

December 17, 1993

## **PRESIDENT CLINTON'S COMMITMENT TO WELFARE REFORM: THE DISTURBING RECORD SO FAR**

### **INTRODUCTION**

**P**resident Bill Clinton has promised to "end welfare as we know it," and his Administration is drawing up proposals for Congress which, the White House claims, will deliver on that promise. In making this bold commitment, the President acknowledges that the War on Poverty has failed. America today is spending seven times as much in constant dollars on means-tested welfare as it was when the War on Poverty started in 1965. Overall the U.S. taxpayers have spent \$5 trillion on welfare since Lyndon Johnson launched his "war," an amount greater than the cost of defeating Germany and Japan in World War II.

President Johnson declared his "war" would be a great investment which would return its cost to society manyfold, and the average American household has already "invested" around \$50,000 in taxes in fighting the War on Poverty. But in many respects the fate of lower-income Americans has become worse, not better, in the last quarter-century.

A key reason is that welfare has caused a collapse of the low-income family. Today, one child in eight is being raised on welfare through the Aid to Families with Dependent Children (AFDC) program. When the War on Poverty began, roughly one black child in four in the United States was born out of wedlock. Today two out of three black children are born out of wedlock. Rapid increases in illegitimacy are occurring among low-income whites as well; the illegitimate birth rate among low-income white high school drop outs is 48 percent. Overall 30 percent of children in the U.S. are now born to single mothers.

One reason why this trend is so destructive is that single-parent homes dependent on welfare are poor environments for raising children. Children brought up in such circumstances have limited prospects for succeeding in mainstream society. They are far more likely to fail in school. They are more likely to get caught up in crime. And they are more likely to end up on welfare themselves as adults. June O'Neill of Baruch College, in New

York City, has even shown that long-term welfare dependence reduces a child's intellectual ability by one-third when compared with nearly identical low-income children not on welfare.<sup>1</sup>

Single-parent families also impose staggering social costs on the communities around them. Young black men raised without fathers on average commit twice as much crime as young black men raised in similar low-income families with both a father and mother present.<sup>2</sup> The threat of violence that makes most Americans afraid to walk at night in major U.S. cities is a direct result of family disintegration engendered by the welfare state.

It is indeed, as the President maintains, vital to end welfare as we know it. The centerpiece of President Clinton's reform proposal does give the appearance of changing the system, at least in part. The President proposes to require those parents in the AFDC program who have received welfare for over two years to perform community service work (workfare) in exchange for continued AFDC benefits. However, despite the conservative rhetoric, the actions of the Clinton Administration during its first year in office have gone in exactly the opposite direction. The Clinton Administration has in fact sought to expand conventional welfare programs and to undermine existing work requirements for welfare recipients.

Specifically, the Clinton Administration thus far has:

**Proposed a huge increase in conventional welfare spending.** After promising to end welfare, the Clinton Administration in its first budget proposal asked for \$110 billion over five years in expanded spending for existing welfare programs, such as Food Stamps, the Women, Infants and Children Food Program (WIC), public housing, and energy assistance.

**Ignored funding for workfare.** Despite its pleas for an additional \$110 billion for conventional welfare spending, Clinton's proposed budget did not seek one extra dime for expanding workfare programs. But all experts agree that if the government is to require welfare recipients to work in exchange for benefits, extra funds must be provided to administer such work programs.<sup>3</sup>

**Postponed long-term work requirements.** By avoiding any real commitment to expanding workfare up to the present time, the Clinton Administration has ensured that its efforts to "end welfare as we know it" cannot even commence until fiscal year 1995. This very late start makes it unlikely that more than four or five percent of all parents enrolled in the AFDC program actually will be required to work in exchange for welfare benefits by the time President Clinton seeks re-election in 1996.

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- 1 M. Anne Hill and June O'Neill, "The Transmission of Cognitive Achievement Across Three Generations," paper prepared for the RAND Conference on Economic and Demographic Aspects of Intergenerational Relations, Santa Monica California, March 1992.
  - 2 M. Anne Hill and June O'Neill, *Underclass Behaviors in the United States: Measurement and Analysis of Determinants*, August 1993, research funded by Grant No. 88ASPE201A, U.S. Department of Health and Human Services
  - 3 Requiring large numbers of welfare recipients to perform community service work may reduce total welfare costs by encouraging welfare recipients to leave the rolls. However, even if this occurs, the amount of money specifically devoted to operating the work programs must be increased.

**Attempted to reduce current work requirements.** Far from promoting workfare programs, the Clinton Administration has spent most of 1993 seeking to undermine the few work requirements in existing law. It has even gone so far as to advise states to violate the current law in order to reduce the amount of work that welfare recipients would be required to perform.

The history of welfare is littered with the rhetoric of politicians who have claimed they were overhauling the system while little or nothing was changed. The Clinton Administration is perfectly poised to join in this venerable tradition. Even worse, despite passing references in a few speeches, Clinton seems determined to avoid serious policies dealing with the core welfare problem: how to reduce illegitimacy and encourage marriage.

## **LESSONS FROM THE PAST: THE LEGACY OF BOGUS REFORM**

The history of the U.S. welfare system is marked by a complete disconnect between political rhetoric and public policy reality. For instance, in launching the War on Poverty, President Lyndon Johnson confidently declared "the days of the dole are numbered." But then he greatly expanded the number of welfare programs and the number of Americans receiving welfare.

Just five years ago, Americans were told that the welfare system had been dramatically overhauled with the passage of the Family Support Act of 1988. The public was told that most welfare recipients would be required to work in exchange for benefits. Senator Patrick Moynihan (D-NY) declared of the reforms, which he championed, "For 50 years the welfare system has been a maintenance program. It has now become a jobs program."<sup>4</sup> Welfare spending, supporters said, would be dramatically trimmed as child support payments from absent fathers replaced government-funded welfare benefits for most single mothers. The claim was eerily similar to today's declarations.

The 1988 reforms, it was alleged, would require millions of welfare mothers with young children to work. This claim had ramifications in other areas of public policy; over the next two years, it gave a major impetus to efforts to fund a national government day care system through the Act for Better Childcare. Proponents of this legislation argued that the 1988 welfare reforms demonstrated that the idea of mothers in general caring for children in the home was passé. Thus, a new government day care infrastructure would be required not only for the children of welfare mothers who would allegedly be sent to work, but also for children of the general population.

But in the five years since the 1988 "welfare overhaul," the only noticeable change in the welfare system has been a dramatic surge in spending. Welfare spending by federal, state, and local governments in 1988 was \$217 billion—by 1992, spending had surged to \$305 billion (both figures are in constant 1992 dollars).

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4 Bureau of National Affairs, Inc. *Daily Labor Report*, March 21, 1988.

**Table 1**

**Percentage of Adult AFDC Recipients Participating in Mandatory Job Search, Community Service Work, or Training: FY1992**

Alabama	7.2%	Montana	15.1%
Alaska	3.8%	Nebraska	31.5%
Arizona	2.8%	Nevada	9.0%
Arkansas	9.6%	New Hampshire	9.8%
California*	4.8%	New Jersey	8.9%
Colorado	11.1%	New Mexico	7.6%
Connecticut	14.6%	New York	6.8%
Delaware	8.0%	North Carolina	5.1%
District of Columbia	6.0%	North Dakota	13.0%
Florida	3.8%	Ohio	9.6%
Georgia	4.7%	Oklahoma	24.6%
Hawaii	0.7%	Oregon	10.4%
Idaho	8.4%	Pennsylvania	5.9%
Illinois	6.6%	Rhode Island	10.9%
Indiana*	1.2%	South Carolina	5.4%
Iowa	3.8%	South Dakota	8.6%
Kansas	9.2%	Tennessee	4.2%
Kentucky	5.1%	Texas	5.2%
Louisiana	4.0%	Utah	30.0%
Maine	5.2%	Vermont	7.4%
Maryland	4.6%	Virginia	6.7%
Massachusetts	16.5%	Washington	11.2%
Michigan*	6.9%	West Virginia	6.9%
Minnesota	5.1%	Wisconsin	18.1%
Mississippi	2.5%	Wyoming	11.7%
Missouri	3.8%	<b>Nationwide Average</b>	<b>6.9%</b>

**Source:** Office of Family Assistance, Department of Health and Human Services. All data are monthly averages of recipients who participated in programs more than 20 hours per week.

\*—data represent participants as percentage of full AFDC caseload for 1991.

While Americans were told that the 1988 reforms required most welfare recipients to work for benefits, by 1992 only one percent of all AFDC parents were actually required to perform community service work (workfare) in exchange for welfare assistance.<sup>5</sup> A slightly greater number were required to search for a job or undertake training. Overall, as table 1 shows, during the average month in 1992, only 6.9 percent of AFDC parents were required to work, search for a job, or participate in education and training for more than 20 hours per week.

When pressed to explain the dismal results of the 1988 legislation, the conventional excuse is a shortage of funding for the Job Opportunities and Basic Skills (JOBS) program contained in the Act. Under the provisions of the legislation, this program operates workfare, job search, and training activities for welfare recipients. This convenient explanation is misleading, however. The real problem of the 1988 reforms was that very few AFDC recipients were in fact required to participate in any JOBS activity. Since the Act required only six percent of the AFDC caseload to participate in job search, training, or community service work, most states met these requirements using only part of the allocated federal JOBS funds.<sup>6</sup> There was a shortage of requirements, not a shortage of money.

Significantly, Congress poured billions of dollars into expanding the coverage of conventional welfare programs after passing the Family Support Act.<sup>7</sup> Since 1988, expansions in Medicaid and housing programs alone would have been far more than sufficient to fund work programs for all AFDC parents. The simple fact is that Congress, after telling the American public that it was going to require welfare recipients to work for their benefits, did everything but that. What Congress actually did was to limit workfare programs while expanding conventional welfare dramatically.

Congress has followed the traditional pattern in welfare policy over the last five years. Lawmakers talk tough about workfare, but Congress keeps the actual number of recipients who are required to work as low as possible, and expands spending on conventional welfare programs. Unfortunately, during its first year in office, the Clinton Administration has shown every indication that it intends to follow this well-worn path.

### **Clinton's Reform Rhetoric**

As candidate and as President, Bill Clinton has spoken often about the need to reform welfare. At times his rhetoric has been stirring; in *Putting People First: How We Can All Change America*, Clinton pledged to "honor and reward people who work hard and play by the rules." Welfare reform, and more specifically his pledge to "end welfare as we know it" was invoked often and with great effect during the campaign, and played a key role in Clinton's strategy of portraying himself as a "New Democrat."

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- 5 These figures represent the total number of AFDC recipients who were required to work in a given month, not merely the additional number who were required to work as a result of the 1988 act.
  - 6 There is a specific cap for federal JOBS funding for each state; below this cap, federal funds equal a percentage of the state's spending on JOBS.
  - 7 Part of the apparent shortage of state funding after 1988 was due to the vast amounts of state money required to pay for the expansions in Medicaid coverage mandated by the federal government.

The centerpiece of President Clinton's reform proposal is to end welfare as a long-term one-way hand-out. Adult welfare recipients in the AFDC program would receive normal welfare for only two years. If they remained on welfare for over two years they would be required to perform community service work in exchange for benefits. In *Putting People First*, which laid the foundation for recent policy pronouncements, Clinton states the government should:

After two years, require those who can work to go to work, either in the private sector or in community service: [the government should] provide placement assistance to help everyone find a job, and give the people who can't find one a dignified and meaningful community service job.<sup>8</sup>

With this statement, Clinton adopted rhetorically the workfare policy advocated by Ronald Reagan and other conservatives for over twenty years, but opposed by liberal majorities in Congress.

Yet Clinton's proposal was not limited to creating new responsibilities for welfare recipients. In addition to the "stick" of required work, he proposed new "carrots" or incentives to "honor and reward those who work hard and play by the rules." These incentives include an expansion of the Earned Income Tax Credit (EITC) and government-funded health care for low-income working parents.

Earlier this year, in an address to the National Governors Association, Clinton repeated his "carrots and sticks" theme of welfare reform. "We must provide people on welfare with more opportunities for job training," he declared, "with the assurance that they will receive the health care and child care they need when they go to work, and with all the opportunities they need to become self-sufficient. But then we have to ask them to make the most of these opportunities and to take a job."<sup>9</sup>

While Clinton's rhetorical commitment to requiring welfare recipients to work and to rewarding families who strive to be self-sufficient is commendable, it is also strangely limited. Despite having an entire chapter devoted to children and another to the family, *Putting People First* never mentions illegitimacy or marriage.<sup>10</sup> By ignoring the need to reduce illegitimacy and to promote marriage Clinton evades the core problem of the welfare state and the root of many of America's social problems.<sup>11</sup> Insisting that welfare

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8 Governor Bill Clinton and Senator Al Gore, *Putting People First: How We Can All Change America* (USA: Times Books, 1992), p. 165.

9 William J. Clinton, "Remarks to the National Governors Association," February 2, 1993, *Weekly Compilation of Presidential Documents*, Monday February 8, 1993, Volume 29-Number 5, pp. 125-128.

10 In a speech on November 13, 1993, in Memphis, Tennessee, President Clinton finally did acknowledge that family disintegration was a major cause of crime in the inner city. However, the President made no linkage between illegitimacy and welfare, and his speech, while containing many policy proposals, contained none to reduce illegitimacy or promote marriage.

11 One surprising side effect of serious work requirements for single AFDC mothers is that the policy would, perhaps unintentionally, reduce the number of illegitimate births. Welfare serves as an alternative to work and marriage; placing work requirements on single mothers on AFDC reduces the economic utility of welfare. Thus serious work requirements would encourage women to sidestep the trap of welfare dependence by avoiding having children out of wedlock in the first place. Work requirements would also increase the marriage rate of those on welfare. However, work requirements are not a sufficient strategy for reducing illegitimacy. And it is clear that the Clinton Administration has not developed its workfare

mothers work at community service jobs will do little to reduce welfare costs or to improve society as long as the illegitimate birth rate remains at 30 percent and rising.

## THE CLINTON RECORD TO DATE

As disturbing as the lack of commitment to tackling illegitimacy is the widening chasm between Clinton's welfare reform rhetoric and his actions. The record thus far suggests that Bill Clinton intends to deliver on all of the "carrots" of welfare reform, such as expanding the Earned Income Tax Credit, and providing government-funded health care to millions of Americans, but deliver on few or none of the "sticks," such as work and personal accountability.

### A Disturbing Appointment

In his first concrete action on the welfare reform front, President Clinton appointed Donna Shalala as head of the Department of Health and Human Services (HHS). The choice was odd because Shalala had served for years on the Board of Directors of the Children's Defense Fund, a Washington-based organization which has taken the lead in opposing work requirements for welfare recipients. Shalala actually served at the Children's Defense Fund during a period when the organization opposed the minuscule work and job search requirements in the 1988 Family Support Act. In her lengthy confirmation testimony Shalala mentioned welfare reform in only one vague sentence. Upbraided by Senator Moynihan for her lack of interest in reform, Shalala promised merely to create yet another task force to look into reform.

### Revealing Budget Proposals

An even greater disappointment to those who trusted in Clinton's promise to "end welfare" was the President's proposed budget submitted in the spring of 1993. The President's budget asked for \$110 billion in expanded welfare spending over the next five years. Welfare spending was already projected to grow at a baseline rate of roughly 50 percent over five years, before the proposed spending increases. Thus Clinton was proposing \$110 billion in new spending above an already rapidly expanding baseline.

True, some \$26 billion of this new welfare spending was to expand the Earned Income Tax Credit. By supplementing the earnings of low-wage working parents, the EITC does help to "make work pay" relative to welfare. It is one of Clinton's "carrots" to reward constructive behavior and should be considered part of his welfare reform package. But the other spending increases sought by Clinton were largely for conventional welfare programs invented in the earlier years of the War on Poverty: Food Stamps, public housing, energy aid, community development grants, and Head Start, among others. A complete list of Clinton's proposed welfare spending increases is included in the Appendix.

Some might attempt to justify this expansion of conventional welfare programs on the grounds that welfare was cut back during the Reagan and Bush years. In reality, federal, state, and local welfare spending (measured in constant 1992 dollars) grew by more than 50 percent in the Reagan-Bush period, rising from \$195 billion in 1980 to \$305 billion in

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proposals with this objective in mind.

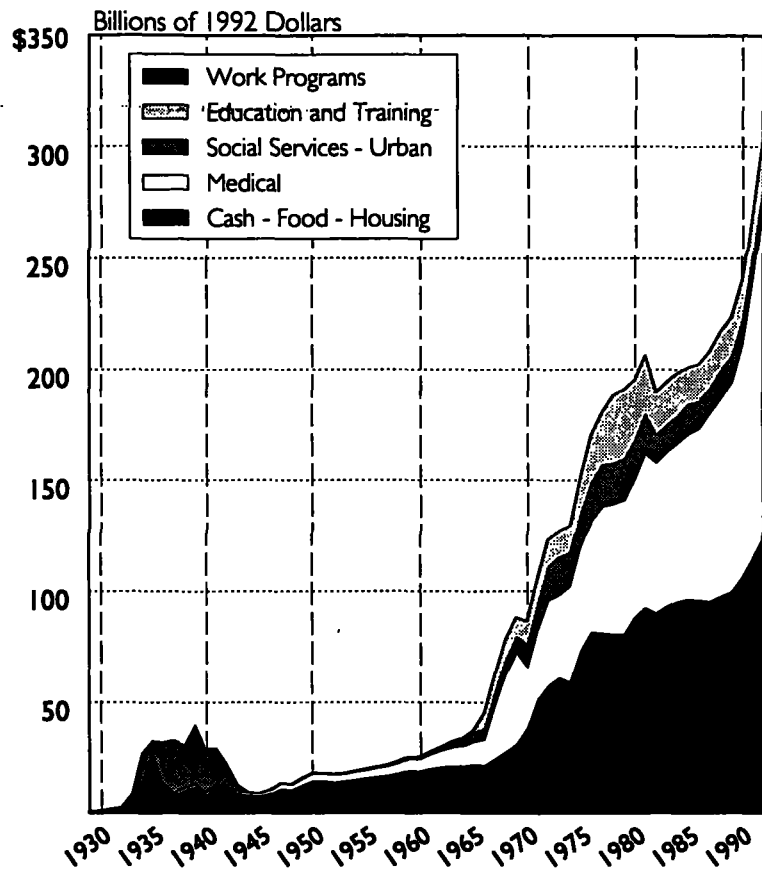
1992. And as a percentage of GNP, welfare spending climbed from 4.2 percent when Ronald Reagan took office to 5.2 percent when George Bush left. So the claimed "reduction" of funding during this period cannot justify Clinton's proposed increases.

### No Workfare Funding

Still, the dramatic spending increases for conventional welfare proposed by Clinton are only part of the picture. The most devastating fact about Clinton's budget is that the \$110 billion in proposed new welfare spending did not contain one thin dime for expanding workfare. If large numbers of welfare recipients are to be required to work, total welfare costs may fall as recipients leave the rolls, but the amount of money specifically devoted to operating work programs must be greatly increased. The funds for administering workfare for welfare recipients are currently included under the JOBS program created by the Family Support Act of 1988. In his address to the National Governors Association in February, Clinton said that the JOBS program had been highly successful but had been hampered by a lack of funds. However, his budget released a few weeks later contained no increase in JOBS/workfare funding.

Some might argue that Clinton could not increase workfare funding until all the details of his welfare reform could be worked out. But when Clinton ultimately unveils his reform, it will contain work programs similar to the workfare program (Community Work Experience program) which exists in current law and is already operated on a small scale as part of JOBS. If the intent is to "end welfare as we know it" the Clinton Administration should have begun by vastly increasing as soon as possible the number of recipients required to participate in existing workfare programs. It was not necessary to wait until every detail of its final workfare plan had been developed. It is also worth noting that the

## U.S. Welfare Spending: 1929-1992



Source: Heritage calculations based on U.S. government data.

Heritage DataChart



Clinton budget contained emergency funding requests for other initiatives such as National Service, even though the details of those programs had not been worked out.

If the Clinton Administration was serious in its plan to require workfare, it would have asked for supplemental appropriations for workfare in 1993 and, say, a quadrupling of JOBS funding for 1994. Instead Clinton sought aggressively to expand conventional welfare not workfare. The money for the proposed expansion of the Food Stamp program alone could have quadrupled future funding for JOBS/workfare.<sup>12</sup> By procrastinating on its commitment to workfare, the Clinton Administration ensured that its campaign to end welfare would not even begin until Fiscal Year 1995.

While not all the President's spending initiatives were approved by Congress, the proposed budget presents a dramatic statement of presidential priorities. The message is clear. The President has promised a welfare reform of both carrots (positive incentives for constructive behavior) and sticks (sanctions or limits on negative behavior). Following the pattern which has become almost habitual, the carrots have appeared promptly but the stick is nowhere in sight.

The Administration's budget story has a final hypocritical twist. A few months after Clinton proposed \$110 billion in increased spending, mainly for conventional welfare programs, Clinton political appointees at HHS began suggesting that it might be necessary to scale back Clinton's welfare reform plan because the government lacked funds to pay for it.<sup>13</sup> Thus Clinton appointees sought to build a case for renegeing on Clinton's workfare policy by citing a lack of funds at the same time the Administration was proposing vast increases in conventional welfare spending.

### **The War Against Workfare**

The Clinton Administration has not merely ignored its commitment to workfare; it has actually spent most of 1993 attempting to roll back existing work requirements.

Under the 1988 Family Support Act, only one group of welfare recipients was actually required to work in exchange for benefits. That group was fathers in two-parent families receiving benefits from the Aid to Families with Dependent Children-Unemployed Parent (AFDC-UP) program. According to the Family Support Act, fathers in AFDC-UP families would be required to work in community service programs for sixteen hours per week. Congress limited this requirement to only 40 percent of AFDC-UP fathers and postponed the effective date of the work requirement until FY 1994. Note the minimal nature of this requirement: two-parent AFDC-UP families are 9 percent of the AFDC caseload, so 40 percent of 9 percent means only 3.6 percent of the total AFDC caseload faced a real work requirement. Even that requirement to work for a few hours per week was delayed until FY 1994, six years after the Act's passage.

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12 Federal JOBS funding in future years is capped at roughly one billion per annum under current law. Clinton's proposed expansions to the Food Stamp program were \$2 billion in FY1995 and \$3 billion in each subsequent year. JOBS funding totals are from Congressional Budget Office, *August 1993 Baseline*, p. 290. Figures on the proposed Food Stamp expansion are provided in Executive Office of the President, *A Vision of Change for America*, February 17, 1993, p.137.

13 Jason DeParle, "Clinton Aides See Problem with Vow to Limit Welfare," *The New York Times*, June 21, 1993, p. A1.

The Clinton Administration's actions with regard to this minimal work requirement have been unequivocal—it has repeatedly attacked it. During the debate on the Omnibus Budget Reconciliation Act, the Clinton Administration sought to postpone the AFDC-UP work requirement effective date from FY 1994 to FY 1996.<sup>14</sup> Since all the work provisions of the AFDC program undoubtedly will be completely rewritten before 1996, the Clinton Administration effectively was proposing to kill the only real work provision in existing law.<sup>15</sup> The Administration claimed lamely that it was trying to postpone work requirements on AFDC-UP fathers because there were no funds to operate such workfare programs. Even assuming this dubious argument is correct, there were no funds to implement these workfare programs in FY 1994 precisely because the Clinton Administration requested none.

While the House of Representatives went along with Clinton's plan to roll back the AFDC-UP work requirements during the congressional debate on the budget, the Senate rebelled at this effort to gut the only work requirement in existing law. Led by Senator Moynihan, the Senate rejected the Clinton plan. The Senate then prevailed over the House in conference and the modest AFDC-UP work requirements were maintained unchanged.

After the Clinton Administration failed in its legislative efforts to eliminate work requirements for AFDC-UP fathers, it adopted a back-door strategy: If it could not wipe out the law, the Administration proposed to neuter it by permitting and encouraging an open violation of the law by state governments. This September, a few days before the AFDC work requirements were to take effect, Clinton's HHS issued a new regulation which greatly weakened the requirements.<sup>16</sup> Whereas the law requires participating AFDC-UP fathers to perform community service work at least sixteen hours per week, the Clinton regulations cut this to only eight hours per week.<sup>17</sup>

Since these proposed regulations deliberately and clearly violated the law, they drew a firestorm of protest. Among the critics, Senator Alfonse D'Amato (R-NY) declared, "Now that they can't delay any longer, the Administration is trying to water down these requirements. It is clear that this Administration is evading welfare reform."<sup>18</sup> Faced

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14 David E. Rosenbaum, "Delay Sought in Law Meant to Trim Welfare Rolls," *The New York Times*, May 5, 1993, p. B9.

15 The Clinton Administration has attempted to justify its attempts to weaken the AFDC-UP work requirement by arguing that the number of AFDC-UP parents who were required to work was technically a subset of the total number of welfare parents (both AFDC and AFDC-UP) who were required to participate in the JOBS program. Thus even if the AFDC-UP work requirements were abolished, the combined total of AFDC and AFDC-UP parents who would be required to participate in the JOBS program would not be affected. But the JOBS program is not a work program; state governments have the option to put JOBS participants in less demanding training and "job search" activities. As a result few participants in JOBS actually work for benefits. By contrast the AFDC-UP work program, which the Clinton administration sought to abolish, actually requires, for the first time, a definite number welfare parents to work for their benefits. By "postponing" the AFDC-UP work requirement, the Clinton administration would have permitted states to put recipients in much less demanding "job search" programs rather than real work programs. The bottom line is simple: the Clinton administration sought to do away with the only provision in current law that makes even a tiny number of welfare recipients actually work.

16 The AFDC-UP work requirements were scheduled to take effect at the beginning of fiscal year 1994, which commenced October 1, 1993.

17 "Clinton Backs Away from Plan to Weaken Welfare Work Rules," *The Wall Street Journal*, September 27, 1993.

with vocal opposition in the Senate and press articles calling attention to the contradiction between Clinton's rhetoric and policy, HHS quickly rescinded its regulations.

### **State Experimentation and Waivers**

The only area of the Clinton record that suggests even the slightest momentum toward genuine reform has been waivers granted to state governments. In keeping with his "New Democrat" theme, President Clinton has acknowledged that all wisdom may not reside in Washington, D.C. He has thus proposed to foster state experimentation in welfare policy by granting state governments waivers from federal law in operating some welfare programs.<sup>19</sup>

In addressing the National Governors Association, President Clinton repeated his campaign pledge to promote state experimentation:

We need to encourage experimentation in the states...I do not want the Federal Government, in pushing welfare reforms based on [my] general principles, to rob [state governors] of the ability to do more, to do different things.... My view is that we ought to give you more elbow room to experiment.<sup>20</sup>

Clinton explained that serious support for experimentation must permit the states to undertake initiatives which go beyond federal reform policies and do things which he, the President, might not personally approve of. In order to foster experimentation, he pledged to "approve waivers of experiments that I did not necessarily agree with....If we didn't disagree on anything, what would be the need for experiments? That is the nature of the experiment, is that one person has an idea different from another person."<sup>21</sup>

However, to date, few of the waiver requests submitted to the Clinton Administration have proposed significant reforms. The key exception was the waiver request submitted by Wisconsin Governor Tommy Thompson for an experiment in two counties. In those counties, the Governor planned to convert the AFDC program into a program of temporary aid. AFDC recipients could receive benefits for two years, after which their AFDC benefits would be terminated. In contrast to President Clinton's national reform proposal, Thompson's experimental plan did not guarantee community service jobs to those who stayed on welfare over two years.

The response of Clinton's HHS was predictable. Despite the President's explicit pledge to grant waivers for policies he did not fully agree with, HHS attempted to crush the Wisconsin waiver request. HHS demanded that the Governor eviscerate his proposal by guaranteeing all AFDC recipients who remained on AFDC over two years the right to

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18 *Ibid.*

19 Contrary to common conceptions the U.S. welfare system is almost totally federal, consisting of over 75 federal programs. State governments merely contribute funds to these federal programs and operate them subject to federal law and regulation. At the request of a state government, the federal government may "waive" federal law and regulation governing a particular welfare program within the state in order to permit policy experimentation.

20 Clinton, *op. cit.*

21 *Ibid.*

community service jobs. This would have converted the Thompson proposal from a unique experiment into a mere clone of what Clinton was proposing to do nationally.

Governor Thompson refused to yield to HHS pressure. HHS then sought to cripple the proposal by requiring the Wisconsin government to entangle itself in thousands of dollars of "due process" litigation each time an AFDC case was actually terminated. Despite months of resistance, it was HHS rather than Thompson that finally buckled, and the waiver request was granted without crippling modifications.

The Wisconsin waiver will initiate a bold experiment, but its scope is limited. The experiment is restricted to only two counties and does not begin until January 1995. Welfare benefits will not be terminated for any recipients until two years later, in January 1997.

Reviewing the overall record of the Administration, the lesson is plain. The Clinton record on workfare has been a disaster. After campaigning on the theme of "ending welfare" and requiring welfare recipients to work, Clinton has expanded conventional welfare spending, requested no funds for workfare, and sought to abolish the only real work requirement in existing law. This is scarcely an auspicious start for "ending welfare as we know it."

## **PRINCIPLES OF REAL REFORM**

The welfare system desperately needs reform. Real reform would convert welfare from a one way hand-out into a system of mutual responsibility in which welfare recipients would be given aid but would be expected to contribute something back to society for assistance given. A reformed system also must strongly discourage dependency and irresponsible behavior and encourage constructive behavior. It must firmly control soaring welfare costs, which are slowly bankrupting the nation. Finally, and most important, welfare reform must seek to reduce the illegitimate birth rate in the U.S. and promote the formation of stable two-parent families. Any "reform" which does not dramatically reduce the illegitimate birth rate will not save money and will fail to truly help America's children and society.

With these objectives in mind, real reform must be based on the following eight principles:

### **1) Establish serious workfare requirements.**

The key to successful workfare is the number of welfare recipients who are required to participate. Following the pattern of the 1988 reforms, it is likely that the Clinton plan will be quite complex, appearing to require large numbers of recipients to perform community service work when in reality few are. Real reform would require all fathers in the AFDC-UP program to perform community service work forty hours per week in 1994. It would also require able-bodied single persons in the Food Stamp program to work. And it should require half of all single mothers on AFDC to perform community work service for benefits by 1996.

## **2) Establish sensible workfare priorities.**

Workfare programs should be efficient and low-cost. Workfare should be established first for those persons who have the least justification for being out of the labor force. Therefore workfare requirements should be imposed initially on able-bodied, non-elderly single persons on welfare, followed by fathers in two-parent families on welfare and absent fathers who fail to pay child support. After workfare has been put in operation for these groups, those single mothers on AFDC who do *not* have pre-school children should be required to work.<sup>22</sup>

High day care expenses mean that putting a single mother with a young child to work in a community service work program costs roughly two to three times as much as requiring a mother with older child to work. Because work programs inevitably operate within fixed budgets, an emphasis on workfare participation by mothers with younger children leads to a sharp reduction in the total number of persons who will be required to work. One little-understood aspect of the workfare debate is that liberals often attempt to focus workfare programs on mothers with very young children precisely because they understand this will quickly soak up available funds and thereby limit the number of recipients required to participate. Liberal welfare advocates also would like to undermine the general concept of workfare by showing that all workfare programs cost more than they save—so they promote the least cost-effective workfare programs (namely, those with a heavy emphasis on mothers with young children).

About half of AFDC single mothers do not have any pre-school children under age five. Workfare should be imposed on single mothers with younger children under five only after most mothers with older children have been required to work. However, if an AFDC mother gave birth to an additional child after her initial enrollment in AFDC, that child should not exempt her from work requirements. (This rule is needed to prevent mothers from having additional children to escape the work requirement.)

## **3) Limit welfare given to unwed teen mothers.**

By paying young women to have children out of wedlock, the current welfare system encourages them in a course of action that, in the long term, proves self-defeating to the mothers and harmful to both the children and society. Placing millions of single mothers in work and training programs will have little positive effect for society as long as the illegitimate birth rate remains over 30 percent.

Congress must go to the heart of the dependency problem by seeking to reduce the number of illegitimate births. It has been a tragic mistake for the government to pay money to fourteen-year-old girls on the condition that they have children out of wedlock. The government should begin to address the illegitimacy problem by ending the disastrous present policy of giving AFDC cash payments to unmarried teen mothers.

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**22** There should be no blanket two-year exemption from work requirements. Work requirements which are imposed when a recipient first enrolls in welfare are likely to have the strongest possible effect in reducing welfare rolls because they dissuade individuals from enrolling in welfare in the first place. Thus serious work requirements mandated at the time of initial welfare enrollment are likely to be the most cost-effective workfare programs.

As *Washington Post* journalist Leon Dash has shown in his book *When Children Want Children*, most unmarried teen mothers both conceive and deliver their babies deliberately rather than accidentally.<sup>23</sup> While young women do not bear unwanted children in order to gain a welfare income, they are very much aware of the role which welfare will play in supporting them once a child is born. Thus, the availability of welfare bolsters the decision to become pregnant. Refusing to pay young unwed mothers direct cash benefits would certainly result in a sharp and substantial drop in teen illegitimacy.<sup>24</sup>

Those federal AFDC funds, which currently are given directly to unwed mothers under age 21 should be converted into block grants to the states. State governments could use the funds to develop innovative new policies for assisting those teenagers who continue to have children out of wedlock. Such policies could include supporting the mothers in tightly supervised group homes or promoting adoption. But federal funds could no longer be used to simply give cash welfare to teen mothers.

#### **4) Do not provide increased AFDC and Food Stamp benefits to mothers who bear additional children while already enrolled in the AFDC program.**

Under the current system, if a mother enrolled in AFDC bears additional children she receives an automatic increase in her AFDC and Food Stamp benefits. No other family in U.S. society receives an automatic increase in its family income if it has more children. There is no reason to provide expanded welfare benefits to single mothers who have additional illegitimate children after they are already dependent on welfare.

A limitation of this sort has already been put in effect in the state of New Jersey by black Democratic Assemblyman Wayne Bryant. Although available evidence is limited, early data suggest that the policy will significantly reduce the number of out-of-wedlock births. State officials call attention to a 16 percent drop in births among welfare recipients in the first two months following the change in policy.<sup>25</sup>

#### **5) Require paternity establishment for children receiving AFDC.**

Current law requires that an AFDC mother must make a "good faith" effort to identify the father of the child in order to receive AFDC. This law is routinely ignored. The government should require, for children born after January 1994, that the mother

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23 Leon Dash, *When Children Want Children: An Inside Look at the Crisis of Teenage Parenthood*, Penguin Books, 1989.

24 There is clear evidence that welfare affects the illegitimate birth rate. For example, Dr. June O'Neill found the dollar value of monthly welfare benefits in a state has a dramatic effect on whether women will have children out of wedlock. Holding constant a wide range of other variables such as income, parental education, and urban and neighborhood setting, O'Neill found that a 50 percent increase in the monthly value of AFDC and Food Stamp benefits led to a 43 percent increase in the number of out of wedlock births over the study period. The study also found that higher welfare benefits increased the number of women who left the labor force and enrolled in welfare. A 50 percent increase in monthly AFDC and Food Stamp benefit levels led to a 75 percent increase both in the number of women enrolling in AFDC and in the number of years spent on AFDC. In other words increases in benefits' value will cause dramatic expansion in welfare caseloads. Source: M. Anne Hill and June O'Neill, *Underclass Behaviors in the United States: Measurement and Analysis of Determinants*, August 1993, research funded by Grant No. 88ASPE201A, U.S. Department of Health and Human Services.

25 Kimberly J. McLarin, "Trenton Welfare Changes Being Felt," *The New York Times*, December 5, 1993 pp. 49,56.

identify the father of the child in order to receive AFDC, public housing, or Food Stamps.<sup>26</sup> Exceptions to this rule in a few hardship cases could be given but the exceptions should not exceed 10 percent.

Modern DNA testing permits government officials to determine the child's real father with absolute confidence. Once the mother has identified the father and paternity has been established, the father can be required to pay child support to offset welfare costs. If the child support paid does not equal half the cost of the AFDC and Food Stamps received by the mother and child, the remainder should become a debt which the father must repay at a future point.

If the father claims he cannot pay any child support because he cannot find a job, the government should require community service work from him to fulfill his obligation. Experiments with this approach in Wisconsin have led to surprising improvements in the ability of absent fathers to locate private sector employment and pay child support. Moreover, the definite expectation among young men that they will be identified as fathers and required to pay child support for their children may put an end to the ethos in some communities where young men assert their masculinity by fathering children they have no intention to support.

#### **6) Reduce welfare's marriage penalty.**

The current welfare system heavily penalizes marriage between a mother and a working man. This marriage penalty should be reduced by creating a tax credit for lower-income parents who are married and who are working rather than living on welfare.

#### **7) Provide increased funding for abstinence education.**

Scientific experiments have shown that strong sexual abstinence curricula substantially change teenagers' attitudes toward early sexual activity. Among girls taking abstinence courses, pregnancy rates have been reduced by over 40 percent when compared with girls who have not taken the sex abstinence classes.<sup>27</sup> By contrast, programs promoting contraception may increase pregnancy rates.

#### **8) Cap the growth of welfare spending.**

No matter how frequently official Washington proposes to "end welfare," the costs of welfare continue to rise. Welfare absorbed about 1.5 percent of GNP when Lyndon Johnson launched the War on Poverty in 1965; it had risen to over 5 percent by 1992. With a \$305 billion price tag, welfare spending now amounts to \$8,300 for each poor person in the U.S. Worse still, Congressional Budget Office figures project total welfare costs to rise to half a trillion dollars, or about 6 percent of GNP, by 1998.<sup>28</sup> Pre-

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26 For children born years ago it often is impossible to locate the father. The paternity establishment rule should therefore be applied prospectively: the mother should be required to establish paternity in order to receive welfare for children born in 1994 and after.

27 U.S. Department of Health and Human Services, Office of Adolescent Pregnancy Programs, *Final Report O.A.P.P. #000816-05, 1985-1990*, p. 8.

28 These figures represent estimated federal, state and local spending on means-tested welfare programs and aid to

dictably, the Clinton Administration maintains that half a trillion dollars is not enough; "ending welfare" for the Clinton Administration means adding on even more spending.

The long history of bogus welfare reforms, all of which were promised to save money but did not, leads to one obvious conclusion. The only way to limit the growth of welfare spending is to do just that: limit the growth of welfare spending. The welfare system must be put on a diet. The future growth of federal means-tested welfare spending should be capped at, say, 3.5 percent per annum.<sup>29</sup> Individual programs would be permitted to grow at greater than or less than 3.5 percent according to congressional priorities, provided aggregate spending fell within the 3.5 percent ceiling. By slowing the outpour from the federal welfare spigot, the cap gradually would reduce the subsidization of dysfunctional behavior: dependency, non-work, and illegitimacy. The cap also would send a warning signal to state welfare bureaucracies. Cushioned by a steady and increasing flow of federal funds in the past, most bureaucracies have found no need to grapple with the tough and controversial policies needed to really reduce illegitimacy and dependency. With a cap on future federal funds, state governments would, for the first time, be forced to adopt innovative and aggressive policies which would reduce the welfare rolls.

## CONCLUSION: THE COMING BOGUS REFORM

Clinton's promise to "end welfare as we know it" was a focal point of his 1992 election campaign. Clinton aides admit that welfare reform is pivotal to Clinton's effort to define himself as a "New Democrat." By claiming that he will require welfare recipients to work for the benefits they get, Clinton has seized a very popular issue; nearly 90 percent of the public believe that able-bodied welfare recipients should be required to "do work for their welfare checks."<sup>30</sup>

But Clinton's actions in his first year in office indicate strongly that he intends to expand rather than end welfare. While Clinton no doubt will boldly embrace the symbols of reform, there is very little indication that he will actually seek substantial changes in the current system. All the evidence suggests that Clinton will duplicate the meaningless welfare reform debate of 1988. As in 1988, the public again will be told that America has achieved a revolutionary change in welfare when in fact little or nothing has been altered.

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economically disadvantaged communities. The Congressional Budget Office estimates only future federal spending. Future state and local spending figures were estimated separately by assuming that the ratio of federal spending to state and local spending on specific programs would remain unchanged. This is a reasonable assumption since the required state contribution to most federal welfare programs is legislatively established at a fixed percentage of federal spending on that program. These percentages change little over time.

<sup>29</sup> Medicaid could be exempted from the cap.

<sup>30</sup> For example, a Gallup poll conducted between March 30 and April 5, 1992 found that 88 percent of adults polled favored "a law requiring all able-bodied people on welfare, including women with pre-school children to do work for their welfare checks." Many polls by other organizations show almost identical results.



Using the 1988 reform and the first year Clinton record as prognosticators, it seems likely that President Clinton will propose a new round of bogus reform which will have the following features:

- ✓ Any proposed legislation will have tough language about requiring work, but the actual work provisions will be technical and complex. Few on Capitol Hill will read and understand them.
- ✓ While the Administration will claim that vast numbers of welfare recipients will be required to perform community service work under its proposed legislation, few will actually be required to work. The percentage of AFDC recipients who are actually required to perform community work service work will probably be under 10 percent in 1996.
- ✓ The workfare programs established will be inefficient and unnecessarily expensive. The costs of operating these programs will exceed any savings they achieve by encouraging welfare recipients to leave the rolls. The Clinton Administration will claim vaguely that the programs will save money "in the long run."
- ✓ The Clinton Administration will call for a heavy new investment in education and training programs for welfare recipients despite the compelling evidence that such programs are ineffective in raising the wage rates of welfare recipients.
- ✓ The false notion that huge numbers of welfare mothers have been required to work will be used to justify creating a federal day care system for middle class families.
- ✓ The central problem of high illegitimacy rates will rarely be mentioned; no effective policies to reduce illegitimacy and promote marriage will be adopted.
- ✓ Means-tested welfare spending will continue to soar after the "reforms" and will almost certainly top \$500 billion by 1998.
- ✓ The entire Clinton reform will be swaddled in tough, conservative rhetoric.

The bogus welfare reform of 1988 simply perpetuated a social disaster. By creating a facade of illusory change, the 1988 Family Support Act stalled serious reform efforts for a half decade. Accumulating evidence indicates the 1988 process is about to be repeated.

But American society cannot afford another round of bogus welfare reform. The welfare state is out of control and growing rapidly. Insidiously, welfare creates its own clientele; by undermining work ethic and family structure, the welfare state generates a growing population in "need of aid." This is why welfare spending has risen from 1.5 percent of GNP when Lyndon Johnson launched the War on Poverty in 1965 to 5 percent today. Spending will rise to 6 percent of GNP within few years, and there is no end in sight. Moreover, by promoting illegitimacy and family disintegration, welfare is a leading cause of crime and other social problems.

The only way to end this expensive and destructive pattern is to enact true reform—reform that controls costs, reduces dependency, and above all, reduces illegitimacy.

Robert Rector  
Senior Policy Analyst

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David Kuo assisted in preparing this study.

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# APPENDIX

## Proposed Expansions for Welfare Programs from "A Vision for Change for America" The Clinton Administration Budget Proposal, FY 1994

The following is a list of spending increases in means-tested welfare programs and related programs for low-income persons and communities proposed by the Clinton Administration in its initial budget submitted to Congress on February 17th of this year. While not all of these spending increases were enacted by Congress, the list does give a clear indication of the priorities of the Clinton Administration.

All figures are taken directly from the Appendix to the President's budget summary, *A Vision of Change for America*.<sup>31</sup> Most figures represent proposed spending increases over a five-year period from fiscal year 1994 through fiscal year 1998. However, "Summer of Opportunity" figures generally represent short-term spending initiatives of one or two years. Some programs are listed more than once in the budget, receiving multiple increases from separate initiatives. For example, the Clinton Administration proposed to increase WIC funding as part of the "Summer of Opportunity" and again as part of "Life-long Learning." In these cases, the total proposed increase for the program is the sum of all the increases listed separately in the budget.

### Proposed Increases in the FY 1994 Budget Request

#### "Summer of Opportunity"

##### WIC Supplemental Feeding Program:

Expand food benefits to women and children. **Cost: \$75 million**

##### Emergency Food Assistance Program:

Provide added federal money to purchase food for food banks. **Cost: \$23 million**

##### Chapter 1, Summer School Program:

Expand funding for summer school programs for children in poor neighborhoods. **Cost: \$500 million**

##### Chapter 1, Census Supplemental:

Expand education funding for schools in disadvantaged areas. **Cost: \$235 million**

##### Head Start Summer Program:

Expand Head Start through the summer months. **Cost: \$500 million**

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<sup>31</sup> Executive Office of the President, Office of Management and Budget, *A Vision of Change for America* (Washington D.C.: U.S. Government Printing Office, February 17, 1993).

<b>HHS/Head Start Childcare Feeding:</b> Pay for meals of children attending the expanded Head Start summer program.	<b>Cost: \$56 million</b>
<b>Immunization:</b> Buy vaccines for low-income children.	<b>Cost: \$300 million</b>
<b>Summer Youth Employment:</b> Finance more than 700,000 summer jobs for low-income youths.	<b>Cost: \$1,000 million</b>
<b>Worker Profiling:</b> Provide funds to identify workers that need job placement help.	<b>Cost: \$29 million</b>
<b>Community Service Employment for Older Americans:</b> Provide added funds to expand participation of senior citizens in community service projects.	<b>Cost: \$26 million</b>
<b>Extend Unemployment Compensation:</b>	<b>Cost: \$4,000 million</b>
<b>National Service Program:</b> Pay "volunteers" to perform community service.	<b>Cost: \$15 million</b>

### **Urban Development and Housing Initiative**

<b>Accelerate Public Housing Modernization:</b> Accelerate a "backlog" of funding for improving public housing.	<b>5-year cost: \$1,035 million</b>
<b>Community Development Block Grants:</b> Funding for previously unfunded projects like street and bridge work, building rehabilitation, painting and resurfacing, and other "public service projects" in disadvantaged areas.	<b>5-year cost: \$2,536 million</b>
<b>Supportive Housing:</b> Expand funding for homeless shelters.	<b>5-year cost: \$423 million</b>

### **Environment/Energy**

<b>Increase Weatherization Grants:</b> Expand grants to encourage state weatherization programs for low-income people.	<b>5- year cost: \$47 million</b>
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### **Rebuild America — Infrastructure**

<b>Business and Community Initiative:</b> Provide federal assistance to low-income rural residents to raise their standard of living.	<b>5-year cost: \$1699 million</b>
<b>Increase Weatherization Grants:</b> Provide more federal money for low-income people to insulate their homes.	<b>5-year cost: \$375 million</b>

<b>Community Development Block Grant:</b> Provide more funds for low- and moderate-income residents to improve their communities.	<b>5-year cost: \$430 million</b>
<b>Enterprise Zones (tax incentive):</b> Invest in "enterprise zones" in poor areas.	<b>5-year cost: \$4,119 million</b>
<b>Community Development Banks:</b> Create banks that would provide government loans for business and housing purposes in low- and moderate-income areas.	<b>5-year cost: \$468 million</b>
<b>Housing Vouchers:</b> Expand housing subsidies to more Americans.	<b>5-year cost: \$1,370 million</b>
<b>Preservation and Restoration of Assisted Housing:</b> Provide funds to upgrade government rental housing.	<b>5-year cost: \$1,377 million</b>
<b>Supportive Housing Program:</b> Increase funds for homeless.	<b>5-year cost: \$424 million</b>
<b>Distressed Public Housing:</b> Increase funds to repair and restore public housing.	<b>5-year cost: \$373 million</b>
<b>HOPE Youthbuild:</b> Provide added spending on young people.	<b>5-year cost: \$106 million</b>
<b>Lifelong Learning</b>	
<b>WIC (Special supplemental food program for women, infants, and children):</b> Expand food aid to families with young children.	<b>5-year cost: \$3,634 million</b>
<b>Parenting and Family Support:</b> Provide funds to government programs to teach low- and moderate-income parents how to raise children.	<b>5-year cost: \$1,450 million</b>
<b>Head Start:</b> Increase Head Start funding.	<b>5-year cost: \$13,846 million</b>
<b>National Service:</b> Employ "volunteers" for community service.	<b>5-year cost: \$9,430 million</b>
<b>Worker Training Initiatives:</b> Add to funding for training low-income workers.	<b>5-year cost: \$14,910 million</b>
<b>Rewarding Work</b>	
<b>ETC:</b> Expand refundable tax credits to low-income working families with children.	<b>5-year cost: \$26,787 million</b>
<b>Unemployment Extension:</b>	<b>5-year cost: \$2,400 million</b>

**Health Care**

**Food Stamps:**

Provide funds to expand the Food Stamp program. **5-year cost: \$12,000 million**

**Low-income Home Energy Assistance Program:**

Increase funding to pay utilities bills for low- and moderate-income families. **5-year cost: \$2,945 million**