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ABSTRACT

The Job Opportunities and Basic Skills (JOBS) program, a component of the 1988 Family Support Act, emphasizes education and occupational training for welfare recipients, but it has not provided sufficient corrective measures to promote work among recipients of Aid for Families with Dependent Children (AFDC). The most serious deficiency of JOBS is its failure to create jobs for recipients unable to find work in the regular economy. JOBS permits subsidized employment, but fewer than five percent of enrollees have been placed in such jobs, and public service employment is banned. Unless an increasing proportion of recipients work, public tolerance of AFDC will continue to diminish. Increased funding for JOBS is needed to enroll more AFDC recipients, and more vigorous monitoring of program outcomes should be carried out. At the same time, the federal government should address the needs of the working poor, so that it is not more beneficial to receive AFDC than to work. Work-related assistance is also probably less effective than preventive measures such as birth control. A combination of the following measures is needed to achieve true welfare reform: (1) a 1-year limit on AFDC reciprocity for able-bodied individuals, with a right to a publicly subsidized job for recipients unable to find work in the regular economy; (2) provision of free family planning services and devices to adults who cannot afford them; (3) more aggressive efforts to secure child support payments from absent parents and the provision of subsidized jobs to unemployed parents who do not meet their obligations; (4) expanded education, training, and transportation for JOBS participants; and (5) assistance to poor workers by restoring the minimum wage to its value in the 1970s, adjusting the earned income tax credit for family size and extending it to childless workers, expanding access to health insurance and child care, and providing publicly subsidized jobs to the long-term unemployed. (KC)

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**Center for
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Sar A. Levitan and Frank Gallo

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Preface

Given President Clinton's interest in reforming welfare, it appears timely to examine the operations of the Job Opportunities and Basic Skills (JOBS) program. JOBS is conceptually an innovative approach, but it is not the first attempt to reform AFDC. Because the administrators of the program have been negligent in examining the experience under the act, a review of past welfare reform initiatives also provides useful lessons for welfare reform.

In order to avoid clogging this paper, references to unpublished data or to annual U.S. Census Bureau publications are not included. The Center will supply the unlisted sources to inquiring readers.

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Summary

The Job Opportunities and Basic Skills (JOBS) program, a component of the 1988 Family Support Act, has been an important step toward welfare reform. The program's emphasis on education and occupational training is essential because about half of adult Aid to Families with Dependent Children (AFDC) recipients did not complete high school, and roughly a third are functionally illiterate. The law failed, however, to take sufficient corrective measures to promote work among AFDC recipients.

JOBS has reinvigorated the funding of work-related programs for AFDC recipients, which had plummeted during the 1980s. However, even if the program expends all the available federal funds, the total work/welfare investment will remain below the peak level of nearly \$3 billion (1992 dollars) in 1980. The most serious deficiency of JOBS is its failure to create jobs for recipients unable to find work in the regular economy. JOBS permits subsidized employment, but less than 5 percent of enrollees have been placed in such jobs, and federal regulators have banned public service employment, provided during the 1970s. Unless an escalating proportion of recipients work, public tolerance of AFDC, which is at best lukewarm, will continue to diminish. Recipients would also benefit from subsidized employment, which would immediately boost their living standards and facilitate subsequent employment in the regular economy. Past experience demonstrates that jobs programs are feasible and beneficial for welfare recipients. The taxpayers also benefit by the services offered by employed AFDC recipients.

Enrolling an increasing share of AFDC recipients in JOBS necessitates additional federal funding. Whether this investment will eventually save money is uncertain, but even if it does not, Americans are more willing to

expend resources to help individuals who are working to gain self-sufficiency than to provide minimal benefits to the able-bodied indolent. More vigorous federal direction is also necessary to improve JOBS. The government has been extraordinarily negligent in monitoring the program, and has released minimal information about emerging problems and how to correct them.

The problems of welfare are closely intertwined with poverty, and the two should be addressed in concert. Policymakers have too long ignored the fact that genuine welfare reform is impossible without addressing the needs of the working poor. Paradoxically, providing AFDC recipients with more generous educational, training, health insurance, and child care benefits may promote welfare, because poor workers often cannot obtain these benefits.

Work-related assistance is also probably less effective than preventive measures such as birth control. Half of the beneficiaries obtain AFDC as a result of out-of-wedlock births. More than one of every four births now occurs out of wedlock, a trend that has rapidly escalated in the past two decades and shows no sign of slowing down.

A combination of the following measures is needed to achieve true welfare reform:

- o a one-year limit on AFDC reciprocity for able-bodied individuals, with a right to a publicly-subsidized job for recipients unable to find work in the regular economy (recipients who begin an education or training course within the first year and demonstrate progress would be allowed to complete it);
- o provision of free family planning services and devices to adults who cannot afford them;
- o more aggressive efforts to secure child support payments from absent parents,

- and the provision of subsidized jobs to unemployed parents who do not meet their obligations;
- o expanded education, training, and transportation services for JOBS participants to promote long-term self-sufficiency; and
 - o assistance to poor workers by restoring the minimum wage to its value in the 1970s and indexing it to inflation or average wage growth; adjusting the earned income tax credit for family size and extending it to childless workers; expanding access to health insurance and child care; and providing publicly-subsidized jobs to the long-term unemployed.

Jobs for JOBS: Toward a Work-Based Welfare System

Dedication to the work ethic is lacking among many welfare recipients. In fiscal 1990, when the unemployment rate dropped to its lowest level in 15 years, three-fourths of adult Aid to Families with Dependent Children (AFDC) recipients were jobless and neither ill nor in school or a training program. More current data are unavailable, but to date the federal government has shrunk from requiring AFDC recipients to work, probably because a work requirement would cost more than the current system.

It is unlikely that AFDC as it exists today would have been enacted in 1935. President Franklin Roosevelt championed federal job creation over welfare, which he characterized as "a narcotic, a subtle destroyer of the human spirit."¹ AFDC is largely a product of developments unforeseen when welfare programs began. Individual states enacted meager cash assistance for widows with children early in this century. By 1935 when Congress included Aid to Dependent Children as a component of the Social Security Act, almost all the states had assistance programs for widows. But not until the 1960s did the issue of work and welfare become controversial, prompted by rising caseloads and changing attitudes toward the role of women in the workplace. **However, subsequent work/welfare initiatives have never affected more than a small minority of recipients.**

Society viewed widowed mothers, the initial beneficiaries, as deserving victims impoverished through no fault of their own, and contemporary mores held that a mother's proper role was childrearing and not paid work. But by the 1960s, societal attitudes and the

¹ quoted in Arthur Schlesinger, Jr., *The Politics of Upheaval* (London: Heinemann, 1960), p. 268.

characteristics of welfare mothers had changed. As mothers flocked into the labor market, the rationale for supporting jobless AFDC mothers was undermined. Second, divorce and out-of-wedlock births rather than widowhood became the primary grounds for AFDC eligibility. In contrast to the sympathy aroused by widowhood, divorce was considered morally ambiguous and out-of-wedlock births connoted unequivocal immorality.

These changes were gradual and did not engender widespread dissatisfaction until growing AFDC caseloads and more generous benefits sharply boosted the program's cost. The AFDC rolls grew rapidly after World War II, but the increase did not outpace the burgeoning number of children resulting from the baby boom until the 1960s. Between 1967 and 1972 the number of families receiving AFDC in an average month leaped from 1.2 to 3.0 million. Much of the growth was attributable to higher benefits, loosened eligibility rules, and a decrease in the stigma attached to welfare reciprocity. As a result, the share of potentially eligible families who obtained welfare rose from 41 to 85 percent during that five year period. From the early 1970s to the late 1980s the number of families on AFDC increased to 3.7 million, but because of the growing number of single parent families, the proportion receiving welfare shrunk. The economic downturn beginning in mid-1990 again sharply boosted the welfare rolls, to 4.9 million families by September 1992.

Employment Assistance for Welfare Recipients

In addition to restrictive societal attitudes concerning women and work, federal policy denied employment assistance to AFDC recipients until the early 1960s. The federal government did not finance employment programs for nearly two decades after dismantling the massive New Deal jobs projects during World War II. By the end of the 1950s, about half of the states required

recipients of state or local general assistance to "work off" their grants. The federal government rejected similar requirements for AFDC recipients.

Legislative developments in the early 1960s opened the door slightly to employment aid for welfare recipients. In 1961 the federal government allowed the states to provide AFDC to jobless two-parent families. Since at least one parent was expected to work, the next year the federal government permitted the states to operate AFDC work programs, including workfare, for men as well as women. However, only a fourth of the states did so, and participation was minimal. Also in 1962, the federal government first required the states to deduct some work-related expenses from earnings in calculating the welfare grant. This was a tacit acknowledgment that the previous policy discouraged work.

Another important step was the reintroduction of broad-based employment programs in 1962, further expanded during Lyndon Johnson's administration. Antipoverty employment assistance obviously included AFDC recipients, but their participation was neither encouraged nor common.

The anticipation that employment, training, and social services assistance would reduce welfare outlays was not realized. By 1967 Congress briefly enacted sterner measures, hoping to reverse the growth of AFDC rolls. Congress initially denied future AFDC payments to families in which parental desertion or out-of-wedlock births were the basis for eligibility, but repealed the provision before it took effect. Taking a more positive approach, the federal government instead created a new work incentive (WIN) program, but exponential growth in the AFDC caseload underlined WIN's impotence. Although work/welfare appropriations increased, they were sufficient to enroll only a tiny fraction of recipients. The act's work "requirement" mandated only that recipients register with WIN. The 1967 law also attempted to encourage work by allowing recipients to

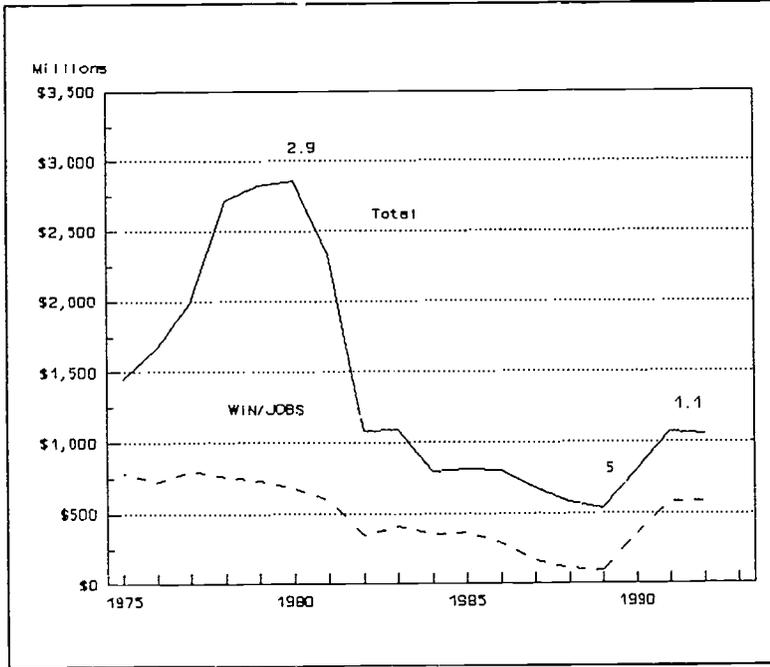
keep a larger share of any earned income. The "thirty and a third" rule excluded the first \$30 of earnings, and one-third of the rest, in determining the welfare grant. For example, an AFDC recipient who earned \$100 a month lost \$46.67 in monthly AFDC benefits instead of the full \$100.

Two years later President Nixon proposed to replace AFDC with a more ambitious negative income tax than the "thirty and a third" rule. Nixon's proposal was the first of several failed welfare reform attempts to encounter the Gordian knot posed by low wages. Geographical variations in the cost of living, wage levels, and AFDC payments inevitably meant that national welfare benefit standards would result in payments that competed with prevailing wages or were less than the benefit levels in some states. Louisiana Senator Russell Long colorfully articulated the former problem when he complained, "I can't get anybody to iron my shirts!"²

Efforts to significantly reform welfare failed, but in the 1970s the federal government substantially increased employment and training expenditures that boosted assistance to AFDC recipients (figure 1). Employment funding fell sharply in the early 1980s, but AFDC recipients have constituted a rising share of the enrollees in training programs, reaching 27 percent by the end of 1991. Although targeted work/welfare programs have received most of the attention in the welfare debate, until the last few years far more AFDC recipients obtained employment or training assistance outside of these programs.

² quoted in James T. Patterson, *America's Struggle Against Poverty: 1900-1980* (Cambridge, Mass.: Harvard University Press, 1986), p. 194.

Figure 1. Before the enactment of the JOBS program, the federal government cut funding of employment and training assistance for AFDC recipients by about 75 percent during the 1980s (1992 dollars).



Sources: U.S. Office of Management and Budget; *Employment and Training Report of the President*, various years; and unpublished U.S. Labor Department data.

Note: Total includes WIN/JOBS as well as estimated JTPA and CETA training and jobs outlays for AFDC recipients.

In 1977 President Carter proposed an ambitious program to reform welfare that would have further boosted employment and training funds for AFDC recipients. However, facing stiff congressional opposition, President Carter backpedaled quickly. In his January 1978 State of the Union address he did not mention welfare reform among his legislative priorities.

President Reagan abandoned the search for

comprehensive welfare reform and instead proposed in 1981 to mandate workfare, restrict welfare for jobholders, and limit AFDC eligibility in miscellaneous other ways. The administration's radical proposal was grounded in the supposition that job opportunities were plentiful, and that recipients with jobs generally didn't need welfare. The evidence refuted both these assumptions. Congress rejected mandatory, national workfare, but permitted the states to require it. Few did so, nonc comprehensively, so that the administration's largest welfare cuts resulted from a revision of the "thirty and a third" rule that made it much more difficult for AFDC recipients to legally combine work with welfare. The cuts were so severe that in 1982, despite the onset of the worst recession since the Great Depression, the number of families receiving AFDC dropped by 8 percent -- 300,000 families.

A 70 percent budget cut in employment and training programs, more severe than in any other social program area, marked the third major element of the administration's work/welfare policies. Repeated Reagan administration attempts to scuttle the work incentive program failed, but Congress acquiesced to sharp funding cuts. Job search training of a few weeks duration almost completely eclipsed more substantial employment and training assistance. In line with Reagan administration policy, information about WIN's operations and results that was never adequate or of good quality, virtually ceased during the 1980s.

The Job Opportunities and Basic Skills Program

The JOBS program, part of the 1988 Family Support Act, is the most significant attempt to promote work among AFDC recipients. The program is much less ambitious, however, than its proponents contended. Even if its participation requirements are met, JOBS will affect only a minority of AFDC recipients. Contrary to the statements of proponents who knew better, states and

localities have had substantial flexibility in designing work/welfare programs for more than two decades. The most important element missing during the 1980s was federal funds, and the resulting vacuum proved that only a handful of states were willing to commit significant financing to work/welfare efforts. The increased federal investment is essential but not new, and JOBS requires the states to match federal contributions. **Even if the states spend enough to avail themselves of all federal matching funds, the work/welfare investment (excluding child care) adjusted for inflation will not equal the level of the late 1970s.** Therefore, in several key respects JOBS is a return to the rejected employment policies of the late 1970s.

What is genuinely new in JOBS is its emphasis on education, and adjunct services such as transitional health insurance and child care to make work more attractive than welfare. Given the severe educational deficiencies of most AFDC recipients, and the declining compensation for low-wage work, these services are essential. However, the JOBS strategy, if properly implemented, is inherently costly and its success is uncertain. Securing a satisfactory level of educational achievement will take considerable time, and many recipients -- whose past failures have often instilled negative attitudes toward schooling -- may not complete their courses. Employers may harbor reservations about hiring welfare recipients even if they complete an education program. Moreover, JOBS may also make welfare more attractive than employment for the working poor, who must pay for their own schooling, child care, and health insurance. **Policymakers have repeatedly ignored the fact that the problems of the welfare poor and the working poor cannot be separated.** The government should address the needs of the oft-ignored working poor if welfare reform is to succeed.³

³ Sar Levitan, Frank Gallo, and Isaac Shapiro, *Working but Poor: America's Contradiction* (Baltimore, Md.: Johns Hopkins University Press, forthcoming 1993).

Implementation

Enacted in October 1988, the Family Support Act allowed a lengthy implementation period for JOBS. The states had two years to officially implement JOBS, and until October 1992 to operate statewide programs. The extended economic downturn that began in mid-1990 unquestionably impaired JOBS implementation. Not only did the recession drain state coffers, but it added another million families to the AFDC rolls. This increase exceeded those during the 1973-5 and 1981-2 recessions (when the AFDC rolls dropped due to more restrictive eligibility criteria). Thus the states had to spend money on AFDC benefits that might have otherwise been devoted to JOBS.

Given the generous implementation period, 15 states initiated JOBS projects a year before October 1990; three-fifths of the states also operated statewide programs by October 1990, two years ahead of the deadline. **The U.S. Health and Human Services (HHS) Department did little to monitor the implementation, and has been unprepared to address emerging problems.**

Major obstacles to implementation included the recession; insufficient educational, training, and employment slots; inadequate transportation; and insufficient child care. The recession reinforced the states' usual reluctance to spend additional resources on work/welfare programs. Several states reported that demand for JOBS services exceeded the capacity of these programs in at least some geographical areas.⁴

⁴ U.S. General Accounting Office, *Welfare to Work: States Begin JOBS, But Fiscal and Other Problems May Impede Their Progress* (Washington: GAO, September 1991), HRD-91-106.

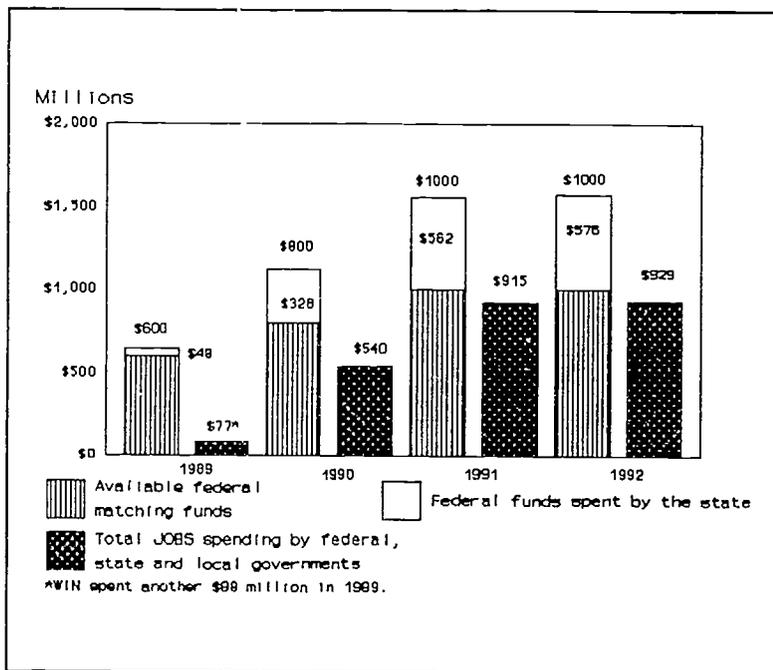
<u>Service</u>	<u>Number of states experiencing shortage</u>
Basic/remedial/English language education	30
Work supplementation/on-the-job training	30
Work experience	25
Classroom occupational training	25
High school equivalency instruction	24

However, the reports of inadequate services may be misleading as long as implementation remains lax. For example, given the fact that in an average month no more than a few thousand JOBS enrollees are assigned to work experience, work supplementation and on-the-job training slots, the claim that the demand exceeds the supply is not persuasive.

Spending

JOBS offered the states federal matching funds scheduled to escalate from \$600 million in 1989 to \$1.3 billion by 1995. The matching formulas vary depending upon whether the expenditures involved direct work-related assistance, support services or administrative costs. The federal match for the bulk of state expenditures is the greater of either 60 percent or the state's medicaid matching rate (the highest rate is 83 percent). This carrot is accompanied by a stick for states that fail to meet the statutory requirements pertaining to participation rates and services to the targeted groups of young and long-term AFDC recipients. In this case the federal matching rate for state JOBS expenditures would fall to 50 percent, meaning that a noncompliant state risks losing between 17 and 40 percent of its federal JOBS funds. However, the penalty provides only limited leverage because it does not affect the match for AFDC cash payments, which account for the bulk of program outlays. Ironically the penalty would most hurt those states that make the biggest investment in JOBS, because states that meet only the minimal JOBS requirements have less to lose. By the end of fiscal 1991 the states spent less than half the available federal JOBS funds (figure 2).

Figure 2. The JOBS program has reinvigorated the national investment in work/welfare assistance, but the states have not fully taken advantage of the available federal funds.



Source: U.S. Health and Human Services Department

In the absence of a significant federal investment, the states spent very little on work/welfare programs prior to JOBS. The investment of \$1.7 billion in the program (including federal, state, and local JOBS and related child care expenditures) in fiscal 1992 is impressive, especially considering the economic downturn in 1991. Apparently misled by exaggerated reports of state activism, the federal government appropriated \$1.6 billion for the period before JOBS's official starting deadline, but the states were not ready to use the funds. The economic slowdown began in 1989 and the subsequent "official" recession starting during the final quarter of fiscal 1990 might have accounted for the states' limited spending

during this period.

Enrollment

Excluding those who received only an assessment, 430,000 AFDC recipients were enrolled in JOBS during September 1991. Because most AFDC adults are exempt from JOBS participation, only 9 percent of the 4.6 million families then receiving AFDC were enrolled in JOBS programs. In 1990 (the latest available data), before the significant rise in AFDC caseloads, slightly more than 1.2 million adults in an average month were covered by work/welfare requirements. The 1991 JOBS enrollment was more than a third of this level, although the actual 1991 participation rate will be less because the AFDC rolls grew. State emphasis on JOBS varies radically. In September 1991 the proportion of adult AFDC recipients in a post-assessment activity ranged from 1 percent in Hawaii to 48 percent in Nebraska.⁵ The U.S. Health and Human Services Department has yet to publish data on state participation rates, but only Mississippi failed to meet the 7 percent target in 1991.

The Family Support Act mandates that AFDC recipients participate in JOBS unless they are incapacitated, have children younger than age three (a state may lower the requirement to age one), work at least 30 hours weekly, or reside in an area without JOBS services. In 1990 almost two-thirds of adult AFDC recipients were exempt; parents with young children in the household accounted for half of the exemptions. For those not exempt, the law requires the states to meet gradually escalating participation rates:

⁵ Mark Greenberg, *Welfare Reform on a Budget* (Washington: Center for Law and Social Policy, June 1992), p. 4.

	<u>Total caseload</u>	<u>Two-parent families</u>
1990-1	7%	no requirement
1992-3	11	no requirement
1994	15	40%
1995	20	50

The participation requirements for the entire caseload expire after 1995, presumably to give Congress an opportunity to review the program, but the benchmark for two-parent families will continue to rise until 1997 when 75 percent will be required to enroll in JOBS.

The statutory requirements for the entire caseload should represent but an interim goal, because they exempt the majority of able-bodied AFDC recipients from participation in JOBS. Meeting the law's goals will reform but hardly transform AFDC, and public dissatisfaction with JOBS will continue absent further progress in preparing recipients for economic self-sufficiency. Minimal participation requirements also run the risk of encouraging some welfare recipients to evade JOBS, and may evoke resentment among enrollees who believe they are being singled out for responsibilities not exacted from all able-bodied AFDC beneficiaries.

The current federal appropriations schedule does not rise commensurately with the participation requirements, and the maximum federal matching appropriation is not adjusted for inflation. As long as most states do not fully spend federal funds, the current funding levels will not impede the expansion of JOBS. But a problem may exist for the states that approach the federal matching limit, as 12 states did in fiscal 1991. Of course, significant increases in mandated participation would require additional funding.

Because the U.S. Health and Human Services Department has been deficient in collecting and releasing information on JOBS participants, the following discussion also relies on data available about AFDC recipients generally and those enrolled in JTPA. Nearly three-

quarters of JOBS participants are single-parents, almost a fourth are two-parent beneficiaries, and 3 percent are either AFDC applicants or have left the rolls. The law stipulates that 55 percent of JOBS funds be devoted to teenagers, young adults lacking a high school education, and long-term AFDC recipients. In 1991 all the states met this goal, and 61 percent of JOBS enrollees were in the targeted categories.⁶ In 1990, 11 percent of work program participants were volunteers not required by law to enroll.

More information is known about the characteristics of AFDC recipients enrolled in JTPA Title IIA programs, although because of JTPA's relative selectivity these individuals are unquestionably more employable than the average JOBS participant. The share of AFDC recipients enrolled in JTPA has risen from 21 percent to 27 percent since the implementation of JOBS. Some 85,000 AFDC recipients participated in JTPA at the end of September 1991, compared to 430,000 JOBS enrollees, with an unknown but probably large degree of overlap between the two programs. AFDC recipients in JTPA, half of whom obtain classroom (primarily occupational) training, average slightly more than four months enrollment. Although JTPA tends to select more job-ready welfare recipients, nearly a quarter of its AFDC participants read below the seventh grade level.

Knowledge of the work-related capabilities of AFDC recipients is the most important information necessary to estimate the prospects and success of work/welfare programs. Literacy and skills assessments of AFDC recipients are at least a decade old, but there is no reason to believe that the literacy and skill levels of recipients have changed much in the intervening years. A 1981 examination of AFDC recipients required to register

⁶ U.S. General Accounting Office, *Welfare to Work: States Serve Least Job-Ready While Meeting JOBS Participation Rates* (Washington: GAO, November 1992), HRD-93-2, p. 10.

with the WIN program found that less than a fifth of AFDC beneficiaries had better reading or math skills than the average high school senior. Recipients' "career" paths reflected their limited skills: 70 percent of those with work experience had held service, clerical, sales or machine-benchwork jobs. One positive note was that most registrants possessed skills sufficient for entry level jobs. The Educational Testing Service found that the reading abilities of almost all registrants, and the math skills of nearly three fourths, were adequate for the lowest level jobs. For better but nevertheless low-paid jobs such as teacher's aid, practical nurse or hotel clerk, three-fifths had adequate reading skills but only a fifth had sufficient math competency.⁷

According to the U.S. Education Department's 1982 literacy test, 28 percent of 20 to 39 year-old AFDC and food stamp recipients were functionally illiterate -- if food stamp recipients had been excluded the illiteracy rate would undoubtedly have been higher. These findings, demonstrating a widespread lack of basic skills, suggest a need for sustained assistance to raise skill levels sufficiently to enable a majority of welfare recipients to command wages above the poverty line.

Education, training, and employment

The debate between reformers who advocated workfare versus those who favored education and training for AFDC recipients has so far been won by the latter. The JOBS statute mandates provision of education and training, as opposed to the provision of subsidized employment which is optional. JOBS administrators are required to provide certain types of assistance, but the law and regulations do not specify the distribution of enrollment in JOBS programs. It is legally permissible for a state to supply 40 percent of its enrollees with education

⁷ Marlene Goodison, *Testing Literacy Levels in the WIN Population* (Princeton, N.J.: Educational Testing Service, March 1982), pp. 2-3, 21, 35, 48.

and training assistance and provide workfare for the remaining 60 percent. In contrast with the law, federal regulations seem to prefer work requirements rather than education or training. The regulations stipulate that, in order to meet the participation standards, most JOBS participants must be enrolled for at least 20 hours weekly, a target difficult to meet for instructional programs because unsupervised homework time cannot be counted.

Nevertheless, education and training programs so far dominate JOBS. Bearing in mind that the data collection system includes double-counting, **the states have assigned roughly three-fourths of individuals to education or training, but less than 5 percent in some form of subsidized work** (table 1). Probably half of total participants enroll in education, although the exact proportion cannot be pinpointed because the JOBS's data system does not distinguish occupational trainees from students who enrolled in courses prior to a JOBS referral.

Table 1. Most JOBS participants enroll in education or training programs (September 1991).

	<u>Enrollment</u>
Total	<u>430,100</u>
Distribution	<u>102.6%</u>
Education/training	<u>73</u>
Secondary education	32
Post-secondary education	12
Classroom job training	16
Self-initiated education/training	13
Job search/job readiness	<u>22</u>
Job search	15
Job readiness	7
Subsidized work	<u>3.6</u>
On-the-job training	0.4
Work supplementation	0.2
Work experience	3
Other	<u>4</u>

Source: Center for Law and Social Policy calculations derived from U.S. Health and Human Services Department administrative JOBS data

The Family Support Act also encourages enrollment in education programs by requiring AFDC parents younger than age 20 without a high school diploma to stay in or return to school. Preliminary information indicates that some states have provided incentives to encourage school attendance by teenage AFDC recipients. Ten states fund school-based child care and eight provide after-school programs (with an unknown degree of overlap).⁸ Ohio's teen parent

⁸ *Welfare to Work*, p. 29

program (one of the few for which reports are available), incorporates both sanctions and incentives by providing a \$62 monthly bonus for attendance and a \$62 penalty for delinquency. The program, which began in the 1989-90 school year, has been hampered by insufficient data and an inadequate system to track teenagers on AFDC. Consequently, Ohio has failed to contact a substantial minority of the target group, and many of individuals may not be aware of the program's existence.⁹

The statute encourages three types of subsidized employment (none of which have yet been used widely), but federal regulations prohibit use of JOBS funds for public service employment programs. Community work experience programs -- popularly called workfare -- permit states to divide the recipients' AFDC payment by the minimum wage to calculate the maximum hours the individual may be required to work. For example, a mother who receives \$340 monthly could be required to work 80 hours per month -- \$340/\$4.25. Subject to federal approval, retained by 18 states to date, JOBS administrators may provide other types of work experience programs. Work supplementation programs also permit the recategorization of all or part of the AFDC benefit as a partial wage subsidy paid to private or government employers. Only on-the-job training entails the direct use of JOBS funds to provide a partial (up to 50 percent) wage subsidy to private or government sector employers who hire JOBS participants.

The states may emphasize education and training programs because they can tap existing governmental resources, while job creation would involve extra costs. The use of the existing educational and training systems

⁹ Dan Bloom, Hilary Kop, David Long, and Denise Polit, *LEAP: Implementing a Welfare Initiative to Improve School Attendance Among Teenage Parents, Ohio's Learning, Earning, and Parenting Program* (New York: Manpower Demonstration Research Corporation, July 1991), pp. xii-xiii.

also entail less administrative problems than establishing a new program. Local reports suggest that caseworkers tend to favor education or training over immediate employment to better facilitate the long-term prospects of welfare recipients. Finally, federal regulations banned public service employment programs used to hire AFDC recipients until 1981.

State preferences for services vary widely. Texas enrolled 57 percent of JOBS participants in basic education classes, compared with just 8 percent in South Dakota. Half of Pennsylvania's participants were assigned to classroom job training but only 4 percent of Floridians. More than half of Kentucky's participants were pursuing post-secondary education, compared with 9 percent in New Jersey. With the exception of West Virginia which assigned 28 percent of its enrollees to work experience projects, few states placed more than 5 percent of JOBS participants in on-the-job training or work supplementation programs.¹⁰

The national data system tracks only JOBS expenditures, but the bulk of services to enrollees are paid for by other sources for which no spending information is available. The limited JOBS expenditure per enrollee demonstrates the program's dependency upon the school system and JTPA. Reliance on non-JOBS funding is of course partly attributable to the stagnating economy, but may also indicate state unwillingness to contribute additional funds to JOBS when alternatives exist. The reliance on outside programs can enhance the utilization of resources, as in the case of half-full classes. **But because demand normally exceeds the available resources, JOBS is diverting assistance from the non-welfare poor, which is clearly occurring in JTPA. Targeting AFDC recipients may be justified, but it nonetheless constitutes robbing Peter to pay Paul in an era of limited work-related antipoverty assistance.**

¹⁰ *Welfare Reform on a Budget*, pp. 8-14.

CETA and WIN -- not JOBS as its advocates claim -- marked the first attempt to provide substantial and diverse work-related assistance to welfare recipients. Due to then-prevailing notions about the kinds of services that best helped enrollees to achieve self-sufficiency, program administrators preferred occupational training and subsidized employment to education. Neither WIN nor CETA reported the specific number of AFDC recipients in school, lumping education and training together.

The emphasis that the architects of JOBS placed on education despite its limited use in prior work/welfare programs becomes less surprising in light of the tendency of past employment policy to jump from one favored program to another. During the last three decades the preferred approaches have moved from classroom occupational training to subsidized government employment to subsidized private sector employment and job search assistance. Many of these options had been tried before they were thrust into the limelight, but this ignorance was advantageous to advocates because the programs' promise was undimmed by a past record. In fact, most work-related services have proven to be cost effective, if properly implemented and provided to individuals whose circumstances warrant it. However, most services were initially oversold, and their less than smashing success was erroneously interpreted as a failure. The danger is that JOBS's educational assistance will follow this regrettably well-worn path.

Common sense and the limited available evidence suggest that education, although perhaps the best means of promoting upward mobility, also entails many pitfalls. Credentials provide the most gains, but their acquisition requires a sustained commitment by the enrollees and a substantial monetary investment. Given the high dropout rates that have afflicted second-chance employment and training programs, and the disappointing scholastic experiences of most welfare recipients, few AFDC students are likely to complete a lengthy program. Considerable guidance and support from program staff

are essential. In a 1970s experiment, poor single mothers receiving cash assistance who were offered solely tuition assistance for job-related schooling attained only one community college quarter more than the control group, and showed no consistent employment or earnings gains.¹¹

An evaluation of a two-year Bell & Howell program that trained AFDC mothers as electronics technicians in the early 1980s paid considerably greater attention than experimental evaluations to the experiences of AFDC recipients who pursue intensive training. Though hardly definitive, the study provided important insights into the difficulties recipients faced. The project staff hand-picked the AFDC recipients most likely to succeed, but less than a third graduated -- although this rate exceeded that of Bell & Howell students not on welfare. The AFDC trainees experienced much higher absentee rates than their classmates, with many of the absences attributable to the travails of poverty and single parenthood that often transformed minor difficulties into obstacles that threatened the continuation of their enrollment. Absent an adult partner, the women lost class time when their children or child care providers became ill or their child care arrangements suddenly broke down. Lacking savings, late welfare checks or home repairs necessitated cutting class to somehow secure the money needed immediately.

Most of the AFDC graduates found relatively high-paying jobs, although the impediments even among the "success stories" should not be minimized. They competed for jobs against individuals who had more work experience and usually better school grades. Many firms preferred younger applicants for the positions the AFDC job hunters sought. Finally, many of the AFDC graduates did not have phones or cars, which severely hampered

¹¹ SRI International, *Final Report of the Seattle-Denver Income Maintenance Experiment: Volume 1, Design and Results* (Menlo Park, Calif.: SRI, May 1983), pp. 222-8.

their job search and, for lack of wheels, limited the geographical range within which they could work.¹²

Little information is available about JOBS-supported classroom occupational training, but the patterns of service in WIN and JTPA (which may be providing most JOBS training) probably offer useful insights. In September 1991, 66,000 persons enrolled in JOBS classroom training, compared with an estimated 46,000 AFDC classroom trainees enrolled in JTPA (including an unknown number receiving solely basic education). JTPA defines training duration as the total amount of time in the program, and therefore includes "holding" periods when no training occurs. Moreover, JTPA classroom training is generally on a half-day schedule. Keeping in mind these caveats, in 1990 JTPA's AFDC classroom trainees averaged nearly five months in the program, four weeks more than in the year before the first JOBS programs began. JOBS may have influenced JTPA administrators to extend the duration of classroom training for AFDC as well as non-AFDC enrollees. WIN classroom trainees also averaged four to five months in the program. Nearly two-thirds of WIN participants were trained for secretarial, nurse's aide, or clerical jobs.¹³ Information on occupational training type is unavailable for AFDC recipients in JTPA, but the occupational distribution for all JTPA trainees strongly indicates that AFDC recipients generally obtain instruction for entry-level positions.

Next to education and training, job search assistance is the most commonly provided JOBS service. Little is yet known about it, but the experience of job search programs under WIN suggest several concerns and

¹² Richard White, *Assessment of a WIN Quality Training Demonstration Program* (Washington: Bureau of Social Science Research, August 1982), pp. ix-xv.

¹³ Ketrion, Inc., *The Long-Term Impact of WIN II* (Wayne, Pa.: Ketrion, 1980), pp. 23-4.

the need for careful federal monitoring. To avoid the discouragement and lack of self-esteem that often accompanies joblessness, new AFDC recipients assigned to job search programs should begin their job hunt with minimal delay. However, the median WIN job search participant was not even assigned to this track until two months after registration, and the actual job search presumably was further delayed following the assignment. The quality of WIN job search programs was often shoddy. A third of the projects examined did not involve writing a resume, the single most important tool in job hunting, and nearly two-thirds of the projects provided no practice in writing letters to employers.¹⁴

In contrast to JOBS, WIN stipulated that at least a third of employment and training funds be spent on subsidized jobs. WIN and CETA offered separate public service employment and work experience programs. Although both types of programs provided government or nonprofit sector jobs, public service employment tended to serve the more employable welfare recipients. Subsidized slots in the for-profit sector joined these efforts in the late 1970s, and virtually replaced them within a few years under JTPA.

The 1970s experience demonstrated that subsidized employment is a workable and an essential component of a work/welfare program. Two-thirds of WIN public service employees completed their job assignments, although two-fifths were high school dropouts and one in seven were fired, suggesting that these individuals were hardly an elite group. Three-fourths of WIN work experience enrollees completed their job assignments (limited by law to three months), although these individuals were paid only \$30 monthly plus work expenses for participating. Public service employment tenure averaged about 5.5 months in WIN,

¹⁴ Kirschner Associates and CSR, *WIN Intensive Employability Services Mail Survey Report* (Washington: Kirschner Assoc. and CSR, November 1981), pp. 32, 54.

and 7.5 months for AFDC recipients in CETA. WIN regulations stipulated that the placement was contingent upon an employer's hiring commitment. Consequently participating employers hired 86 percent of WIN public service employees who completed the program.¹⁵

Congress intended that case managers, who monitor participants' progress and help them steer through the maze of programs making up the U.S. social welfare system, would be the glue holding JOBS together. **Case management is an essential component of the JOBS program, but overextended staff and duplication have restricted its realization. One survey indicated that the average case manager handled 118 AFDC recipients, and the rolls have subsequently grown.** On the other hand, case managers reported that their clients had an average of six *other* case managers representing diverse agencies the clients were involved with. Inevitably duplication, contradictory advice, and a lack of coordination ensues.¹⁶ Greater standardization of rules and forms for eligibility and reporting among programs for low-income individuals would eliminate much paperwork, duplication and confusion, but of course this necessitates reforms beyond AFDC alone.

Support services

AFDC supplies income support and health care through medicaid, but participation in education, employment, or training programs often necessitates

¹⁵ Kirschner Associates, *WIN Public Service Employment* (Albuquerque, N.M.: Kirschner Assoc., October 1977), pp. 20-7, 32-5; Calvin Kearney, Linda Wegryn and Mark Klein, *A Pilot Study of the Work Experience Component of WIN* (Washington: National Institute of Public Management, June 1978), p. S-11.

¹⁶ American Public Welfare Association, *Status Report on JOBS Case Management Practices* (Washington: APWA, April 1992), pp. 24, 28.

various support services to overcome other obstacles faced by the poor. Child care and transportation assistance are the most important auxiliary services needed by welfare recipients. Virtually all states report insufficient public transportation for JOBS participants, particularly in rural areas. Given the dire poverty of AFDC families, and the program's strict eligibility rules regarding the permissible equity value of cars, adequate public transportation is critically important. The Family Support Act requires the states to pay for transportation and other work-related support services necessary to enable an individual's participation in JOBS, with the federal government matching the state contribution at a 50 percent rate.

Most states also report that child care needs for JOBS participants exceed supply. The Family Support Act singled out provision of child care as a precondition for the education, training, or employment of AFDC recipients. Recipients in areas without JOBS programs who voluntarily enroll in approved education, training, or employment may obtain subsidized child care. In addition, individuals who leave the welfare rolls for employment are entitled to up to one year of child care assistance provided that they share the costs, based on a sliding fee scale established by the state. In an era of fiscal stringency, the fact that the federal government did not place a cap on total federal child care expenditures -- in contrast to the limits on more directly work-related services -- is a telling indication of the emphasis placed on this service. However, as in the other elements of JOBS, the states are obliged to share the costs of child care for AFDC recipients. The federal contribution is equal to the state medicaid matching rate, ranging from 50 percent to 83 percent.

The law put few constraints on provision of child care by the states, allowing them to provide it directly, pay in cash or vouchers to recipients or providers (either in advance or as a reimbursement), use the regular child care disregard in calculating the AFDC grant, or make other child care arrangements. Most states use a combination of these methods, but which predominate is

unknown. As of December 1991 just nine states chose to provide child care directly, and only Oregon relied completely on this option; the others funded child care. For nonhandicapped children older than age two, who make up most of the population served, the median state's subsidy limit was slightly more than \$400. Nine states chose the AFDC child care disregard maximum of \$175 monthly, or within \$25 of that amount. State investment in child care varied widely.

During fiscal 1992 the federal, state, and local governments spent \$750 million on child care for current and former AFDC recipients. Beginning in fiscal 1991, the federal government also funded a separate child care program for low income, working parents at risk of becoming welfare recipients. The states may obtain up to \$300 million in federal funds each year, but, as in the AFDC child care program, state or local funds must match the federal contribution at the medicaid rate. The federal government distributed \$216 million of the total in fiscal 1991. By the end of fiscal 1991, in an average month AFDC provided child care to about 250,000 children from 160,000 families, including 30,000 families who had left AFDC and were receiving transitional child care subsidies. During the year, the number of children served increased by some 40,000.

Because program regulations permit child care payments to relatives, some observers have charged that funds diverted to relatives (who presumably would otherwise have babysat for free) would hinder the program's expansion of child care. However, to date this concern has not been borne out, because only 17 percent of subsidized child care has been provided by relatives. Half of the total children are cared for in child care centers.

The common perception that most AFDC mothers require subsidized child care in order to work or participate in work/welfare programs needs further evidence. A study of JOBS in 10 states suggested that insufficient provision of child care may hinder the enrollment of

mothers who require it.¹⁷ However, a 1981 survey of WIN mothers, including a third who had children under age six, found that half required no child care assistance at the time, although some had previously needed it. A third of the children who needed care were looked after by relatives.¹⁸ In a 1990 survey, only 35 percent of employed AFDC mothers paid for child care, at an average of weekly cost of \$30 that constituted more than a fourth of family income.¹⁹ Although JOBS participants probably spend more hours in the program than the average WIN enrollee, the JOBS pattern is consistent with this finding, as at most 54 percent of participants obtained subsidized child care. This estimate includes some AFDC recipients who obtain child care assistance but were not JOBS enrollees. The key question of whether insufficient child care slots are impeding JOBS cannot be answered because the relevant information is not being collected.

Results

The implementation of JOBS is proceeding with due deliberate speed, liberally applied. Even sketchy information about JOBS's accomplishments -- such as the education or skills acquired during participation, or post-program employment and earnings gains, and reduced receipt of AFDC -- will be available in 1993 at the earliest. The law mandates the implementation of performance standards, but IHS recommendations of

¹⁷ Jan L. Hagen and Irene Lurie, "How 10 States Implemented Jobs," *Public Welfare*, Summer 1992, p. 19.

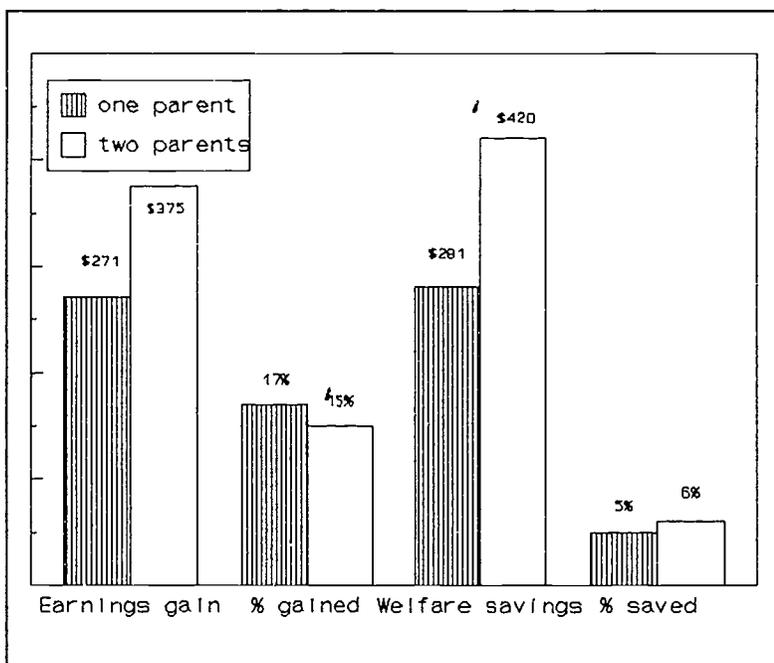
¹⁸ Laura Bonneville and Morris Peterson, *WIN Child Care Mail Survey* (Washington: Kirschner Associates and CSR, Inc., December 1981), pp. 31, 35, 42-3.

¹⁹ April Brayfield, Sharon Gennis Deich and Sandra Hofferth, *Caring for Children in Low Income Families: A Substudy of the National Child Care Survey 1990* (Washington: Urban Institute, August 1991), appendix tables 9 and 11.

specific benchmarks to Congress are not due until October 30, 1993, five years after the law's enactment. Statutorily, the standards must establish targets related to former JOBS participants' increased earnings, enhanced self-sufficiency, and reduced welfare dependency. HHS did not require the states to collect information related to program outcomes until October 1991.

California's Greater Avenues for Independence (GAIN) program, enacted in 1985, provides results for one program closely similar to JOBS. The findings for 6 of the state's 58 counties indicate increases in earnings and lower welfare payments one year after enrollment, compared with a control group that did not enroll in GAIN (figure 3).

Figure 3. Compared with the control groups, California's work/welfare program modestly increased participant earnings while reducing welfare costs during the first year after enrollment.



Source: Manpower Demonstration Research Corporation

During the second year after enrollment, the earnings of single parents continued to grow, but welfare savings generally leveled off or declined. These results are propitious for recipients, but may not be so welcome to those who believe JOBS will reduce AFDC expenses in the long run. There was no clear pattern of results for participants with varied tenure on welfare. One surprising result was that, among the control group, there was very little correlation between local unemployment rates and

the portion who found work.²⁰ This finding may partly be explained by the poor measurement of local unemployment rates, but it nonetheless flies in the face of the established practice in JTPA of adjusting local performance standards for unemployment, and may have important implications for the creation of JOBS standards.

National outcome information is available only for the nearly 140,000 AFDC recipients who terminated from JTPA during the year ending June 1991. The tiny and select group of on-the-job trainees were most likely to land work, largely because JTPA administrators often require a hiring commitment before placing the enrollee with the employer (table 2). It seems, however, that administrators paid less attention to the pay trainees received, which was 6 percent below the average hourly rate of all former participants who found work. Former classroom trainees earned the highest wages, but only a minority found work soon after leaving JTPA.

²⁰ James Riccio and Daniel Friedlander, *GAIN: Program Strategies, Participation Patterns, and First-Year Impacts in Six Counties* (New York: Manpower Demonstration Research Corporation, May 1992), pp. x-xi.

Table 2. JTPA results for AFDC recipients differ by the services to which applicants are assigned (July 1990 to June 1991).

<u>Activity</u>	<u>Distribution</u>	<u>Percent employed</u>	<u>Hourly wage</u>
<u>Total</u>	100%	44%	\$5.43
Classroom training	53	39	5.75
Job search assistance	12	64	5.43
On-the-job training	10	73	5.08
Work experience	7	41	4.67
Misc. services	19	33	5.12

Source: U.S. Labor Department, Employment and Training Administration

The reliability of JTPA's reported results are open to question, however, and may not reflect the relative effectiveness of different services. JTPA's performance standards have encouraged program administrators to engage in a variety of practices to artificially raise employment rates. Variations in employment rates and hourly wages to some extent reflect the divergent characteristics of enrollees assigned to different services. For example, the most job ready applicants obtain job search assistance or on-the-job training. By statute, only individuals younger than age 22 can be placed in work experience programs. The relatively high wages of classroom trainees may indicate that the best qualified individuals find jobs quickly. CETA results showed that employment rates by type of service at the time of termination bore little relationship with employment results two years later, which cautions against reading too much into short-term outcomes.

Prospects for Employment and Earnings

Because of federal negligence we know very little about the JOBS program, and this state of ignorance is likely to continue because the research currently underway is examining narrowly targeted geographic areas. Given this situation, a review of what is known about AFDC recipients generally and the experiences of past work/welfare efforts is critical to formulating future policies.

Employment

The first step is to acknowledge the difficult road ahead. **Although most AFDC recipients are able-bodied, their earnings prospects are extremely limited. Half never finished high school, few report recent work experience (a substantial number say they have never worked), almost all are single mothers, and three-fifths are non-white.** Lack of education limits their job prospects, and in most cases probably precludes the immediate probability of securing earnings above the poverty line. Conclusive evidence is lacking, but lengthy welfare reciprocity probably makes individuals progressively less employable, both in their own minds due to discouragement and certainly in the eyes of prospective employers. **To promote upward mobility, acquisition of education, skills, and job experience is essential.**

Until 1981 when the Reagan administration made it difficult to combine work with AFDC, about 15 percent of recipients reported working, primarily at part-time positions. Subsequently about half of that proportion reported that they were working.

Partial data on AFDC recipients' work experience are available from the Current Population Survey (CPS), conducted by the U.S. Census Bureau, but the informa-

tion is not compatible with AFDC records. CPS reports the employment status of AFDC recipients in March, based on reciprocity in the prior calendar year. Thus an unknown proportion of "recipients" no longer receive AFDC in March of the next year, and as a result CPS employment rates are higher than in the AFDC survey.

Assuming that CPS reports on job experience are accurate (noting the caveat above and other reservations discussed later), a fifth of AFDC recipients worked in March 1990. Of the remaining jobless 84 percent had not looked for work in the previous month. **Recipients who were out of the labor force in March 1990 had meager work histories. Only 12 percent had worked in the previous year, and 62 percent had either not worked in more than five years or had never done so.** Even among recipients aged 25 or older who were out of the labor force in March 1990, work histories were almost identically bleak.²¹

AFDC recipients are more likely than other individuals to face health difficulties, but of those who did not work at least part of 1989, only 13 percent attributed this to impaired health. The most thorough health survey found that either an adult or a child had a health problem in 29 percent of AFDC single mother families. However, the respondents reported that a large share of these impairments were moderate, and may therefore have not limited their capacity to work.²²

According to the CPS, 13 percent of recipients

²¹ Unpublished tabulations from the March 1990 Current Population Survey, provided by Professor Andrew Sum, Northeastern University Center for Labor Market Studies.

²² Michele Adler, U.S. Office of Income Security Policy, "Health and Disability Status of AFDC Families," American Statistical Association annual meeting, August 23, 1988, pp. 5-6, 17.

reported that they did not work during part of 1989 because they were in school, and more than three-fifths cited family responsibilities. In fiscal 1990 slightly more than two-fifths of AFDC families had children younger than three years old.

The picture that emerges from government-sponsored surveys is that at a given time relatively few AFDC recipients work or have worked in the recent past, largely because they have not sought employment. The growing prevalence of work among non-welfare mothers with small children has increasingly undermined child-rearing as a justifiable reason for not working or looking for work. The CPS data are, however, suspect. Small-scale surveys suggest that many recipients have income, including earnings, that they do not report to census enumerators or welfare caseworkers in order to maximize their AFDC grant. Anecdotal reports buttress these findings.

A recent survey of 50 AFDC mothers in Cook County, Illinois, which includes Chicago, found that none reported their entire income to the welfare department, and only 4 reported any of it. Unreported income constituted about two-fifths of the AFDC recipients' total income. Almost 40 of these women worked: 7 who had regular jobs under assumed names earned \$5 an hour, 22 had part-time jobs off-the-books averaging \$3 per hour, 5 sold drugs but earned little from it, and 5 worked occasionally as prostitutes. A similar study of a Puerto Rican neighborhood in New York City also found widespread unreported earnings. A detailed examination of the Illinois mothers' budgets indicated that unless the recipient lived in public housing, AFDC and food stamps were inadequate to cover basic living expenses.²³

It is difficult to reconcile the blatantly contra-

²³ Christopher Jencks, *Rethinking Social Policy* (Cambridge, Mass.: Harvard University Press, 1992), pp. 206-17.

dictory results from official and non-official surveys. Case studies are inadequate for policy formulation, but AFDC recipients have strong motivations for not disclosing outside income to government officials or Census enumerators, suspecting that the latter would transmit the information to the welfare agencies. The technical proficiency of modern survey research is no guarantee of its accuracy in these circumstances. **The inescapable important finding of both types of surveys is that many AFDC recipients are capable of working.**

Earning potential

Meager work histories and educational attainments among AFDC recipients suggest that their prospects of upward mobility are limited, a supposition reinforced by the scant evidence available from past work/welfare efforts. Subsidized jobs would increase paid work opportunities for AFDC recipients and move more of them off the welfare rolls, but their economic prospects will remain slim without further education and training. **To reduce dependence on AFDC, aggressive efforts will be necessary on several fronts, including education and training, public job creation, enhanced collection of child support, more subsidized child care, and measures to discourage out-of-wedlock births.** Only increased child support and the prevention of out-of-wedlock births will directly reduce government expenditures; the other measures would entail significantly greater funding.

The results of one study of high school dropouts demonstrated the critical connection between employment assistance and other factors. Of the 17 to 21 year-old participants who were already mothers at the start of the study, 60 percent became pregnant again within two years, and a third bore additional children.²⁴

²⁴ George Cave and Fred Doolittle, *Assessing Jobstart* (New York: Manpower Demonstration Research Corp., October 1991), p. 160.

AFDC recipients who enrolled in employment and training programs later earned relatively little and faced intermittent unemployment, persuasively demonstrating the difficulties encountered by welfare recipients in becoming economically self-sufficient. The point carries additional weight because program participants tend to be more motivated, better educated, have more work experience, have spent less time on welfare, and face fewer other obstacles to employment than other AFDC recipients. Moreover, AFDC enrollees in employment and training programs have unquestionably benefited from the assistance, despite its brevity. Yet few of even this select group escape poverty within the next several years.

Twenty-five to 44 year-old women with less than a high school education on average do not earn enough to maintain a family of three above the poverty line. The nearly one-third of female AFDC adults who are younger than age 25 of course face even bleaker prospects. In 1989, chosen because it reflects the peak year of the lengthy recovery before the recent recession, the poverty threshold for a single parent with two children was \$9,990. The annual earnings of women with less than a college degree were as follows:

<u>Education</u>	<u>Annual earnings (1989)</u>	
	Age 25-34	Age 35-44
Less than high school	\$8,022	\$10,346
High school only	12,164	14,304
1 to 3 years college	15,418	17,650

The average AFDC recipient who found work after leaving JTPA in fiscal 1990 earned \$5.43 hourly, the equivalent of just over \$11,000 for full-time, year-round work. But this amount of work is exceptional: two years after leaving CETA (similar JTPA information is unavailable), former AFDC enrollees (by then half no longer received AFDC) worked on the average about 1000 hours, half of full-year, full-time work.

AFDC recipients and former recipients face labor

market problems identical with those of the working poor: low earnings and limited work time. Short-term education and training will remove some recipients from the welfare rolls, but many will remain poor. Subsidized public jobs can boost work time for those who cannot obtain sufficient work in the regular economy. A higher federal minimum wage would directly increase earnings, and adjusting the earned income tax credit for family size would boost income related to earnings.

Discouraging work and encouraging single parent families?

AFDC's rules entail stronger work disincentives than other social programs. First, the program assists many able-bodied individuals, and benefits may be provided for many years -- until the youngest child reaches age 18 (or 19 in most states if the youth is still in high school or a vocational school). Second, except for the small two-parent program, AFDC eligibility is not contingent upon an established work history, as is social security and unemployment insurance. Income maintenance experiments conducted during the 1970s demonstrated that providing individuals a guaranteed income resulted in less work time.²⁵

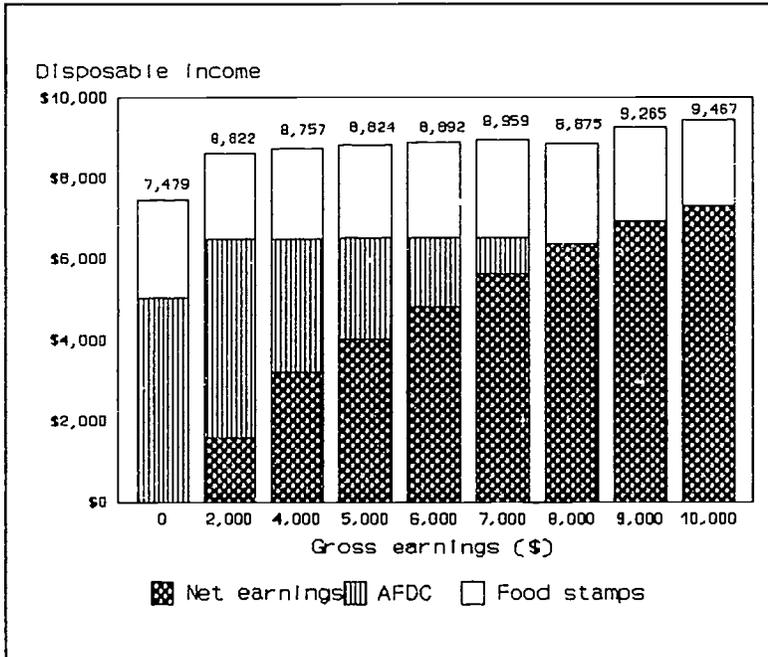
Finally, AFDC cash benefits, food stamps, medicaid, and housing benefits (obtained by about a third of AFDC single-parent families) often exceed the compensation available from low-wage work. In 1991 the average nonworking single mother with two children could obtain almost \$7,500 in combined AFDC/food stamp benefits, compared with \$8,900 earned income from a full-time, year-round minimum wage job. Food stamps plus the earned income tax credit would boost the net income of the working mother slightly higher, even after accounting for social security taxes and work-related

²⁵ SRI International, *Final Report of the Seattle-Denver Income Maintenance Experiment: Volume 1, Design and Results* (Menlo Park, Calif.: SRI, May 1983), p. 94.

expenses. For example, the U.S. Congressional Research Service (CRS) estimated that in Pennsylvania, a state with close to average AFDC benefits, a working mother with two children earning \$9,000 in 1992 would have a net income of nearly \$9,300, compared with almost \$7,500 for a nonworking AFDC mother. But this calculation excluded the value of medicaid, provided free to AFDC recipients. Only 15 percent of poor workers obtain health insurance paid by their employers. The CRS also estimated that as 1992 earnings rose from \$2,000 to \$10,000 in Pennsylvania, disposable income would grow only from \$8,622 to \$9,467, and medicaid coverage would cease once earnings rose above \$9,000 (figure 4).

The current system therefore provides little monetary incentive to AFDC recipients to expand work time or reported earnings, and the problem is of course compounded by the fact that the choice is often between leisure time and menial labor. This demonstrates both the obstacles to reforming the welfare system and the necessity for more ambitious measures than have been tried to date, including stricter work requirements for AFDC recipients, higher minimum or subsidized wages, and access to affordable health insurance for the working poor.

Figure 4. For a Pennsylvania AFDC family of three with child care expenses, increased earnings would result in only minor net income gains (January 1992).



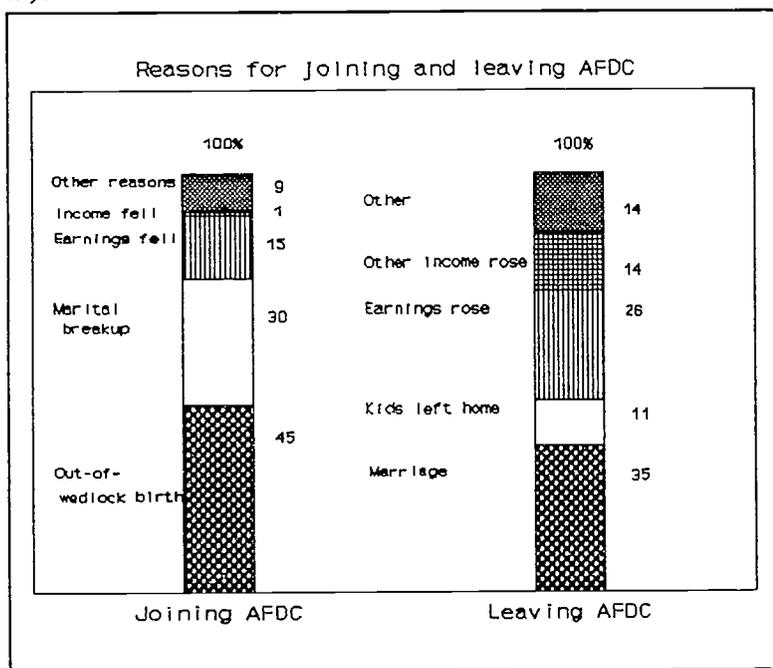
Source: U.S. House Committee on Ways and Means

The evidence suggests that AFDC discourages work, but quantifying the extent is futile because it would require a sizable investigative force to ferret out unreported earnings. Two alternative policy changes would resolve the question, but neither is likely to be implemented soon. Abolishing AFDC outright, as some have recommended, would leave recipients to sink or swim in the labor market. Most Americans properly reject this radical step because many children would sink. Alternatively, the government could require able-bodied adult recipients to attend education or training programs as a condition for receiving AFDC, and after some period

insist that they work in return for assistance. Presumably this would flush out both malingerers and recipients with unreported earnings. The federal government has taken halting steps in this direction, but far too few to promote work, education, and training rather than income support. The provision of jobs, education, and training is costly. This realization has dampened enthusiasm for stiffer work-related requirements among advocates whose primary goal was to reduce AFDC expenditures.

AFDC critics have charged that the program encourages family dissolution and out-of-wedlock births. In mandating nationwide AFDC eligibility for two-parent families in 1988, the federal government attempted to remove the possibility that poor parents would split up solely to obtain AFDC in the nearly half the states which previously made single parenthood a precondition for assistance. The evidence that AFDC significantly alters family structure is much weaker than the case for work disincentives. However, there is no question that family factors are inextricably connected with AFDC. **In fact, family changes provide a better immediate explanation of why individuals go on and off AFDC than do changes in income** (figure 5).

Figure 5. Marital break-ups and out-of-wedlock births explain why most recipients originally receive welfare (AFDC reciprocity during 1968 to 1982).



Source: U.S. House Committee on Ways and Means

Because these data only cover trends in the AFDC caseload between the late 1960s and the early 1980s, they underestimate the growing prevalence of out-of-wedlock births contributing to welfare receipt. While divorce rates dropped slightly during the 1980s, between 1980 and 1989 the proportion of births that were out-of-wedlock rose from 18 to 27 percent. Between 1979 and 1990 the share of the AFDC caseload that obtained benefits as a result of out-of-wedlock births grew from 38 to 54 percent. The increase in the proportion of total births that are out-of-wedlock shows no sign of slowing.²⁶

²⁶ Douglas Besharov, "That Other Clinton Promise - Ending 'Welfare As We Know It,'" *The Wall Street Journal*, January 18, 1993, p. A10.

There is little indication that AFDC accounts for broader changes in family structure. A comparison of states with widely varying welfare payments shows little correlation between the amount of assistance provided and the incidence of single parent families, out-of-wedlock births, or divorces.²⁷ The fact remains, however, that AFDC makes it possible for a woman to bear a child out of wedlock, secure in the knowledge that she will obtain a minimal level of income support plus health insurance. No such guarantees are available to childless women, and this knowledge probably has an impact on the birth control practices of some unmarried men and women.

Although AFDC may have contributed to the increase of single parent families, it is only one factor. Since 1975 the proportion of children living with a single parent has risen from 17 to 26 percent, while the proportion of all children obtaining AFDC remained at 11 to 12 percent until the recent recession. Moreover, the inflation-adjusted value of AFDC plus food stamps dropped by 26 percent in the two decades after 1972. Contrary to popular impressions of large welfare "broods," the proportion of AFDC families with four or more children has dropped from a third to a tenth since 1969, mirroring the decline in family size for the population as a whole.

²⁷ David Ellwood and Lawrence Summers, "Poverty in America: Is Welfare the Answer or the Problem?" in Sheldon Danziger and Daniel Weinberg (eds.), *Fighting Poverty* (Cambridge, Mass.: Harvard University Press, 1986), pp. 94-6.

Who Should Be Served?

*Even by the most generous accounting, various work/welfare programs at their height at the end of the 1970s enrolled no more than about a fifth of adult AFDC recipients, most for a limited duration. **Even if JOBS meets its participation requirements, most recipients will remain outside the program. Without significant funding increases, this situation will continue, which necessitates some selectivity in order to maximize JOBS resources.***

The largest employment programs for AFDC recipients prior to JOBS -- CETA and JTPA -- established no priorities for choosing among welfare recipients. Absent requirements, every work/welfare effort until JOBS served welfare recipients who were relatively more employable and motivated. This may not be the best use of minimal funding, because these recipients are also the most likely to find jobs and leave AFDC on their own. The JTPA statute requires local programs to enroll AFDC recipients in proportion to their share in the overall population eligible for JTPA. But because virtually no local data exist to apply this yardstick, the rule could be neither applied nor enforced. However, according to one estimate, JTPA enrolled nationally nearly enough AFDC recipients to meet the requirement even before the implementation of JOBS.²⁸ Since the proportion of AFDC participants in JTPA has grown significantly since then, largely due to JOBS, the statutory rule is likely being fulfilled.

In 1971 the federal government made a fleeting attempt to select the AFDC recipients that should participate in WIN. However, minimal funding made a

²⁸ Westat, Inc., *A Profile of JTPA Enrollments* (Washington: U.S. Labor Dept., October 1989), p. 8-17.

mockery of the targeting provisions. Ironically, while policymakers contentiously debated the propriety of requiring mothers with children younger than age six to enroll, such recipients constituted a large share of WIN participants and of AFDC recipients in JTPA. Two-thirds of AFDC parents enrolled in JTPA in 1984 (the most recent data) had children younger than age six.²⁹

JOBS marks the first serious attempt to specify the AFDC recipients who should participate in the program. In order to obtain the most favorable federal matching rate, the states have to allocate at least 55 percent of JOBS expenditures to:

- o individuals receiving AFDC for three of the five preceding years;
- o custodial parents under age 24 who have not finished high school and had little or no work experience in the previous year; and
- o members of a family in which the youngest child is within two years (typically age 16) of losing AFDC eligibility.

These requirements reflect the belief that targeting young AFDC recipients and those who have already been on the rolls for years will reduce welfare dependency.

The median duration of a single spell on AFDC is two years. However, including recidivism, the average adult beneficiary has been on the AFDC rolls for an estimated seven years. Never married women, those with young children, mothers younger than age 30, and black single mothers experience the longest welfare spells. Never married mothers average the longest period of reciprocity: nine years. Including multiple spells, there is

²⁹ U.S. Labor Dept., *JTPA Title IIA Participants Who Were Receiving Public Assistance at Program Application* (Washington: Labor Dept., December 1986), JTLS special paper no. 4, appendix table 1.

apparently no beneficiary category that experiences short-term reciprocity: new recipients with children aged 6 to 10 have the briefest average spell of 4.5 years. Surprisingly, education, disability status, and the number of children seem to have relatively little effect on long-term AFDC reciprocity. However, these findings, based on small samples, rely on data more than a decade old, and the survey did not distinguish between AFDC receipt during part versus all of a given year. Therefore the results should be considered tentative.

Because of their extended dependency, never married AFDC recipients should be made a priority target in JOBS. **The federal government should also implement a more vigorous preventive policy to minimize the burgeoning growth of out-of-wedlock births.** Because the resulting families are extremely likely to become welfare recipients, expanding the provision of birth control information and affordable contraceptives (free for the poor) would improve the quality of life for potential parents and ensure that fewer unwanted babies are born. **Such policies would not only reduce poverty but also prove highly cost-effective by saving the government billions of dollars expended on various programs.** The establishment of birth control clinics in or near high schools has generated a heated debate, but more than three-fourths of out-of-wedlock births are by women above high school age, for whom the provision of birth control is not as controversial. Since the 1960s, the federal government has spent several hundred million dollars annually on birth control assistance for low-income adults.

What Works Best?: Lessons From Research

Three decades of experience have produced remarkably few insights about the employment-related services that work best for AFDC recipients. The evolution of work/welfare programs has reflected shifting

ideological winds or disillusionment with the latest alleged panacea rather than a steady accumulation of knowledge. The 1960s work/welfare efforts, although diverse, largely involved work experience programs that provided recipients with low-level government-subsidized jobs. In the following decade, the programs obtained greater funding and tested various approaches. These included basic and even college education, occupational training, subsidized public and private sector jobs, job search assistance, and various ancillary but essential services such as child care and transportation. After 1981, due to severe budget cuts and the elimination of public service employment, program enrollees were largely consigned to brief job search instruction until the advent of JOBS.

Evaluations indicate that employment-related assistance for AFDC recipients is modestly successful in increasing subsequent earnings and reducing welfare payments. However, the earnings gains rarely permit escape from poverty, and welfare savings are minimal.³⁰ These results suggest that there is a continuing need for testing new approaches, including different mixes of services.

The work/welfare social experiments of the past decade have produced useful findings, but because of significant flaws relatively little knowledge has been gained from a substantial monetary investment.³¹ Evaluation experiments using random assignment techniques measure post-program differences between treatment groups and a control group that ostensibly does not receive the tested services. Theoretically, the results should be attributable to the program's services. The

³⁰ Judith Gueron and Edward Pauly, *From Welfare to Work* (New York: Russell Sage Foundation, 1991).

³¹ David Greenberg and Michael Wiseman, *What Did the Work-Welfare Demonstrations Do?* (Madison, Wis.: University of Wisconsin Institute for Research on Poverty, April 1992), discussion paper 969-92, pp. 139-41.

findings are solely "bottom line" outcome estimates, and the experimental evaluations are not designed to provide insights into which program components best help AFDC recipients to gain self-sufficiency.

Substantial differences in the design of the experiments cloud their interpretation. Some experiments began with new AFDC applicants, others with newly approved recipients, and yet others selected a sample of ongoing recipients. Each of these populations has quite different characteristics. Other constraints are less subject to control by evaluators but have no less impact in limiting the usefulness of study results. The control group typically does not obtain the particular services offered to the group receiving assistance, but control group members are free to seek help elsewhere and many do. The amount of outside services received by control groups has varied greatly across different studies, rendering comparisons problematic. Finally, differences in time and place are extremely important. Comparisons of differing treatments tested years apart in different locations facing economic conditions as varied as a severe recession and a booming economy are of doubtful validity. The outcomes of one area may have limited relevance to other locations.

Even if carefully tested, some services cannot be applied in an ongoing program in the same manner that they were tested in an experiment. For example, program staff cannot simply assign AFDC recipients to private sector on-the-job (OJT) training slots, because virtually no employer will cede hiring authority to an outsider (especially when the hires are welfare recipients). Therefore, program administrators have to carefully screen applicants before referring them to employers, who usually further screen out individuals. Even assuming an experiment of OJT could be properly conducted -- an unlikely event -- the process could never be applied to a real-world program where employers seek government subsidies for individuals they would have hired without the inducement.

Flaws that were not inherent have further diminished the value of work/welfare evaluations. Anywhere from 24 to 97 percent of the treatment group members received some program service across the 13 studies. Most of the varied work/welfare programs operated during the past three decades have never been adequately tested. Until recently the research focused on brief job search assistance. One study tested subsidized employment, and although others originally intended to examine this component, very few experimental enrollees were assigned to it. Only in the last few years have researchers devoted more attention to classroom occupational training and education.

Given these caveats, the studies conducted over the past decade and a half indicate that work/welfare programs have raised participants' post-program earnings. In 11 of the 13 experiments for which results are available, the treatment group had statistically higher annual earnings than the control groups up to three years later. For all 13 studies, the annual earnings increases ranged from \$12 to \$1607 (1991 dollars), which were 1 to 43 percent above the control groups' earnings. Earnings increases were in most cases insufficient to facilitate climbing out of poverty. Compared to the control groups, the proportion of treatment group members who worked was statistically higher in five studies, no different or slightly worse in six others, and unknown in the remaining two. The percentage changes in the proportion employed compared to controls ranged from minus 8 to plus 34 percent. In six of the above cases where employment rates did not improve, overall earnings increased because the treatment groups secured jobs with higher hourly wages.

Correspondingly, the use of welfare dropped, although the results were neither as consistent nor as positive as the earnings results. In eight studies, the treatment groups had statistically significant lower AFDC benefits, while in the other five roughly no change ensued. Annual changes in benefit amounts (1991 dollars) compared to controls ranged from \$80 more to \$553 less.

corresponding to percentage changes of 4 percent more to 18 percent less. The proportion who received AFDC dropped significantly in four studies, was unchanged in five, actually increased in one, and was unknown in the remaining three. Although undramatic, changes of these magnitudes -- if they persist -- are sufficient to produce cost/benefit savings for taxpayers in the long run. In general, AFDC recipients' living standards improved because their earnings gains exceeded the reductions in AFDC payments.

The experiments also shed some light on what works best for whom, although these findings are highly tentative. Job search assistance apparently produced earnings gains by raising the likelihood of employment, but not hourly wage rates. More intensive assistance, including work experience and on-the-job training, has been more effective in boosting wage rates. Surprisingly, there was no consistent difference in AFDC savings between job search and more intensive forms of assistance.

Few experiments have included men, but these 13 experimental evaluations as well as other studies tend to suggest that women profit more than men from job search assistance and work experience. This probably reflects the fact that men have sufficient work history to render these programs of little net value. The finding that women who were first-time AFDC beneficiaries, and thus probably had some previous work experience, generally had insignificant earnings gains or welfare savings provides some reinforcement for this supposition. Long-term and recidivist AFDC mothers tended to reap higher net earnings gains and welfare savings than first-time recipients. Even the supported work demonstration, which provided subsidized jobs to the most disadvantaged clients of all the work/welfare experiments (8.5 years

average AFDC duration), produced positive results.³²

Although the most intensive assistance has produced the highest earnings gains, the low cost programs have secured the best results from the perspective of impact per dollar invested. This suggests that administrators should determine which new enrollees need basic education and skill training. Functionally literate recipients should be initially enrolled in job search programs, allowing the market to "decide" who is immediately employable. More intensive forms of education, training, and subsidized work could then be reserved for those who cannot land jobs on their own.

Future Directions

*From the perspective of AFDC recipients, intensive education and occupational training together with public service employment are the two most potentially useful employment-related measures in the long run. **Education and occupational training unquestionably reap rewards for the average American, and there is no reason why they should not benefit AFDC recipients.** The principal difficulty is motivating a population with large numbers of high school dropouts who possess negative attitudes toward school. **Combining education with occupational training, as the Job Corps does, seems to be an efficacious tactic.** However, the costs are likely to discourage support from would-be reformers in and out of Congress. Experience also suggests that few recipients would pursue successfully a sustained effort.*

³² Stanley Masters and Rebecca Maynard, *The Impact of Supported Work on Long-Term Recipients of AFDC Benefits* (New York: MDRC, February 1981), pp. 122-4.

Unless overall funds for education and training are expanded, the JOBS strategy raises questions about the fairness of providing assistance to AFDC adults while neglecting poor workers not on welfare. **Paradoxically, the provision of more generous educational, training, health insurance, and child care benefits may promote welfare.** Because these benefits are unavailable to the working poor, low-wage workers may be encouraged to abandon employment to secure the income support and services offered through AFDC and JOBS, and current recipients have an incentive to remain on the welfare rolls until securing the credentials they desire.

Nevertheless, JOBS may play an important role in redirecting welfare policy. Additional funds to support education, training, and child and health care -- accompanied by participation requirements -- have reinigorated efforts to prepare AFDC recipients for work that were largely abandoned during the 1980s. **JOBS is a sound foundation on which to erect further measures necessary to promote economic self-sufficiency. The crucial component missing in JOBS is the direct creation of job opportunities for AFDC recipients.**

Providing public service jobs to AFDC recipients would meet a variety of needs. Recipients would benefit, because the public would be more willing to pay higher wages (or earned income tax credits) to AFDC adults than the meager benefits currently available. If fully implemented for all job ready recipients, it would affirm the principle -- frequently neglected by AFDC -- that individuals have obligations in return for benefits. Graduates of education or training programs unable to find jobs in the regular economy would be able to garner work experience which should facilitate their later hiring. Although probably less effective in raising long-term earnings than education or training, subsidized jobs have enhanced the subsequent earnings of even longtime AFDC recipients. The post-program earnings record of public service employees during the 1970s stacked up well against both classroom and on-the-job occupational

training.³³

Society's work is never done. There is no shortage of useful work that could be performed to fulfill needs unmet by the market economy. The limited skills of AFDC recipients would dovetail well with child care, long-term care, and other services that already rely heavily on unskilled low-wage labor. To provide a livable income, the subsidized positions should supply full-time work whenever feasible. Given the large number of able-bodied AFDC recipients, there is a legitimate concern that a massive jobs program paying recipients the minimum wage could depress pay levels among low-wage workers. To address this problem, state and local governments should be required to bargain in good faith with public sector unions on pay levels, and where necessary augment federal pay to reach prevailing local occupational wage rates. Subsidized jobholders are eligible to receive food stamps and earned income tax credits. They should also be provided medicaid and a partial child care subsidy. **This compensation package would provide a minimal standard of living superior to AFDC payments, even in states with relatively high benefits.** Job tenure should normally be limited to two years, which would give participants ample opportunity to seek jobs in the regular economy while enrollees are accumulating work experience and enhancing their skills.

Because the proposed reform would necessitate a massive jobs program, serving more than a million individuals, it should be implemented gradually. The program will be expensive, although AFDC benefits would offset a fourth to a third of public service employment

³³ Sar Levitan and Frank Gallo, *Spending to Save: Expanding Employment Opportunities* (Washington: The George Washington University Center for Social Policy Studies, February 1992), pp. 33-4.

costs.³⁴ In the long run, a new system would encourage self-sufficiency and be more cost-effective than the present one, although not necessarily less costly in the short run. If the federal government improves the living standards of poor workers, welfare rolls should decline. The public would benefit from the services provided by subsidized jobholders, and education and occupational training would raise the overall skill level of the work force. By encouraging a productive and responsible lifestyle, the program would help welfare parents to be better role models to their children, which should reduce dysfunctional behavior among the offspring of recipients. Oregon, as a result of an initiative approved by voters in 1990, is scheduled to implement a three-year pilot project in six counties that replaces AFDC (as well as food stamps and unemployment insurance) with a guaranteed job.

There is less need to "get tough" with AFDC recipients than some critics contend, because the evidence suggests that many recipients gladly avail themselves of opportunities for schooling, training, and work. **Insufficient funding, rather than recalcitrant recipients, has consistently been the primary barrier to increased participation in work/welfare programs.** Should the programs encounter resistance from malingering recipients, their problems can be addressed on a case-by-case basis.

If the recommended expanded assistance package is implemented, federal policy should consider the establishment of AFDC reciprocity limits for the able-bodied. The goal should be to induce recipients to work toward self-sufficiency. One year seems a reasonable limit, if subsidized jobs are provided thereafter. However, recipients who enroll in school or training and make satisfactory progress within the first year should be

³⁴ Roberta Spalter-Roth, Heidi Hartmann and Linda Andrews, *Combining Work and Welfare* (Washington: Institute for Women's Policy Research, April 1992), p. 29.

allowed to complete their program before becoming subject to the work requirement. Thus the maximum duration of AFDC envisioned is three years. Thereafter, those who cannot secure employment, despite a demonstrated effort, should be eligible for non-AFDC job slots in a general public service employment program. In the interim three years, Congress should require a Labor Department study of the employment experiences of former AFDC recipients who leave their subsidized jobs. If job shortages in the private economy preclude employment for substantial numbers of ex-recipients, Congress would face the dilemma of allowing recipients to work at subsidized positions for longer than two years or providing them income support and perpetuating the currently discredited AFDC system. The principle that able-bodied recipients should be expected to work can never be truly implemented unless accompanied by time limits.

The question of sanctions for noncooperating recipients is difficult to resolve because the federal government has yet to collect information on the extent of noncompliance. Better information on the present compliance process is essential to design fair and effective sanctions. In principle, recipients who refuse to follow JOBS requirements should face a serious penalty, a standard not currently met. Under JOBS, the noncooperating adult loses his or her benefit but would still receive the children's share. Based on the 1991 median state benefit, the reduction would have been only \$65 monthly, a 15 percent loss, and the food stamp benefit would offset 30 percent of the loss. Thus the effective loss would be but \$46 monthly, a 10.5 percent reduction.

In the long run, AFDC should be retained even for the able-bodied, but more along the lines of unemployment insurance (UI). UI is designed to provide a brief period of income support (generally limited to six months except during recessions) to allow recipients to find a suitable job. This rationale also makes sense in the case in the case of AFDC. There are sound reasons for providing temporary income support, reserving publicly

subsidized jobs for those unable to find work. The complete substitution of subsidized employment for income support, as some advocate, may be more costly and administratively unwieldy because the subsidized jobs might impede a successful job search.³⁵ On the other hand, if many individuals quickly find other work and leave their subsidized positions, this would seriously disrupt the operations of employment projects.

Some observers have recommended reliance on employment subsidies for private sector employers, rather than direct governmental job creation.³⁶ **This strategy is inherently subject to abuse by employers who seek subsidies for individuals they would have hired without the inducement.** Every similar past program has been plagued with this problem, including JTPA's on-the-job training. Moreover, an experimental program during the late 1970s found very little employer interest in hiring poor youth -- many of whom have the same educational deficiencies as AFDC recipients -- even with a 100 percent subsidy.³⁷

Reforms designed to encourage and enable self-sufficiency among adults should be less costly in the long run than supporting idleness. However, in the short run these programs will require additional spending, and the

³⁵ Mickey Kaus, *The End of Equality* (New York: Basic Books, 1992), p. 125.

³⁶ Isabel Sawhill, "Jobs for Welfare Recipients" (Washington, D.C.: Urban Institute, September 14, 1992), p. 13.

³⁷ U.S. General Accounting Office, *The Job Training Partnership Act: Abuse of On-the-Job Training and Other Contracting Is an Ongoing Problem* (Washington: GAO, July 30, 1992), T-HRD-92-47; Joseph Ball et al, *The Participation of Private Businesses as Work Sponsors in the Youth Entitlement Demonstration* (New York: MDRC, March 1981), pp. 6-7, 33-4, 39.

length of the pay-off is unknown because of inherent uncertainties about future economic conditions and the success of the programs. Three decades of antipoverty efforts have demonstrated that promises of rapid progress are very rarely fulfilled. The suggested measures, however, would likely be popular with Congress and the public even if their implementation results in added outlays. **Americans are more willing to expend resources to promote the self-sufficiency of individuals who are working to better their economic prospects than to provide minimal benefits to the able-bodied indolent.**

Vigorous implementation of employment assistance may be unintentionally impeded by JOBS's matching requirements. The matching rules had the commendable aim of encouraging states to contribute their own funds to JOBS. However, unless the states invest sufficiently the unmatched share of the available federal money remains unused. The national goal of enrolling an increasing share of AFDC recipients in JOBS should not be held hostage to state recalcitrance or state inability to raise the funds. Therefore, if a significant share of the federal matching funds remains unspent, Congress should substitute full federal funding for the matching requirement.

Experience has also demonstrated that employment policies alone cannot successfully reform the welfare system. Measures that would reduce out-of-wedlock births and secure child support payments from absent parents are critical to minimizing AFDC expenditures and alleviating poverty. Recent efforts to identify absent parents and secure child support payments should be intensified, but these endeavors will be of limited help to AFDC recipients because poor women tend to bear children with poor men. Work/welfare programs should target absent fathers who are jobless or low earners and unable to provide child support. The persistent problem of obtaining child support from jobless absent parents can be addressed by offering the parent a publicly subsidized job, a solution superior to jail for the delinquent parents as well as their children. The U.S. Health and Human

Services Department is currently sponsoring a demonstration project to include noncustodial, unemployed parents in JOBS.

In the course of his campaign, President Bill Clinton promised to "end welfare as we know it." His platform on social issues stated:

We will scrap the current welfare system and make welfare a second chance, not a way of life. We will empower people on welfare with the education, training, and child care they need for up to two years so they can break the cycle of dependency. After that, those who can work will have to go to work, either by taking a job in the private sector or through community service.³⁸

Although Clinton's statements on welfare were short on specifics, his recommendations promised a serious effort to reform AFDC by providing for:

- o a quadrupling of JOBS funding to \$4 billion annually, for education, training, and employment programs;
- o an addition of \$2 billion annually to expand the earned income tax credit, in order to make paid work more appealing than welfare;
- o indexing the federal minimum hourly wage to inflation, to maintain its value;
- o universal access to health care, which if implemented would end the current pattern of denying poor workers health insurance;
- o restrictions or conditions placed on AFDC benefits for able-bodied individuals after

³⁸ Bill Clinton, "Putting People First: A National Economic Strategy for America," 1992, pp. 12-13.

- o two years of reciprocity, although exactly what rules would apply thereafter remains unclear; and
- o intensified efforts to secure child support from absent parents.

Clinton's proposal actually envisions that the JOBS program would cost \$10 billion annually, but assumes that \$4 billion of this would be recouped through welfare savings, which is probably too optimistic.³⁹

Whatever the ambiguities and optimistic accounting are involved in President Clinton's campaign promises, if implemented they would entail a striking departure from the current, discredited system. His proposals would sharply reduce disincentives to work by creating employment opportunities and alleviating the problems of poor workers not on welfare. To realize his aims, the new president will have to invest more funds than he has proposed in education, training, and job creation. Clinton has yet to focus sufficient attention on measures that would reduce the rapidly growing number of out-of-wedlock births, a development which has made the challenge of poverty and welfare reform more intractable. The president's proposals to aid poor workers also neglect the fact that involuntary joblessness reinforces the need for publicly-subsidized employment for the non-welfare population. Finally, President Clinton has failed to recommend raising the current statutory minimum wage, although he did favor indexing it.

The severe obstacles to self-sufficiency faced by many AFDC recipients explain why even programs that are reasonably successful may be perceived as failures by policymakers and the public. Disbursing cash is easily accomplished, but changing human behavior, imparting knowledge and skills, and altering labor markets are far more ambitious endeavors. At best, it will take decades

³⁹ Julie Kosterlitz, "Reworking Welfare," *National Journal*, September 26, 1992, pp. 2189-92.

and perhaps generations of sustained effort to achieve true welfare reform, and there will be many missteps along the way.

Welfare cannot be transformed without attacking the general problem of poverty, a factor too often ignored by would-be reformers. The plight of the working poor, whose ranks many "successful" welfare recipients are likely to join, has worsened in the past decade and a half. Both groups urgently need assistance to promote a decent hourly wage, sufficient work time, health insurance, and child care. Reforming AFDC and alleviating poverty while reinforcing the old-fashioned principles of rectitude and the work ethic should be a continuing and unrelenting responsibility of government. Policymakers and the public should recognize the difficulties of the task and support efforts that move in the right direction but do not secure instant results.

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