

## Conference Report

### *Welfare Reform Part II: Key Choices for the 2002 Welfare Bill*

Center for Policy Studies  
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Prepared by Joseph White, Ph.D. and Andrew Lucker, Ph.D.  
Case Western Reserve University

{Disclaimer: The following report is not a transcript or official statement. It is a selective summary, and the actual remarks by speakers are refracted through the rapporteur's memory. Each of the speakers has spoken for herself or himself in many reports or public statements, that a reader might access for further information and a more thorough account of each speaker's views.}

#### ***Introduction: The Issue***

In 1996, Congress and President Clinton enacted legislation meant to “end welfare as we know it” by abolishing the federal program of cash benefits to the poor, Aid to Families with Dependent Children (AFDC), that had existed in some form since 1935. Although benefits differed greatly across states, and in most cases were distinctly less than would be needed to raise a welfare family's income to the poverty line, AFDC entitled individuals to some benefit so long as their income was low enough. It therefore represented in principle an unlimited (in terms of time, not money) government commitment to aid the poor.

The 1996 Personal Responsibility and Work Opportunity Act (PRWOA) explicitly rejected that principle. Its most central elements abolished AFDC and created a block grant to the states, called Temporary Assistance to Needy Families (TANF). States could use TANF monies for many purposes, but in principle no family was to receive cash assistance for more than five years in a lifetime. The basic justification for this reform was that the object of assistance should be to move individuals into the workforce, so that they could support themselves. Without time-limits, it was believed by the bill's supporters, individuals would not be as likely to move into the workforce. PRWOA also initiated a system of sanctions, through which states could cease paying benefits if recipients did not do their part to find jobs or otherwise fit into the new program. States had the authority to create more restrictive rules. PRWOA had many other provisions, and support for the poor in the United States is hardly limited to those programs. But the bill was especially controversial because, as Alvin Schorr summarizes, under TANF “no family has a legal right to get help, regardless of its circumstances.”<sup>1</sup>

Would the abolition of an entitlement to benefits lead to increased misery, as critics of the law feared, or would the provisions to encourage work and other socially approved behavior (such as avoiding teen pregnancy) bring people into the workforce and actually reduce poverty, as the bill's supporters claimed? The most fearsome predictions certainly did not come true: the "welfare rolls" were cut far more quickly than expected, apparently in part because recipients of benefits moved into the workforce in large numbers. But TANF was implemented during a period of rapid economic growth, when the demand for even unskilled labor created unexpected opportunities. Moreover, TANF was created as a block grant, in which states were guaranteed funds based on their costs in 1994, when the economy was in worse shape. Therefore, ironically, TANF provided substantially more federal money to state governments than they would have received to pay benefits under previous law. And that means that, if they chose to use it, states had much more money with which to help individual beneficiaries with the "transition from welfare to work" than anybody could have expected at the time the law was enacted.

By 2001, therefore, the actual effects of TANF and PRWOA were an open question. And they were an important question, because the authority for the TANF block grant expires in 2002. Congress hence is expected to enact new legislation in 2002, and perceptions of how current law has worked will be a central part of that debate.

### ***Our Community in the National Debate***

As in most older industrial regions, the poor represent a significant share of the population and are the object of a large part of government budgets in Cleveland and Cuyahoga County. Government response, as in all states, is greatly affected by state-level policies, and compared to other states Ohio has adopted unusually restrictive time limits for benefits, and used a relatively small proportion of available TANF block grant funds for TANF purposes.

The government of Cuyahoga County also has been especially active in pursuing the "welfare-to-work" agenda. The area also has, in Case Western Reserve's Center on Urban Poverty and Social Change, a research capacity devoted to understanding the consequences of the new policies. That research is supported by other organizations including federal government grants, the Cleveland Foundation, the Gund Foundation, and the Joyce Foundation. The Federation for Community Planning provides further support for and analysis of the local experience.

Our community therefore both has a stake in understanding and can contribute to the national debate. Understanding how the PRWOA experience is being discussed by national policymakers can help local officials and activists choose their priorities and tactics for the next round of legislation. At the same time, our experience with some aspects of the new policies, such as time limits, can provide a preview of what might happen in other communities; local methods of addressing some challenges (such as how to actually help people find work) may be of interest in other communities; and our experience with some issues (such as housing costs) can provide perspective as to whether they are problems only in a few areas or nationwide.

The Center for Policy Studies organized this conference, therefore, both to bring a national perspective to Cleveland and to inject a bit of the Cuyahoga County and Ohio experience into national debate. For the national side, we worked with The Brookings Institution's Welfare Reform and Beyond Initiative ([www.brookings.edu/wrb](http://www.brookings.edu/wrb)). Funded by a consortium of foundations, the Welfare Reform and Beyond Initiative is a nonpartisan project dedicated to both conducting and gathering the best analysis of how the 1996 legislation has worked, in order to inform new policy choices. For the local story, we joined with the Center on Urban Poverty and Social Change. Claudia Coulton, Co-Director of the Center, both reported on her own research and advised on the selection of other speakers.

### ***The Program***

The conference was attended by a total of about a hundred persons, including speakers. It began with a presentation by R. Kent Weaver Ph.D., Senior Fellow in Governmental Studies and Co-Director of the Welfare Reform and Beyond Initiative at Brookings. Dr. Weaver provided "An Overview of Welfare Reform, Past and Future." After some questions and a break, we moved to a panel of two speakers. Claudia Coulton described research, hot-off-the-presses and reported in *The Plain Dealer* the same day, titled, "The End of Welfare as They Knew It: "What happens when welfare recipients reach their time limits?" Because Ohio has chosen to limit benefits to a total of three years within any five-year period, it provides evidence on what happens to people who run up against the limits, something that would not be known in most states before the Congress is expected to vote on new legislation. Bette Meyer, Deputy Administrator for Health and Human Service for Cuyahoga County, then provided an overview of experience in Cuyahoga County. She focused especially on the County's Early Childhood Initiative and on the obstacles to the newly employed's hopes to move from employment to true self-sufficiency. The panel was moderated by Marcus Stanley, Assistant Professor of Economics in Case Western's Weatherhead School of Management.

During a working lunch Alvin Schorr, Leonard W. Mayo Professor Emeritus of Social Work at Case Western's Mandel School of Applied Social Sciences (MSASS) presented what might be considered the opposition reply to Dr. Weaver's overview of the welfare reform experience, summarizing some of the points of his book, *Welfare Reform: Failure and Remedies*. After a break, the conference followed with a panel of three speakers, moderated by Sharon Milligan, Associate Professor at MSASS and Co-Director of the Center on Urban Poverty and Social Change. Tom Brock, Senior Research Associate at Manpower Demonstration Research Corporation (MDRC) in New York City, reported on his study of how welfare-to-work policies have been implemented in Cleveland and three other cities: Philadelphia, Miami, and Los Angeles. Bill Faith, Executive Director of the Coalition on Homelessness and Housing in Ohio (COHHIO), discussed how difficulties finding affordable housing relate to achievement of the other goals of welfare reform. He also advised the audience about the place of northeast Ohio and its desires within state politics and policymaking. Joel Potts, TANF Policy

Administrator for the Ohio Department of Job and Family Services (ODJFS), discussed the relationship between TANF and other programs that can or should help the poor, such as Medicaid, Food Stamps, and housing subsidies. This subject is especially important because, even before 1996, most support for the poor actually was provided in such “in-kind” programs, not in the form of AFDC’s cash benefits.

The conference concluded with a summary by Joe White, Luxenberg Family Professor of Public Policy and Director of the Center for Policy Studies at Case Western, and a response from Kent Weaver of the Brookings Institution. That ended 7 hours of informative presentations and lively discussion.

### ***So What Did We Learn?***

If it is any good, such an event will provide enough material that any two people can take away different packages of information. The following reflections elaborate on what Professor White said at the end of the conference.

#### *The Audience*

One striking aspect of the conference was the extremely lively audience participation. A group of participants consisted of members of groups that see themselves as advocates for the poor, and the policies adopted by the national government in PRWOA, and by the county government in implementing the TANF program, as an attack on poor people. Other participants, deeply involved in administering programs for the poor, felt that their programs were facing demand that suggested conditions in Cleveland are more negative than the available statistical data reveals. Some members of the audience simply refused to accept propositions that seemed clear to all of the speakers, such as that the new legislation had produced more federal spending than would have occurred under the old law. These exchanges therefore revealed two dimensions of difference between some of the audience and the policy experts both at national and state levels. First, the latter emphasize the results of careful studies, and even some who were very skeptical of the 1996 legislation emphasize, based on such studies, that the 1996 legislation cannot simply be dismissed as a disaster. Second, many members of the audience were comparing PRWOA and TANF not to previous law but to their preferred policies. These policies, as some expressed it, would include providing adequate support for a mother and child(ren) while the mother completed High School and then attended college. Neither the new welfare system nor the old provided anything resembling that level of support, and the policy debate, both at the national and state level, does not contemplate such measures. With the exception of Professor Schorr, the policy experts who spoke focus on that debate.

#### *Dr. Weaver*

Kent Weaver’s broad overview included over 40 powerpoint slides, so a whole lot of data. The Brookings Welfare Reform and Beyond Initiative has issued books, reports,

and a series of policy briefs, and anyone who is interested in more information should **link to website**. Some highlights of his presentation were:

\* Considering all law -- Medicaid, the Child Health Insurance Program, Food Stamps, Child Support and the Earned Income (Tax) Credit – federal support for working families increased about tenfold between 1984 and 1999. The vast majority of this increase was in Medicaid and the Earned Income Credit, so of little use to healthy non-working people.

\* Some of PRWOA's supporters sought both to increase work effort and to discourage nonmarital births; states showed much more interest in the former than the latter, adopting both positive and negative incentives to increase work effort, but doing little extra to affect nonmarital birth rates. Among the positive incentives for work effort, 46 states raised earnings limits for the working poor, and 16 created earned income tax credits. Teen birthrates did fall, but that continued a trend that began before 1996.

\* State spending on TANF programs varied dramatically, but there was neither much evidence of a "race to the bottom" nor of states copying each other's successes (if that meant spending more money). Instead, TANF spending varied both because the block grant was based on previous state spending levels and the political factors that made some states more or less generous than the norm before 1996 were the same after 1996.

\* There was a dramatic decline in the numbers of families receiving benefits, a decline that in fact began as the economy came out of recession in 1993, but continued down to levels that had not been seen since before the oil shock of 1973. There was also a dramatic decline in the percentage of eligible persons receiving food stamps, on top of the effects of cuts in food stamp eligibility in 1996. This decline appears to have been part of a widely remarked pattern in which state agencies that informed individuals they were no longer eligible for cash benefits at best did not work real hard to inform them of their eligibility for Food Stamps and Medicaid.

\* These cuts were not, however, simply a matter of people losing benefits and becoming poorer. Child poverty rates did not fall quite so much, but still declined to levels that had not been achieved since around 1980. Female heads of household with children, those in the lowest quintile of the income distribution (averaging \$7,606 in 1999) were somewhat better off in 1999 than in 1993 because earnings, the Earned Income Credit, and "Other" income made up for the cuts in cash benefits and Food Stamps; the improvement for female heads of household in the second quintile (average income of \$16,019 in 1999) improved significantly more, because their earnings were higher on average. Measures of food insecurity also did not increase, though they also did not improve dramatically.

\* These results were possible mainly because work-force participation among single and never-married mothers increased dramatically. By 1999 the level for single mothers exceeded that for married mothers, and the level for never-married mothers was

within a few percentage points of that for married mothers. This occurred in spite of the fact that many TANF leavers have serious barriers to work. It causes concern because, if these mothers are working, who is taking care of the children? But there has been some increase in government support for childcare.

Looking to the future, Dr. Weaver addressed the following issues:

- \* He strongly recommended that, even though the TANF block grant has exceeded both what would have been spent under previous law and what many states actually spent, under the good economic conditions of 1997-2000, that funding be continued at no less than the original level and preferably with some adjustment for inflation and unemployment levels.

- \* Another issue was whether time limits under the existing legislation should be shortened and tightened, or whether they should be loosened in some way. He reviewed a wide range of arguments on both sides; part of the difficulty in finding data for a decision is that so few states (Ohio excepted) had actually reached their time limits.

- \* A third is whether a new law should do more to encourage women to get married and avoid having children while unmarried. The 1996 law emphasizes that as a purpose, but its actual measures are not so strong. Nevertheless, a decline in teen birthrates actually began in 1992, and has continued.

- \* Another issue is whether children need some further safety net, regardless of the time limits on benefits for parents. That concept counters the basic thrust of the 1996 law, and Dr. Weaver suggested that, however desirable it may be in principle, a major change is unlikely in the absence of evidence that the 1996 law has led to significant overall harm.

- \* The last issue he discussed in detail was support for child care. Liberals want more, conservatives say the case for more is unproved.

To conclude his overview, Dr. Weaver emphasized six priorities for states. One is to find a way to maintain spending on the current programs, in the face of states' own fiscal crises. That certainly requires at least as much money from the federal government. The second was to develop effective programs for the hard-to-serve. A third was to find ways to make sure women who get jobs actually keep them and advance on positive career paths. Fourth was to find further ways to reduce non-marital births; fifth to find ways to help the minority of the caseload who hit the federal time limits and do not find ways to support themselves. Last, he emphasized that state governments, if they wanted at least the previous level of support from the federal government, had to avoid the appearance of diverting TANF funds to other purposes. The difficulty with the latter goal is, states had legitimate reason to want to spend less on TANF when the economy was good, so as to have money available for when the economy turned sour. But it is hard to distinguish between a state prudently saving funds and a state diverting them to other purposes.

Dr. Weaver showed both the increases in federal spending overall and that state cash payments to families nevertheless continued their long-term decline. Extra state spending was used for other TANF programs. But, as he showed, there was great variation in both how much money states had available to spend per TANF recipient, and how much they actually spent. Why did states differ, and in what ways besides spending? States attempted to increase incentives to work with both positive and negative incentives: for example, raising the very low value of an automobile that a beneficiary could own without losing eligibility, but in some cases also providing stricter time limits or sanctions than in the federal legislation. On the whole, differences in spending were best explained by the same factors that had led some states to spend much more than others on AFDC.

He also documented the dramatic gaps in the numbers of families receiving benefits since 1996 (a process that had begun around 1993, as the economy recovered from a recession). This process was accompanied by severe declines in the percentage of persons eligible for food stamps who were receiving benefits –

*Ms. Meyer*

Bette Meyer emphasized that when the Cuyahoga County Commissioners first responded to the new law, they had many strategies but one focus: moving people from welfare to work. In 2001 the Commissioners saw the challenge as more complex: moving some people to work, keeping others working, increasing earnings for those who are working, and dealing with an economic downturn.

The goal of policy, she said, should be not just employment but family stability, and the County tried to pursue that with a series of programs to work with families. But those programs would largely be eliminated by the cuts in the new state budget.

Of 27,000 families that were receiving cash assistance in October of 1997 and could have run out of benefits in October of 2000, only 1800 families actually reached the time limit without finding some employment. And only 9,000 families were receiving cash assistance at that point. So there was a dramatic change. In addition, the County by 2000 had managed to encourage movement into other programs (many not funded by the County), especially health insurance for children. The County contracted with various groups to help heads of household search for and be trained for jobs, and tried to write contracts in ways that encouraged good performance by these providers. It tried to work with employers to help them overcome problems with former welfare workers, so keep them employed. And it worked to provide other support, such as after-school care. In essence, the County has transformed cash benefits into in-kind support, for transportation, child care, health care, etc. – for working mothers.

What did all this achieve? By the County's figures,  $\frac{3}{4}$  of families have more income than when they were on welfare, but only half are above the poverty level. Other programs, such as Food Stamps and housing aid, are crucial because the wages being

earned will not support a family. Families face multiple challenges. Among those in the remaining caseload, less than half have a member with a High School degree or equivalent. There are lots of other problems, such as substance abuse. Among the people who have lost benefits, about a third are doing OK, a third are marginal, and a third in real trouble.

In addition, the state's budget problems have led to a dramatic cut, from about \$100 million to \$40 million, in the county's allocation of special funding for TANF programs; the county as of November was suing the state over those cuts.

With the economic slowdown, the caseload increased, in October of 2001, for the first time in four years. There is little coordination with unemployment offices to develop resources for job seekers. Ms. Meyer suggested that there is a need to relate welfare reform to other programs and goals as an overall community package.

To the listener, this was a story of serious effort, some positive results, but also serious uncertainty as to how much of the success was due to the good economy through 2000, and serious worries that state budget cuts and an economic downturn could worsen the situation significantly.

*Professor Coulton*

As mentioned before, in Ohio, unlike other states, the first beneficiaries reached the time limit for benefits in October of 2000. Claudia Coulton reported that Cuyahoga County has had a relatively low rate of people losing benefits due to sanctions. Of those who lose benefits due to time limits 50% are employed (compared to 70% of those who voluntarily leave the roles being employed). The county also has made a real effort to increase the percentage of time-limited individuals who keep Food Stamps and Medicaid after losing cash benefits; almost all now are keeping Medicaid, and 90% retain Food Stamps. (See Center on Urban Poverty and Social Change, "*briefly Stated*" Feb/Mar 2001, for an account of how Cuyahoga County reversed the common trend of decline that occurred nationwide in the first couple of years of the new law).

About 4000 families had hit the time limits by October of 2001. This was much fewer than had been feared when the program was enacted, but a few hundred more were hitting the limit each month. One ironic effect of time limits is that they change the characteristics of the remaining caseload. Those who run out of time are particularly hard cases, with much less labor-market experience and success. They are especially likely (83%) to live in poverty after leaving, and are likely to need a lot of ongoing services. A third report a decrease in the number of meals they are able to eat, and 40% have trouble with housing.

One could conclude from this information that there is a relatively small portion of those who were receiving assistance at the time PRWOA was passed – or have developed a need for assistance since then – who are unlikely to be helped by all the best efforts of even the most dedicated local government. Is there a tradeoff, in which they

are worse off but others are better off under the new law? That judgment would be complicated by uncertainty about how well those who are doing better are really doing, and how long that will last. It would also be complicated by uncertainty as to whether the old program paid enough money to compensate for the individual problems, such as substance abuse, that led to some people being unable or unwilling to avoid using up their benefits.

*Professor Schorr*

In his luncheon address, Alvin Schorr identified weaknesses in the common view that welfare reform has not been so bad. He argued that the most-cited statistics may not be measuring important aspects of reality. For example, survey responses about hunger have not worsened, and income statistics are positive, but there appear to be more people going to food banks and homeless shelters. Similarly, statistics cannot measure how well children are being cared for while their parents are working. He referred to wrenching stories about the burden on single mothers as they try to support their families and raise their children as well. (This subject is discussed also in Pamela A. Morris and Greg J. Duncan, "Which Welfare Reforms are Best for Children?" Welfare Reform & Beyond Policy Brief 6, September 2001. The authors report that such data as exists suggests having their mother working may be positive for small children, but not so good for adolescent children). Professor Schorr pointed out that when the predecessor of AFDC was enacted in 1935, the theory was that children should be cared for by their mothers. He argued that to say that is a bad idea is dangerous policy.

Professor Schorr did not romanticize the old system. He admitted that AFDC became highly unpopular for reasons that were not entirely misguided. But he argued that this did not change the need for support; it only meant that efforts to reduce poverty should focus far more on wages and work than on relief. As he argues in his book, he said that the key focus of policy should be on raising wages so that anyone who works a 40 hour week can support a family. But mothers need support during the first three years of a child's life, when, according to some research, development depends greatly on positive adult contact.

Professor Schorr also recommended increasing the Earned Income Tax Credit, and providing unemployment insurance and health care programs to temporary workers so as to increase the attractiveness of those jobs.

These remarks were popular with much of the audience. The basic point, that if policymakers want individuals to earn a decent living in the marketplace they should focus on labor market policies, would be agreed by many other speakers (though both they and Professor Schorr recognize the political obstacles to such policies). But AFDC was abolished, Professor White argued during the question period, in part because most Americans do not feel that they as taxpayers are obliged to support any woman who has a child, under any circumstances.

*Dr. Brock*

Tom Brock explained that TANF had provided many more dollars per welfare client than had been available under AFDC. There was a lot of money for welfare-to-work transitions – which is a good thing because making that transition requires a lot of money.

The legislation's requirement that states move certain shares of their caseloads into work were virtually made irrelevant, in most states, because the caseloads declines so greatly before the requirements could take effect. Federal participation rules might bite more, and pretty badly, with bad times and with the caseload reduced to individuals with more problems – which suggests that provisions of law that might have worked out alright after 1996 might not work so well if repeated in 2002.

Dr. Brock reported that there are wide disparities in sanctioning policies across states. For instance, in Ohio there is a full family sanction against those in violation of TANF program regulations, while in California sanctions apply only to the adult who violates regulations. Such differences may raise questions about the fairness of policies. That variation also, however, suggests some conclusions about the effectiveness of sanctions. Cleveland was much less strict than Miami, but moved as many people (relatively) off the rolls. That, Dr. Brock commented, suggests that sanctions might not be so important. And the people who get sanctioned tend to have lots of other problems, too, so sanctions might be seen as an unfair double whammy.

Comparing across his four research sites – Cleveland, Miami, Los Angeles and Philadelphia – Dr. Brock reported that spending on the welfare to work transition was relatively low in Cleveland. But this might be misleading because the statistic did not include child care support, which was a major emphasis in Cuyahoga County, and in any case Cleveland was spending as much per client as Los Angeles was.

One striking result was that work, paid and otherwise, has largely replaced support for basic education – paying for women to get their GEDs or postsecondary education. This might have been OK in a hot economy with demand for all labor, but in a bad economy skill development might be more important. Dr. Brock also pointed out that some people benefited from the Earned Income Disregard. But that counts against the time clock, so perhaps that should be changed.

*Bill Faith*

Bill Faith told the audience that whatever you may think of welfare reform, the new legislation did recognize the links to other services and issues such as transportation and health care. Unfortunately, the national legislation, and its state implementation, left out housing. That's important because in order to afford decent housing in Cleveland you would need a \$13/hr full-time wage. Very few welfare leavers get that, and rent is becoming a bigger problem as time goes on. Among the sources for information on this issue are a report COHHIO cosponsored, titled "Out of Reach 2001: America's Growing

Wage-Rent Disparity,” and work by the Center on Urban Poverty and Social Change (see “Bringing Welfare Reform Home,” *briefly Stated* Jan/Feb 2001).

70% of TANF families are low-income renters who receive no assistance. And it’s worse in urban areas. People who can’t pay much rent are forced to live in areas with no jobs (since rents are lowest in the least desirable places), and cannot afford transportation to where jobs are available. In Ohio, over half a million households pay more than 50% of income on shelter. One of four families in the child welfare system are there due to a housing problem. And foster care is much more expensive than housing assistance, so that doesn’t even make budgetary sense.

In short, housing is a huge problem not only in cities like San Francisco and Boston, where housing costs are unusually high by national standards but in Cuyahoga county as well. But Mr. Faith saw mostly discouraging prospects for action. There is some interest in Columbus in doing something about housing needs. But the budget is tight, programs are already being cut, so little if any money will be made available. And in any event, he told the audience, their political attitudes are not shared downstate.

He suggested that one possible objective for national action would be to change the legislation so at least housing assistance would not count against time limits.

*Joel Potts*

Joel Potts agreed with Bill Faith that a good thing about TANF was that it goes far beyond cash benefits. But lots of programs and policies are relevant to poverty. Unemployment Insurance, education, economic development programs that put jobs where people can’t get to them – lots of programs could do a better job than they do.

TANF, he emphasized, is a very small part of the relevant money (which is true, as Dr. Weaver also reported; Medicaid and the Earned Income Credit are especially much larger).

From his perspective as an administrator, Joel Potts emphasized how turf kills good programs and ideas. There are conflicts among federal, state and local governments, and among rival community organizations. “The right hand is trying to chop off the left hand.” There are too many regulations on work, care expenses, housing expenses, and food stamps. In Ohio, 21% of Food Stamp expenses go for administrative costs. There are 79 pages of regulations on how to determine shelter costs as part of determining eligibility for benefits. Are there window air conditioning units in homes? Is a car worth more than \$4,500? The application is 35 pages long, “and we can’t tell if people need this stuff because anyone who will lie on a one-page application will lie on a 35-page application.”

He was asked to speak on the “in-kind safety net.” Which includes Food Stamps, Medicaid and other programs, and is important now, but was always important. AFDC never reached all the people who were supposedly eligible for it; indeed, there were

always more unserved eligibles than served eligibles in Ohio. TANF in a way increases the previous emphasis on in-kind benefits instead of cash: the state has shifted a bunch of money from cash to childcare and to support for children removed from their homes. There has been a simultaneous large expansion in health care, through CHIP.

In terms of TANF itself, Mr. Potts emphasized two points. First, the federal block grant cannot possibly address all the problems that are out there. Second, the time limits don't apply to the non-TANF programs – to food stamps, health care, and the separate child care support. He said the state has changed its notices to people denied TANF benefits, in order to tell people they could still be eligible for those other benefits. This report reflects a general pattern nationally, in which states appear to be making more of an effort to continue those other benefits, after allowing substantial declines, contrary to the stated purpose of PRWOA, in the first year or two of implementation.

### ***Summary and Conclusion***

One lesson from this conference was that everybody has their anecdotes. President Reagan had his about welfare queens, and some members of the audience had theirs about the evils of current law. The case for careful policy research is not that it can settle factual issues, but that it at least might provide something better than anecdotes. The research reported in this conference certainly would not eliminate debate, but it did provide useful information for policy choices.

The conference could not cover all possible issues. Aside from some overview remarks by Kent Weaver, the conference was not able to cover measures intended to reduce teen or unmarried pregnancy. That was not due to an oversight in planning, but because the scheduled speaker was ill and could not attend. Readers of this report interested in the issue might consult, among other sources, Isabel Sawhill, "What Can Be Done to Reduce Teen Pregnancy and Out-of-Wedlock Births?" (*Welfare Reform & Beyond Policy Brief* 8, Oct 2001).

One thing the research reported in this conference did do is call attention to a question that may not have been asked carefully enough in the welfare debate of the early 1990s: exactly how important was AFDC and the entitlement to cash benefits? As is reported in Professor Schorr's book and other sources, some careful more recent work on how poor women get by has shown that there were always a variety of income sources. So abolishing AFDC mattered less than might have been expected in part because the cash benefits may not have been as central as was thought. That would have been true not because cash is unimportant but because, in most states, benefits were so poor. When that fact is combined with the much higher funds per person available in the past four years from TANF, that makes it fairly credible to say that TANF, to date, has been a better deal overall. But better than awful is not so good. So both sides of the debate – TANF is bad but it's not so bad in comparison – could be true.

The most controversial aspects of TANF in prospect were the time limits and sanctions. Bette Meyer reported on the early successes of Cuyahoga County in moving

people to work. Tom Brock reported that the strictness of sanctions does not, in his comparison, seem so important. Claudia Coulton reported on the relatively small (compared to expectations) number of families that hit the time limits. Yet there is reason to believe that people who reach those limits are in especially hard straits. That raises the interesting question of what would happen if governments did all of the good things that Bette Meyer talked about, *without the time limits and sanctions*.

We cannot, of course, know to what extent either beneficiaries' behavior or the sincerity with which local governments implemented their welfare-to-work programs was influenced by the *threat of or psychology created by* time limits or sanctions. But if there is reason to doubt that time limits and sanctions are so central, that means there might be especially good reason for policymakers to accept some moderate changes suggested in the conference, such as Tom Brock's recommendation that earnings disregards not be counted, and Bill Faith's suggestion about housing assistance. It might be best if these measures were adopted, but were not accompanied by publicity about how sanctions had been "weakened."

Joel Potts' comments about the administrative craziness of some programs may be taken as a problem with "government." But there are no such problems in determining eligibility for Social Security. What he was really identifying was the well-known set of difficulties associated, especially in the United States, with means-tested programs. Programs that require people establish their lack of means in order to qualify almost always raise concerns about cheating, which in turn leads to immensely complex rules. That is one reason the Earned Income Credit has grown to become a major source of support for the (working) poor. It is administered by the IRS, which has its own routines for dealing with complexity – and the burden of proof, in a way, is reversed (you get your check unless a review establishes otherwise).

The EIC is linked to Alvin Schorr's discussion of even larger policy issues. On the one hand, wages are crucial. Support for the poor would work much better if it did not depend on means-tested programs. There could be a refundable child tax credit, for example. But that raises political plausibility issues. Many European countries recognize the importance of childrearing by actually paying families per child – "children's allowances." But that hasn't even been suggested here. Maybe it should be, along with many other measures. But that's not likely as part of the 2002 TANF reauthorization debate.

Another of Professor Schorr's points seems particularly relevant to likely decisions in 2002, however. On the whole, based on his comments and some from the audience, particularly from people who administer programs at the ground level, it does seem reasonable to worry that some alternative measures may tell us a more dismal, but somewhat more accurate, story about the performance of the 1996 legislation. He emphasized increased use of homeless shelters and of food banks, and an increase in the numbers of children taken from their families and put into foster care. Bill Faith emphasized the relationship between foster care placements and lack of affordable

housing. One has to wonder why these problems would have worsened over the past five years if the welfare reform has been basically positive.

Two final comments might be relevant to thinking about the debate. One is the importance of the underlying value debate about government assistance to the poor. The basic disagreement between many people who attended the conference and many other Americans has to do with the reason that government should assist people at all. To put this bluntly, does society owe somebody a living just because they have a child? If a person does not have a job, must they be “given” or “guaranteed” one? As soon as one admits any doubt about such a proposition, it is likely that the programs that are created will have holes and leave some people out. And the American political system is not real likely to provide such guarantees.

Second, what are the purposes of government assistance to the poor? Is it to *eliminate* poverty, or *ameliorate* poverty?

The theory of the 1996 legislation was that AFDC had failed because it had not eliminated poverty. But perhaps poverty cannot be eliminated. That would require, at a minimum, measures such as Professor Schorr recommended, which are far beyond the reach of “welfare” policy. Even if the kind of policies Professor Schorr recommends were actually enacted, they could only work for people who can actually hold a job. The reports about people who run up against the time limits and lose benefits suggest that there may be a group of people who will not become self-supporting, regardless of the “incentives” provided. If that is true, what should be done about it?

Perhaps the 1996 legislation showed that more could be done to move people into the economy, and perhaps out of poverty, than had been previously believed. Yet even many of the success stories appear tenuous, and some people are not succeeding at all. TANF eliminates any responsibility to ameliorate poverty for more than five years for any family. It may be attractive to debate a vision of people becoming productive members of society through the incentives to work and behave properly that were created in PRWOA, versus eliminating poverty by the generous and sweeping policy changes preferred by some participants in the conference. But if neither of those visions are realistic, then perhaps policymakers should be less ambitious. Maybe all government can really do is ameliorate poverty – and the 2002 welfare reform bill should consider that concern.

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<sup>1</sup> Alvin Schorr, *Welfare Reform: Failure and Remedies*, p. 7. For an authoritative account of the motives behind and means of PRWOA’s passage see R. Kent Weaver, *Ending Welfare As We Know It* (Washington D.C.: The Brookings Institution, 2001).