounding; they demonstrate the complex nature of childbearing decisions, which apparently are relatively insensitive to economic incentives.

Only a small health-focused intervention program called the Teenage Parent Health Care Program, which sought to improve the health-care and parenting skills of new mothers, had any significant impact on the fertility behavior of teenage mothers. Social workers in this program provided intensive case-management to mothers under age seventeen for up to eighteen months after their delivery.\textsuperscript{173} This program was able to decrease the teenage repeat pregnancy rate of their participants by 57\%.\textsuperscript{174}

Though considerable political rewards come from proposing incentives or punitive strategies to change socially destructive fertility behavior among adolescents, neither approach seems to have much effect. Large scale, carefully designed and evaluated program models of both types demonstrate that teenage childbearing

\textsuperscript{167} In the Atlanta site, this percentage was 42\%.
\textsuperscript{168} Gayle Hamilton & Thomas Brock, The Employment Potential Of Welfare Recipients 12 (paper presented at the Annual Research Conference of the Association for Public Policy and Management 1994) (on file with the author). The authors of this paper adapted it from GARY HAMILTON & THOMAS BROCK, U.S. DEP’T OF HEALTH AND HUMAN SERVICES, THE JOBS EVALUATION: EARLY LESSONS FROM SEVEN SITES (1994). Because these are the very individuals for whom traditional education systems have failed, it is not surprising that they prefer alternative models to improve their employability; thus, they may gain more benefits from them.
\textsuperscript{170} Id.
\textsuperscript{171} Id.
\textsuperscript{172} Id.
\textsuperscript{173} Id.
\textsuperscript{174} O’Sullivan & Jacobsen, supra note 169.
is a more difficult problem than many have thought. Early childbearing and childbearing out-of-wedlock are a growing phenomenon in society as a whole. Incentive models are ineffective; punitive models are both ineffective and potentially destructive because of their adverse effect on the economic well-being of infants and mothers. Research suggests that threats of economic deprivation serve no socially useful purpose. Though there is a significant reason to focus public policy on reducing teenage childbearing and childbearing out-of-wedlock, it is likely that the current crop of welfare reform proposals will have no discernible impact on this behavior. Further, it seems that already disadvantaged teens and their children will be further impoverished under these proposals, which, in effect, are punitive.

IV. The Welfare-to-Work Strategy

The bipartisan support for the Family Support Act came in part from the consensus that (i) work should be preferred to welfare and that (ii) recipients should be expected to make efforts to improve their employability and to find work in exchange for income support. The FSA requires state programs to offer a range of services in return for federal matching grants. Notably, FSA legislation drew heavily on research demonstrating that these kinds of services could improve the employment prospects of recipients, if only modestly, at prevailing levels of investment.

Considerable research on state work-welfare programs under the Omnibus Budget Rehabilitation Act suggests that increased employment among recipients could be achieved with modest investments in education and employment and training activities—including job search skills. Nevertheless, during the implementation of OBRA, increased incomes came most often through increased hours at work rather than through increased wages in post-

176. See supra notes 41-50 and accompanying text.
177. See generally Family Support Act.
178. Id.
179. Baum, supra note 54, at 607-609.
180. See supra note 164 and accompanying text.
181. See generally Congressional Quarterly Researcher, supra note 37.
program employment. These research findings were significant because the emphasis was on low cost interventions.

Evaluations of these programs found that employment and job training programs were cost beneficial to the states. Post-program recipients were better off and received less welfare. They continued, however, to earn low wages. Thus, program outcomes were positive and cost beneficial but provided little optimism that modest levels of investment would dramatically reduce the overall caseload. The FSA, under its JOBS program, built on these findings and increased both mandates and incentives (in the form of increased federal matching rates) to encourage state investments in job training, particularly for high-risk recipients.

Continuing research using sophisticated experimental design, monitors the success of state job training programs, particularly those on which the JOBS program was based. Unfortunately, because the recession in the early 1990s coincided with the implementation of JOBS, many states are behind in their performance goals. As a result, a review of the most intensively researched state programs may provide an exaggeration of what will likely be the experience under JOBS in other states. Nevertheless, the review identifies key findings and implications for emerging welfare reform efforts.

A. State Welfare to Work Initiatives

Three heavily researched state programs include The Saturation Work Initiative Model of San Diego (SWIM), California's Greater Avenues for Independence Program (GAIN) and Florida's Project Independence (PI). Each of these programs requires mandatory participation and imposes sanctions or reduces

182. Id. Often, however, increased hours at work were necessary merely to offset lost benefits. See supra part III.A.
184. See GAO Report-AFDC Work Programs, supra note 183.
185. Id.
186. Id. The JOBS program emphasized more education and training and insured that support services like Medicaid, child care and transportation would be funded and continued for one year after employment. Id.
187. Id.
188. GAO Report - AFDC Work Programs, supra note 183.
189. Id.
190. Id.
the monthly AFDC benefits of eligible recipients who do not participate. In addition, each program has a basic education, training and job search component.

Impact evaluations by the Manpower Demonstration Research Corporation (MDRC) found that GAIN and SWIM participants enjoyed modest increases in their annual earnings which, in turn, increased welfare savings. Impact evaluations by the Manpower Demonstration Research Corporation (MDRC) found that GAIN and SWIM participants enjoyed modest increases in their annual earnings which, in turn, increased welfare savings.191 Average earnings increases ranged from approximately $300 to $700 per year for all eligible program participants.192 These increases can, however, be largely attributed to increases in the amount of time the participants worked during the year as opposed to increases in their wage rates.193 This explains why these programs had little effect on the long-term earnings ability of participants. Research shows that the modest earnings gains seen in the short-run fade out in about five years.194 A second finding of MDRC's evaluations was that both SWIM and GAIN were able to reduce welfare participation modestly. It appears, however, that the positive overall affects of the program, namely the reduction in AFDC participation, decreases over time.195

B. General Conclusions From Welfare-to-Work Research

An important finding from evaluations of the welfare-to-work (or employment and job training) programs is that they have little effect on poverty levels. Research by the U.S. Department of Labor found that three years after entry into GAIN, 80% of the program participants had annual incomes below the poverty line.196 This emphasizes the need for policy-makers to consider wage or

192. See Friedlander & Hamilton, supra note 191, at 30-54.
193. Id. at 41 ("[T]he earnings levels of jobs did not shift up or down as a result of SWIM").
194. Id. at 32-33.
195. Id. In the two to five year quarter follow-up period of the SWIM program, the amount of non-SWIM families that participated in AFDC during this period experienced a 4.6 percentage point increase. Id., tbl. 6.1 at 70-72. By the time data was collected for the 18 - 21 quarter follow-up period, however, this percentage point spread decreased to a 2 percentage point difference between the families participating in SWIM and those who did not. Id., tbls. 6.3 & 6.4 at 77-82.
196. Their evaluation's one-year impact findings are similar to the findings from GAIN and SWIM—AFDC participation decreased in the short-run, but these decreases eroded over time. Also, the program had very little effect on the long-term earnings of its participants. See Friedlander et al. supra note 191.
earning levels when attempting to develop a program that makes AFDC recipients self-sufficient.

V. Lessons from Qualitative Research: Opinions and Attitudes of Welfare Recipients Themselves

Empirical investigations of the impacts of various interventions are critical to evaluating the consequences of the emerging federal welfare reform proposals.\(^\text{197}\) Qualitative research that has sought to reveal the attitudes and experiences of welfare recipients provides enhanced understanding of the behavior of welfare recipients.\(^\text{198}\)

Quantitative research on the impact of programs to reduce dependence and increase labor market activity is generally designed to test the hypotheses generated by economic theories. Most of the current welfare reform proposals seek to alter welfare in order to make the economic consequences associated with "socially undesirable" behavior more severe.\(^\text{199}\) Considerable evidence demonstrates that welfare mothers—like most individuals in society—are economically rational. Results from research intended to elicit explanations of their behavior and their views of work and welfare, however, provide a more complex picture of the motivations behind their decision-making. Therefore, the findings of three recent researches, eliciting the attitudes and opinions of welfare recipients, provide a particularly good opportunity to understand their behavior. The research also provides insights that help us anticipate the likely responses of recipients to the sorts of programs that are now being debated.\(^\text{200}\)

A. The Views of JOBS Participants

The U.S. Department of Health and Human Services and the U.S. Department of Education contracted for a seven site evaluation of the JOBS program.\(^\text{201}\) One portion of the evaluation reports on the attitudes, opinions and characteristics of recipients

\(^{197}\) See generally Personal Responsibility Act; Work Opportunity Act.

\(^{198}\) Nevertheless, additional attention should be paid to this research.

\(^{199}\) See generally Personal Responsibility Act; Work Opportunity Act.


\(^{201}\) Hamilton & Brock, supra note 168, at 1.
mandated to participate in the program. The JOBS participants disclosed the barriers to their participation in education and employment and training programs. They revealed a significant concern about the availability of childcare and transportation costs. Further, many indicated that they had serious family problems or that they feared leaving their children to participate in JOBS activities. In addition, consistent with LaDonna Pavetti's research, between 14% and 23% of respondents said they already had too much to do during the day to participate in JOBS activities.

When asked about their preferred JOBS activities, respondents in four sites overwhelmingly chose training for a job skill. Next in preference was job search assistance. Few chose basic education—most likely because they had limited previous success in the formal education system. Many JOBS participants identified work impediments in the program and expressed concern about childcare and health protection. Nevertheless, an overwhelming 87% in all sites thought the expectation of work was fair. They generally had realistic wage expectations of about $7.00 to $7.66 an hour, with medical benefits. Most, however, had serious concerns about taking jobs without health benefits. Finally, most JOBS participants reported a lack of control in some areas of their lives, suggesting that in addition to training, support services, such as counseling, are surely needed. These attitudes and opinions of JOBS program participants provide unique insights, distinct

202. Id. Enrollees in JOBS in these seven sites differed dramatically in their characteristics and "job readiness" as measured by work experience, education and skill level as reflected in their reading and math. They also varied in their needs for childcare. One third of the JOBS enrollees studied have reading or math test scores that make it difficult for them to obtain or keep jobs other than those at the most menial level. Id. at 2. In Portland the Oregon BASIS reading and math tests found that 32% had score at levels in math so low that they would be unable to calculate gas mileage, reconcile a bank statement and 3% could not write a letter or service order. Id. at 9.

203. Twenty-seven percent of the sample in each site indicated that either they or a family member had a health or emotional problem that prevented them from participating in JOBS activities. Hamilton & Brock, supra note 168, at tbl. 3.

204. Id.
205. Id.
206. Id. at 12.
207. Between forty nine and sixty eight percent of the respondents chose training.
208. Id.
209. Id.
210. Id. at 13.
211. If they did so, their wages in three sites increased by about $2.50 an hour.
212. Id. at 15.
from much of the empirical research reviewed above, about the effects of different welfare programs on its recipients.213

B. Intensive Interviews with Recipients in Boston and a Midwestern City

In a similar vein, LaDonna Pavetti conducted intensive interviews with single mothers on welfare in the Boston area.214 At the time of the interviews a progressive, well-funded, welfare-to-work program existed.215 The program provided an extensive array of employment and training opportunities for welfare clients.216 Recipients’ views on leaving welfare for work, wage expectations, job preparation strategies and perceived barriers were consistent with the JOBS enrollees.217 The women Pavetti interviewed did not expect to be better off when they left welfare for work, and viewed the benefits of working primarily in non-economic terms.218 The interviews provide significant insight into the dilemmas women face in their dual role as workers and mothers. Work-welfare relationships emerge as a continuum because women on welfare, in general, had work experience before their initial application for welfare. Many had left welfare for work and then returned; some returned after having been off welfare for substantial periods of time and others for only short periods.219

The movement between work and welfare is fluid.220 The women Pavetti interviewed described their experiences not as a series of failures, but as lessons that prepared them to reevaluate their choices and helped them to develop plans for reentering the labor force at a later time.221 Many learned that their skill levels were too low to justify the costs of working.222 When they reentered welfare they often enrolled in training and education programs to increase their skill levels.223

213. First, most want to work and obtain the necessary job training. Their skill levels are quite variable. A significant minority, though, have skills that make work at a reasonable wage level unlikely without significant education or training.
214. PAVETTI, supra note 138, at 1.
215. Id.
216. Id. at 2.
217. See supra part V.A. for more information on the views of JOBS enrollees.
218. See PAVETTI, supra note 138, at 6.
219. Id. at 22.
220. Many women in the sample worked part-time while on welfare. Id. at 10.
221. Id. at 22.
222. Id. at 10.
223. See PAVETTI, supra note 138, at 10.
Most striking from these interviews, is the significant impact that the well-being of the children had on mothers' decisions to enter and leave welfare. Health care was a primary concern and, like the JOBS enrollees, entered significantly into decisions about work.\textsuperscript{224} Mothers reported that they were simply unwilling to take a job without having health coverage.\textsuperscript{225} Their estimates of how much they would need to be paid in order to be better off working varied. Most estimated wage rates were around $8 or $9 an hour.\textsuperscript{226} But many found childcare—its cost, availability and quality—a major barrier to employment.\textsuperscript{227} Most were aware of the instability of their situations, having experienced previous failure in their attempts to leave welfare. Most failed on account of child care arrangements, financial need or jobs that simply did not work out.\textsuperscript{228} For those in part-time jobs or low-wage jobs, public assistance, such as food stamps and housing subsidies, provided crucial financial support. Other women viewed these benefits more as a safety net that allows them some security if they take a risk such as leaving welfare for work. In short, the women in this study viewed welfare as a safety net rather than as a way of life.

The concept of welfare as a safety net rather than a way of life often is not clearly revealed to researchers who use data from the Current Population Survey or even the National Longitudinal Survey of Youth.\textsuperscript{229} Women on welfare seldom report the extent of their actual work. Though many women appear to be cyclers between work and welfare,\textsuperscript{230} a good many more are working "off the books" because they can live neither on the wages generated by low-wage employment nor on the average level of benefits they receive.\textsuperscript{231} An extraordinarily enlightening and unique study of welfare mothers in a Midwestern city in an average, benefit-level state was privy to confidential revelations about actual, rather than

\begin{itemize}
\item \textsuperscript{224} Id. at 9.
\item \textsuperscript{225} Id.
\item \textsuperscript{226} Those working had jobs paying between $8-$10 an hour. Id. at 8.
\item \textsuperscript{227} Like the JOBS enrollees, many had health problems that prevented them from working.
\item \textsuperscript{228} PAVETTI, supra note 138, at 9.
\item \textsuperscript{229} O'NEILL & O'NEILL, supra note 69, at 15-16.
\item \textsuperscript{230} DAVID ELLWOOD, POOR SUPPORT: POVERTY IN THE AMERICAN FAMILY (1988).
\end{itemize}
reported, income packaging by welfare mothers. Edin reports that a significant misunderstanding persists in large part because most "theorizing about low wage work, welfare, and poverty among single parent families has been done without any reference to how much money it actually takes to support a family." Thus, she found that by necessity everyone in her sample had supplemental work income.

Welfare reform experiments and proposals at both the state and federal levels are based on assumptions about the beliefs and ambitions of welfare mothers that appear to be at odds with what the research from these and other careful and intimate portraits provide. Research shows a caseload whose employability varies. It also shows that recipients want to work and feel it is a reasonable expectation that they should work. Nevertheless, employment that provides a survival level income is not likely for the bulk of the caseload. The limitations of the low-wage labor market, including low annual incomes, the absence of benefits—particularly health benefits—and the absence of security are critical obstacles to "independence." The failure to address these realities is the fatal flaw of the current approaches to welfare reform.

VI. Recent Welfare Initiatives

A. State Welfare Experiments

Over the last two years, the Federal government has granted waivers that allow individual states to exercise wide flexibility in the design of their individual welfare programs. This flexibility arose in anticipation of federal welfare reform efforts promised at the start of the Clinton Administration. In fact, many of the more popular program features included in recent federal welfare

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232. Id.
233. Id. at 11.
234. Id. at 1. As additional support, Edin discusses Gallup poll results which consistently show that respondent beliefs about how much income a family of four needs to survive was at 140-160% of the poverty line. This finding is also supported by independent research estimating the lowest realistic costs for basic necessities at 155% of the poverty line or $20,660 in 1991. See John E. Schwartz & Thomas J. Volgy, *The American Prospect*, Spring 1992, at 67-93.
235. See generally EDIN, supra note 231.
reform proposals are already being implemented at the state level.237

Table 1 at the end of this Article summarizes the key components of several state experimental programs in 1995. In general, the present round of state welfare reform experiments reflects five main elements.238 The first element, which also characterizes current federal proposals, is a time-limit on the consecutive months or years for which a client is eligible for benefits.239 Some states have a total limit over a lifetime;240 others provide for a time limit on any given spell, and require a waiting period before reapplication can be made.241 The second, and most popular, feature of experimental state programs is a work requirement, whereby recipients must work off their grants in community service activities if they do not find private employment for a specified number of hours a week.242 A third feature is the imposition of a “cap” on total family benefits, which would exclude the provision of additional benefits (and indeed, in some cases impose a financial penalty) for any subsequent births a woman might have while on welfare.243 Fourth, some have conditioned eligibility upon an unmarried teenage mother living at home with a parent(s).244 Finally, some states require that eligibility for benefits for pregnant teenagers or teenagers with young children is conditioned on school attendance and/or graduation.245 Most recent state AFDC waiver applications apply under one or a combination of these elements.246

Massachusetts, Nebraska, Virginia, and Wisconsin, states which impose the most rigorous demands on recipients, are the only states, thus far, initiating a welfare experiment that combines a time-limit, a work requirement, and a family cap component.247

237. For a listing of 31 states which designed programs pursuant to a federal waiver, see infra tbl. 1.
238. Id. (summarizing use by 31 states of various welfare experiments — time limits, work-fare, family caps, live-at-home requirements, and learn-fare).
239. Id.
240. Id.
241. Id.
242. See infra tbl. 1.
243. Id.
244. Id.
245. Id.
246. Id.
247. See infra tbl. 1. On February 9, 1995, the Massachusetts legislature passed a bill that requires “able-bodied” recipients with school-age children to work after their having received benefits for sixty days. Able-bodied is defined as anyone other than a person who is: a teenage parent attending high school, an expectant mother in the third trimester of pregnancy, a woman who just gave birth, a disabled person, or a
For example, the Massachusetts system no longer increases benefits of recipients who have more children while on welfare, and it discontinues a recipient’s benefits altogether after two years.\textsuperscript{248} Under Massachusetts law, teenage mothers are required to live at home or in an appropriate setting, and to finish high school in order to be eligible for benefits.\textsuperscript{249} Moreover, the state’s Department of Welfare has been renamed the “Department of Transitional Assistance.”\textsuperscript{250} These features are similar to the proposal of Governor Pataki of New York, whose recent 1995-96 Executive Budget proposal called for dramatic changes in the state’s welfare programs.\textsuperscript{251} In addition to a workfare component and learn-fare component, New York State plans to require teenage mothers to live at home with their parents as a condition of eligibility.\textsuperscript{252} New York proposes to increase the earned income disregard (the amount a working recipient can retain before benefits are reduced), and instead, to reduce maximum welfare payments.\textsuperscript{253}

All state initiatives are directed toward increasing the restrictions on eligibility.\textsuperscript{254} Though there are some states, like New York, that have sought to alter benefits formulae—especially income disregards for working recipients—most “reforms” are behavior-based strategies designed to punish socially undesirable behavior. It is particularly striking that none of the additional state initiatives include significant new allocations for employment and training. In most state programs, investments in client services are not central to the initiatives.

\section*{B. Initiatives on the National Level}

State level welfare experimentation informs the federal welfare reform arena. Though the past year has produced a spate of welfare reform proposals including President Clinton’s Work and Responsibility Act (WRA),\textsuperscript{255} the features many political observers
feel will most likely be included in any final legislation are those contained in the Republican proposal, the Personal Responsibility Act of 1995 (PRA), a version of which was recently passed by Congress and vetoed by President Clinton. The key provisions of the PRA that are relevant to AFDC would do the following: (i) make lump sum “capped” payments to the states; (ii) prohibit the use of federal tax dollars to pay cash welfare to teen mothers with out-of-wedlock children, to pay the “child portion” of the grant for any child whose paternity has not been established, to increase payments for families that have more children while on welfare, and to offer benefits to any recipient for more than five years over a lifetime; (iii) merge federal food-assistance programs and subject a number of other major programs for low-income families to a spending cut; (iv) make non-citizens (legal and illegal immigrants) ineligible for most welfare programs; and (v) impose work requirements on all recipients.

The implications of this bill and other similar proposals are clear: AFDC would no longer be an entitlement and states would have considerable discretion in program design. Based on the current state policy directions under federal waivers, states will be unlikely to invest further on improving the pay off from work or to augment the employment prospects of recipients through employment and training programs.

In June 1994, President Clinton introduced his administration’s long awaited welfare reform proposal “to end welfare as we know it.” Unlike the Republican plan, his bill would retain the eligibility component of the current system that treats welfare as an entitlement. Unmarried teenage mothers and legal aliens would have remained eligible for benefits. States would, however, be allowed to refuse payment increases to families who have additional children while on welfare. The Clinton plan also requires

258. The bill proposes dramatic changes in other programs as well including: all food assistance programs, the Supplemental Security Income program and the Child Support Assistance program. Aggregate spending would be capped for SS, AFDC and others. See DAN BLOOM ET. AL., CENTER ON BUDGET AND POLICY PRIORITIES, THE PERSONAL RESPONSIBILITY ACT: AN ANALYSIS (1995).
260. Id.
261. Id.
262. Id.
American citizens to take greater responsibility of the immigrants they sponsor. The bill provided recipients with up to two years of training and education and guarantees them publicly financed jobs if they are unable to secure jobs in the private market.

VII. Anticipating Impacts of Reform

The American welfare system and continual efforts to reform it have faltered largely on account of a conflict between the competing goals of decreasing poverty and reducing costs and caseloads. If welfare benefits are reduced and eligibility is constricted, costs and caseloads will obviously be reduced. There is, however, little evidence that poverty and insecurity will be reduced without significantly altering the employment prospects and wage levels available to welfare recipients. Research evidence on the impact of various welfare programs indicates that current proposals provide very little expectation that employment prospects will improve. In addition, it is unreasonable to expect that women who are now on welfare will be able to generate an income that will sustain them, given the character of the low-wage labor market and the opportunities for skills training and education.

At the moment it is unclear what the precise nature of the ultimate reform of the welfare system will be; however, the thrust of the changes seems certain. The State’s commitment to ensuring the economic well-being of families and children is eroding. The most potentially serious consequence of this erosion of State responsibility is the removal of the entitlement status of AFDC. The entitlement status of the food stamp program faces a similar threat and the important counter-cyclical role of welfare will be certainly compromised. Individual states may be forced to deny otherwise eligible recipients benefits at the first sign of recession. Alternatively, states would bear any additional economic burden of protecting these families beyond the federal block grant amounts.

Ironically, states have already shown themselves to be less aggressive partners in insuring services and support to low-income families in the JOBS program than federal policymakers had anticipated. Fiscal pressures at the state level significantly impacts the generosity of local income-support programs. In an environment with a withdrawal of federal funding for entitlements and prevailing fiscal constraints at the state and local level, even a moderate

263. Id.
264. Shogren, supra note 259.
recession could have a devastating effect on poverty among women and children.

Time limits are another element of both state experiments and federal proposals. Time limits can be of two types: (i) a maximum number of months or years between spells; or (ii) a total time inclusive of all spells. As discussed above, research bears significantly on assessing the potential impacts of these proposals. First, women want to work and believe it is fair to require them to do so. At current levels of investment, state education, employment and training, and job placement programs under JOBS have been modestly successful in improving the employment and income of welfare mothers. Nevertheless, most of the success has come from increased hours of work rather than increased wages. Because many welfare recipients have very significant skill deficits, overall levels of poverty, welfare receipt, and unemployment remain high even after introduction of employment and training programs. Efforts to alter wage rates and employment prospects significantly will require longer term and more expensive interventions than are currently being offered by state JOBS programs. To leave welfare for full-time employment, women will need childcare and health coverage. Time limited proposals will force women to work without those basic protections.265

Low-wage work lacks such protections as healthcare and benefits; it also lacks security. Jobs are frequently turned over and are sensitive to economic downturns. Most welfare recipients work or have worked. Cycling between work and welfare is often a reflection of the instability of the low-wage labor market and the inadequacy of the wages that recipients often package with additional income support. Under time limits, women who lose their jobs will have no safety net if they have already “used up” their welfare time. They may find themselves with little source of support if food stamps, too, are threatened. This is especially troubling to those with inadequate work history to qualify them for unemployment insurance.

Some kind of family “cap” also appears likely. Families who have an additional child while on welfare will be denied additional support for that child or more punitively, will have their benefits reduced. Significant research has demonstrated the relative insensitivity of fertility behavior to economic incentives or punishments.

265. Current proposals seek to reduce even further the economic rewards from work by reducing significantly the value of income supplementation under the earned income tax credit.
The research indicates that fertility behavior is complicated. Few interventions have demonstrated much success in altering reproductive behavior. Imposition of income penalties will make children worse off with little realistic expectation that the behavior of their parent(s) will be altered. The congressional bill to deny benefits entirely to teen mothers who have their children out-of-wedlock would have a devastating impact on their well-being without any evidence of positive behavioral impact.

Finally, it seems clear that workfare will be central to all state programs regardless of the fate of AFDC and food stamps as an entitlement. Workfare has few significant positive effects on the future employment of participants, but is unlikely to create significant hardships. Most states find workfare more expensive and difficult to manage than they initially anticipate because the imposition of sanctions is central to insuring compliance. As a vehicle to show some short-term caseload savings and thus address current public concerns regarding welfare reform, workfare has been used successfully. Nevertheless, as a means of providing work experience and job training to those who cannot find private sector employment, its impacts have been modest. To improve employability, workfare requires a high degree of investment in management and oversight of placements on sight to provide a meaningful experience for participants. Workfare is unlikely to give recipients the skills they need to obtain private employment.

Conclusion

Meaningful efforts to move welfare clients to work without impoverishing them will require significant and, perhaps, costly investments in training, childcare, health coverage and income and wage supplementation (such as an expansion of the earned income tax credit). None of the current proposals are designed to invest significant new resources in these efforts. Realistic assessment of the current debate reveals how little it is informed by the body of literature regarding the determinants of work and welfare, and how much it is a reflection of a purely political and philosophical clash between competing values that have always characterized the tensions in American social policy. The outcomes of these political decisions will be devastating if real opportunities for poor women to support their families decently through the regular labor market are absent. These policies will exacerbate growing patterns of in-

266. See generally Lurie & Sanger, supra note 48.
come inequality and threats to social cohesion. A review of the significant dissension between what is proposed and what the research suggests will be needed to reduce poverty and welfare dependence.
Table 1: State Welfare Experiments in 1995

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<tr>
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Source: Dep't of Health and Human Services, Office of the Assistant Secretary for Planning & Evaluation, Office of Human Services Policy, December 11, 1995.