THE FALSE PROMISE OF WORKFARE: ANOTHER REASON FOR A BASIC INCOME GUARANTEE

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Abstract

The American welfare reform – “ending welfare as we know it” – has been hailed as a great success. Welfare rolls have declined by half. Policy makers and politicians are claiming that poor single mothers are no longer dependent and are making successful progress as workers in the paid labor force. The American workfare experience has had a significant influence in Western Europe. Several countries, in rejecting the “passive” welfare state, have instituted “active labor market policies” for the long-term unemployed, unemployed youth, lone parents, and various groups lumped together as the “socially excluded.” The goal is one of “inclusion,” to bring dependent people back into society. By making labor more “flexible” and creating incentives to take work rather than welfare, there will be a significant increase in employment.

This paper examines the American experience. What accounts for the dramatic decline in welfare rolls – welfare reform or the economy? The welfare rolls were declining significantly before the 1996 reforms. The best estimates are that only about 15 percent of the decline is due to welfare reform, the rest to the significant expansion of low-wage work during the 1990s. Furthermore, about half of the 15 percent was due to excluding families from welfare – both diversion and sanctions have been widespread. Welfare offices favor those who are the most employable. And what has been happening to welfare leavers? A little over half are working, but jobs disappear, child care breaks down, and most are in poverty. There is significant unemployment. There is very little information on those who have been sanctioned or denied welfare. Thus, contrary to assumptions behind the American welfare reform and the glowing pronouncements of success, poverty and hardship remain, and with the recent slowdown in employment, an increase in hunger and homelessness. The “success” of welfare reform provides an excuse for ignoring the structural issues of the low-wage labor market and poverty.

The European workfare programs are showing similar signs of exclusion. There is evidence that offices are favoring the most employable and excluding those with employment barriers. “Contracts of inclusion” are often perfunctory, with little concern for client preferences.

The problematic experience of workfare provides an additional reason for a basic income guarantee. In addition to relieving poverty and hardship, a basic income guarantee would give former recipients an exit option. They would not be forced to accept government programs that are often ill-suited for their needs.

The False Promise of Workfare: Another Reason for a Basic Income Guarantee

This paper details the American experience of welfare reform, and specifically its experience instituting workfare programs for recipients. In the United States, the term “welfare” is most commonly used to refer to the program for single mothers and their families, formerly

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called Aid to Families with Dependent Children (AFDC) and now, Temporary Assistance to Needy Families (TANF). In 1996, politicians “ended welfare as we know it” by fundamentally changing this program. The 1996 reforms covered a number of issues, but the principal focus is mandatory work requirements enforced by sanctions and strict time limits on welfare receipt. These changes are commonly referred to as “workfare.” Workfare in the United States means taking any job, even a low-wage job, in the private sector; public employment (for either the welfare grant or a very low wage) is rare; and there are limited opportunities for education and training. The major point of U.S. welfare reform is to get families off of the welfare rolls and into the paid labor market. There is little or no concern about poverty or their well-being. It is simply assumed that with a job, they will be better off.

In this paper, I will provide a brief description of the historical development of the U.S. welfare state and especially its emphasis on distinguishing between the “deserving” and the “undeserving” poor. I will then present the assumptions and promises leading to the enactment of the 1996 reforms. The next section of this paper will focus on recent research showing the effectiveness of welfare reform in the United States, especially its use of sanctions and time limits. I will also emphasize the difficulty in changing the culture of welfare offices from eligibility and compliance to one that must create individualized work programs for recipients. The final section of the paper will present recent studies from Western European, which indicate similar problems in administering workfare as found in the U.S. I conclude that the problematic experience of administering workfare provides an additional reason for instituting a basic income guarantee. In addition to relieving poverty and hardship, a basic income guarantee would give former social assistance recipients an exit option.
The Undeserving Poor

The distinguishing feature of the American welfare state is its separation of the “deserving” and “undeserving” poor. During the colonial and early years of the Nineteenth Century, the principal concern was pauperism – the failure of the able-bodied to support oneself and one’s family. Pauperism was considered a *moral* failure and was usually linked with other forms of deviant behavior, including intemperance, vice, criminality, sexual promiscuity, and illegitimacy. Pauperism would be controlled by two forms of work requirements. The most common method was denying aid to the able-bodied, which would force them to participate in the paid labor market. For those unable to find paid work, there was forced labor, sometimes within poor houses. People who were unable to work also had to go to the poorhouse to receive aid. Therefore, those unable to work were held “hostage” to deter those who might think that welfare was preferable to work (Katz, 1986).

As the welfare state began to develop during the Nineteenth Century, categories of the poor were separated from the general mass of poor at the local level. For a variety of reasons, these groups were considered “deserving” and were excused from the punitive policies directed at the paupers. The separate treatment for people in these categories led to the increase in state asylums for the blind, the deaf, and the insane. State institutions were created for Civil War Orphans as well as an extensive system of pensions were created for Civil War veterans (Skopcol, 1992). Those not separated – the general mass of the poor – were considered "undeserving." Although the specific categories of the poor change from time to time, the basic distinction is a fundamental feature of the U.S. welfare state.

During the early nineteenth century, poor single mothers and their children were considered no different from the general mass of “undeserving poor;” they were required to
In the late Nineteenth century, children began to be distinguished as a separate category of “deserving poor” and child protection laws were instituted to remove children from their “unfit” mothers. Eventually, a number of social reformers, known as Child Savers, claimed that if a mother was poor, but otherwise “fit and proper,” the family should be supported in their own homes. Their idea was endorsed in a White House conference in 1909, and in 1911, when the Aid to Dependent Children (ADC) statute was enacted. By 1925, similar statutes, also called mothers’ pensions, were enacted in almost all the states (Bell, 1965).

ADC was primarily for “worthy” white widows. All others, including African Americans, immigrants (especially Southern Europeans), Catholics, divorced, deserted, and unmarried were, for the most part, excluded, and were thus dependent on the paid labor market (Gordon, 1988). They were categorized as the “unworthy poor.” Thus, from its earliest days, ADC was an exercise in myth and ceremony. The myth was that poor mothers would be allowed to stay at home and take care of their children. The ceremony was that a small number of deserving white widows received aid, which validated the myth. However, in reality, most poor single mothers were forced to work and were further stigmatized by being excluded from the mothers’ pension programs. Even white widows enrolled in ADC had work requirements (Abromovitz, 1988).

ADC was left mostly unchanged with the New Deal. President Roosevelt concentrated on pensions, unemployment, and work programs, not welfare. ADC, along with old-age assistance and aid to the blind, became a grant-in-aid program under the Social Security Act of 1935. These programs received half of their funding from the federal government, but the states retained administrative control. There were few federal requirements. The ADC programs remained small and mostly composed of white widows through World War II.
The composition of ADC recipients changed dramatically in the 1950s and 1960s. With the mechanization of agriculture, there was a large migration of African Americans from the south into northern urban centers seeking jobs. In the north however, they were faced with significant unemployment, poverty, and lack of decent affordable housing. This was a time of civil rights activism and welfare became a “right” for all those in need. The state barriers of exclusion were breached. Women who were previously excluded – women of color, divorced, separated, deserted, and never married – were accepted onto the welfare rolls (Piven and Cloward, 1977). Over the next three decades, the rolls increased from 2 million to about 13 million. Expenditures increased from $500 million to $23 billion (Handler and Hasenfeld, 1991). Welfare was now in “crisis.” ADC emerged from the shadows of U.S. welfare policy to center stage, where it has remained ever since.

Even though more poor women were admitted to AFDC (the name was changed in 1962 to Aid to Families with Dependent Children), the new entrants did not escape their “undeserving” classification. Instead, they had to work. In 1967, the federal government enacted the Work Incentive Program (WIN), which combined both incentives and mandatory work requirements. All adults and children over the age of sixteen, with certain exceptions, were required to register and be referred to state employment services for training and employment services. Overall, the program was a failure. Only 2-3 percent of eligible recipients obtained jobs through the program, despite its high program costs. Moreover, only 20 percent of those who were employed held their jobs for at least three months (Handler, 1995).

While the Nixon and Carter administrations each attempted to revive WIN through new initiatives, during the Reagan years, welfare rhetoric took a new course. It was during this period that the fundamental ideological myth of welfare recipients was promulgated, that of the
“welfare queen.” The myth of the “welfare queen” is that of the young African American unwed mother, having children to get and stay on welfare. She fails to properly socialize her children, who then grow up and repeat the same behaviors, as well as engage in crime, delinquency, and substance abuse, creating a criminal class. The “welfare queen” myth is the joining of two stereotypes: race and the “undeserving poor.” The Reagan administration’s principal changes to the welfare program were to restrict eligibility, sharply reduce incentives, and encourage states to experiment with their work programs by shrinking federal WIN funding. In reaction, more than half of the states adopted work requirements – the so-called WIN Demonstration Projects (Handler, 1995).

During most of this period, liberals opposed work requirements. They argued that it was unfair and punitive to impose work requirements on single, poor mothers when non-welfare mothers were not required to work. On the other hand, conservatives asserted that the United States could not continue to be “an entitlement state” because there are responsibilities as well as rights in the social contract. Then, in the late 1980s, the liberals changed. Welfare recipients should be expected to work. They presented two reasons. First, social norms around female labor had changed. Now, most non-welfare mothers were in the paid labor force, and it was therefore reasonable to expect poor mothers to work. Second, research was showing that families were better off, both materially and socially, when the adults were gainfully employed rather than dependent on welfare (Ellwood, 1998; Garfinkel and McLanahan, 1986). In 1988, the next major attempt to reform ADC was passed, the Family Support Act (FSA). By this time, in the words of Senator Moynihan, there was a “new consensus” to “convert welfare from a permanent or even extended circumstance to transition to employment” (Katz, 2001, p. 62). This program only produced modest results. The program was underfunded by Congress. There were
not sufficient funds for education and training. The state programs reached only a small fraction of clients and wages were declining nationwide (Katz, 2001).

“Ending Welfare as We Know It”

During his campaign, President Clinton promised “to end welfare as we know it.” In 1996, Clinton fulfilled his promise by signing the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) into law. PRWORA abolished AFDC and replaced it with Temporary Assistance to Needy Families (TANF). The legislation explicitly stated that welfare is not longer an entitlement. Grant-in-aid funding was replaced with block grants to the states, significantly expanding their authority to administer the program. The legislation imposed stiff work requirements, and, for the first time in welfare history, time limits. Under PRWORA, cash assistance is limited to a maximum of two consecutive years with a five-year lifetime limit (with exceptions for no more than 20 percent of the caseload). States were required to move an increasing percentage of welfare recipients into the workforce over the next six years, starting with 25 percent of adults in 1997 and increasing to 50 percent of participants by 2002. States are also required to reduce cash aid grants for recipients who do not participate in “work or work activities.” While PRWORA’s emphasis on work is not new, the difference is its significant ideological and policy commitment to employment, enforced by time-limits. PRWORA follows the “work first” strategy, that was first adopted in Riverside, California. There are four assumption underlying the “work first” strategy: (1) there are plenty of jobs for those who want to work; (2) by taking any job, even an entry-level job, and sticking with that job, a person will move up the employment ladder; (3) the problem with welfare recipients is that they do not have the motivation or the incentives to leave welfare and enter the paid labor markets; and, (4) the state programs have shown that recipients can be moved from welfare to
work. The idea is the move not only current recipients but also applicants – before they get on welfare – into the labor market as quickly as possible rather than place them in long-term training or educational programs.

In addition to work requirements, PRWORA also outlined a variety of provisions related to “family values.” States were given the authority to deny welfare for children conceived while the mother was on welfare, limit or deny cash assistance to unmarried teenage mothers, to require teenage mothers to live with their parents or a responsible adult, and to attend school. The legislation also provided funding to school programs that developed sexual education curriculum that emphasized abstinence as the only effective method of birth control. States are also required to reduce a family’s grant by 25 percent if they fail to cooperate (without good cause) with efforts to establish paternity. States may also choose to deny cash assistance for life to persons convicted of a drug-related felony (which in some states can consist of possession of a small amount of marijuana). All of these provisions are directly related to the moral arguments made by conservatives against welfare recipients. The government’s job was no longer to simply make welfare recipients learn the value of work, but also to change their childbearing and family formation patterns.

Outcomes of Welfare Reform in the United States

What have been the results of “ending welfare as we know it?” Have the assumptions of the work first strategy been confirmed? Since PRWORA was enacted in 1996, the welfare rolls have fallen from 12.2 million people to 5.3 million (Pear, 2002). Whites left the welfare rolls faster than African Americans and Latinos; declines have been slower in urban areas (Katz, 2001). And of 1.6 million parents still on assistance, nearly one-third are working, a three-fold increase from four years ago (Healy, 2000). Based on these results, almost all politicians have
declared welfare reform a success. However, there are doubts about how much of these results are due to changes in welfare policy. Jeffrey Grogger (2002) estimates that about 15 percent of the decline in welfare caseloads is due to welfare reform, but about half of this is because of sanctions and diversion, rather than help with job search and employment. In this section, I will first present results from studies testing the assumptions of the “work first” strategy. I will then offer information about the effects of sanctions and time-limits on welfare recipients. Lastly, I will discuss the difficulty in changing the culture of welfare offices from stressing eligibility and compliance to one that must create individualized work programs for recipients.

Assumptions of the “work first” strategy

As mentioned above, the “work first” strategy makes four assumptions: (1) there are enough jobs for recipients; (2) if recipients stay at a job long enough, they can move up the employment ladder; (3) welfare recipients lack the motivation to enter the paid labor force; and, (4) state programs have shown that welfare recipients can successfully transition to work. In this section, I will present data showing that many of these assumptions are based more on myths of welfare recipients and of the low-wage labor market than on their actual characteristics.

The first two assumptions of the “work first” strategy relate to the low-wage labor market. Specifically, the strategy assumes that there are enough jobs in the low-wage labor market for all welfare recipients and that employment mobility is possible. The “success story” of the U.S. economy is well known. During the economic boom of the 1990s, over 20 million new jobs were created. Moreover, until the recent recession, unemployment was approximately 4 percent, and there seemed to be no sign of inflation. However, since the recession, unemployment has risen. The Bureau of Labor Statistics (2004) estimates that in June 2004, unemployment has climbed to 5.6%. Throughout the economic boom and recovery, there has
also been stagnation in the real wages of the less-skilled, less educated workers (Freeman, 2000).

Wages began to rise among the less-skilled workers after the mid-1990s. This slowed the growth of wage inequality, but the wage growth of the past few years has not made up for the large decline in the 1980s and early 1990s. Real wages in 1999 were below their 1979 levels for those with the lowest levels of education (Blank and Schmidt, 2000). For a while, the inequality in women’s wages narrowed, primarily because of an increase in the hours worked and the significant decline in male earnings, rather than an increase in female wages (Mishel, Bernstein, and Schmitt, 2000). The decline in real wages for the less-skilled, less-educated workers was especially pronounced for adults aged 24-35, with a high school diploma or less. The decline was also significant among young less-educated African American men whose wages dropped more in the 1990s than the wages for any other group of men (Holzer, Offner, and Sorenson, 2004). Female dropouts earn only 58 percent of the wages of male dropouts (Katz and Allen, 1999).

Even when workers can find employment, the jobs in the low-wage labor market are increasingly contingent or short-term, and do not provide benefits. Very few of the poor work full-time, at least relying on one job for all of their hours – in 1998, only 13 percent of the poor were fully employed (Osterman, 2001). Employment instability is not only found in the low-wage labor market. A survey in California found that four out of ten workers have been at their jobs for less than three years, and that just one-third fit the conventional mold of working outside of the home at a single, full-time job year-round as a daytime employee (Lee, 1999). Employment instability continues to be a major problem for less-skilled and disadvantaged workers, who experience frequent and long spells of unemployment (Katz and Allen, 1999).
Low wages, and unemployment are most severe for young workers, minorities, single parent families, and those lacking a high school diploma (Burtless, 1999).

Problems finding and keeping jobs in the low-wage labor market are especially acute for former welfare recipients, who do not fare well in competition for these jobs. Employers of low-skilled workers are looking for workers with high school diplomas, work experience, and social skills (“soft skills”). They often hire through networks, and, in general, prefer workers with similar ethnic backgrounds. African-Americans are usually at the end of the queue. Perhaps, most significantly, welfare recipients are often handicapped by being mothers of small children (Henly, 1999).

Studies of the employment of people who have left welfare, called leavers, are starting to be reported, including information on who finds jobs, what kinds of jobs, and how much they earn (Loprest, 1999). Between half and two-thirds of former recipients find jobs shortly after leaving welfare. Most of the jobs are in sales, food preparation, clerical support, and other service jobs. Despite the relatively high number of weekly work hours, there are substantial periods of unemployment (Hamilton, 2002). The pay is between $5.57 and $8.42 per hour, and the average reported annual earnings range from $8,000 to $16,600, thus leaving many families in poverty (Grogger, Karoly, and Klerman, 2002). Increases in earnings are largely a result of working longer hours rather than a growth in wages. Most employed former welfare recipients do not receive employer-provided health insurance, paid sick or vacation leave. Employment loss is a significant problem (Strawn, Greenberg, and Savner, 2001). In addition, there are sharp declines in Medicaid and food stamps (Grogger et al., 2002). Most do not receive child care subsidies (Pavetti, 1999). Thus, mandated work programs, in general, have little effect on income since they often result in a decline in welfare benefits (Hamilton, 2002). Work programs
did decrease poverty somewhat, but only for families just below the poverty line (Grogger et al., 2002).

A recent study of 600 women with a history of welfare receipt living in high-poverty neighborhoods in Miami, Florida revealed that cases are closed faster, fewer people are applying for welfare and cycling from work to welfare. However, these trends started before welfare reform was implemented. The work experiences of former recipients revealed that they were far from self-sufficient after leaving the welfare rolls. In 2001, 29 percent of study respondents were neither working or receiving welfare. Furthermore, 35 percent of respondents held three or more jobs and only 27 percent reported having a job that was full time, that paid $7.50 per hour or more, and that offered medical benefits (Brock, Kwakye, Polyné, Richburg-Hayes, Seith, Stepick, and Stepick, 2004).

The second assumption of the “work first” strategy is that if recipients stay at a job long enough, they will work their way up the economic ladder. However, employment mobility is also a myth. Whether or not it was true in the past, there is increasing evidence today that low-wage workers are not moving up the economic ladder (Mishel et al., 2000). Only one-fifth of the jobs held by less-educated workers are in “starter” occupations, which require little training or experience, and are associated with subsequent well-paying occupations. Most routes up the ladder are inaccessible to many less-educated workers (Kusmin and Gibbs, 2000). According to a recent study, the 1990s job expansion was mostly concentrated at the high end (20 percent) and the low end (17 percent) of the job structure. Moreover, the study reports that it was “a racially polarized job expansion,” since most of the bottom-end employment opportunities were dominated by people of color while the so-called good jobs were filled by whites. The very slow rate of growth of jobs in the lower-middle range of job quality makes it increasingly difficult for
employees in the bottom tier of the employment continuum to move up to higher-quality jobs. In other words, even if welfare recipients and leavers gain work experience and receive on-the-job training, there are few middle-range job opportunities to which to move up (Alstott, 1999; Wright and Dwyer, 2001).

Studies have suggested that staying with an employer is likely to yield returns for low-skilled workers (Gladden and Taber, 2000). Both in the pre- and post-PRWORA periods, there is a weak positive association between the length of labor force participation and earnings (Cancian, Haveman, Meyer, and Wolfe, 2000). As a result, policy-makers and analysts concerned with the well-being of low-income families are emphasizing the benefits of sustained labor force participation and lengthened job tenure. They tend to locate employment instability within workers rather than workplaces, emphasizing the need for “work supports” that help lower-skilled workers meet job requirements by overcoming “barriers” to employment, such as having young children (Danziger, Corcoran, Danziger, and Heflin, 2000). Lambert, Waxman, and Haley-Lock question this position. They argue that “work supports may not have their intended effect if, in fact, job tenure and earnings growth are driven as much by structural aspects of jobs and workplaces as by the personal qualities of workers” (Lambert, Waxman, and Haley-Lock, 2001, p.3). The researchers studied low-wage jobs in four sectors of Chicago’s urban economy – retail, hospitality, shipping/transportation, and financial services. They examined multiple sources of job instability on low-skilled jobs, which they defined as jobs that do not require more than a high school education and are not considered seasonal or temporary (Lambert et al., 2001). They conclude from their analysis that TANF does not take into account the variations in income that result from changing schedules and frequent job loss: turnover rates
among new hires, scheduling practices that require child care almost “on call, and workload adjustment that may leave workers with a job but no pay” (Lambert et al., 2001, p. 19).

The third assumption of the “work first” strategy is that welfare recipients lack the motivation to enter the paid labor force without some sort of government intervention. Contrary to this assumption, a large proportion of welfare recipients are connected to the paid labor market. Studies reveal that, in general, welfare recipients have positive attitudes toward work and have negative views toward welfare. Although welfare recipients recognize the necessity of welfare for themselves, they do not like being on welfare and have negative attitudes towards others on welfare (e.g., lazy, dishonest, having babies to stay on welfare, etc.) (Rank, 1994; Seccombe, Delores, and Walters, 1998). However, they distinguish themselves from other welfare recipients by asserting that they are on welfare because of unfortunate circumstances and they will shortly get off welfare via paid employment and provide a better life for their children.

To examine the attitudes and economic survival strategies of welfare recipients, Edin and Lein (1996) conducted multiple in-depth interviews with 214 welfare recipients living in the Boston area, Chicago, Charleston, and San Antonio. Eighty-three percent of the welfare recipients interviewed had worked in the formal sector in the past and 65 percent had worked at a formal sector job within the previous five years. Eighty-five percent of recipients expressed a strong desire to leave welfare for work, but were doubtful they could do so at the time of the interview. The recipients listed many barriers to leaving welfare for work, including the costs of reentering the workforce. Recipients recognized that despite the fact that a low-wage job paid more than welfare, it would cost them more to work once when the costs of childcare, transportation, and health insurance were taken into account. They also recognized that due to the instability of the low-skilled labor market, work income was less stable than welfare income.
Lastly, they stated that most jobs in the low-skilled labor market were not compatible with parenting since they did not offer paid sick leave or vacation days to take off to care for sick children who could not attend school. In addition, employers seldom allowed mothers to take a break from work to check on children left home alone. Given these barriers, only 13 percent of the 85 percent of recipients who wanted to return to work said they were ready to do so immediately.

Another study examined the attitudes and aspirations of welfare recipients engaged in work-fare programs (Scott, London, and Edin, 2000). The study consisted of qualitative interviews with 80 TANF recipients living in inner-city poverty areas in Cleveland and Philadelphia conducted in 1997-1998. As in the previous study, researchers found that welfare recipients held positive attitudes toward work. They believed working would help them materially in terms of self-esteem and respect, and would help them be positive role models for their children, even though they knew they would have less time to manage the home and take care of their children. Although they were optimistic about the future, some recipients felt that, given the low-skilled jobs for which they qualified, it was inevitable that they would experience a financial or other crises that, in the past, forced a return to welfare. They knew that their job options were limited by their lack of education and skill. In both of these studies, welfare recipients did not express an unwillingness to work. Rather, they expressed optimism about their ability to obtain and maintain a job that was balanced by their realistic view of their situation.

The fourth assumption of the “work first” strategy is that state programs have shown that welfare recipients can successfully transition to work. As mentioned earlier, one of the primary changes of the Reagan administration to the welfare system was granting waivers to states to experiment with different programs to reduce their welfare rolls. Prior to the passage of
PRWORA, over thirty states had pending or approved waiver requests which imposed work requirements enforced by some form of time limits. At least twenty states have time-limits less than five years; in ten states, it is only two years (De Parle, 1997). Policy-makers relied on effectiveness studies from these programs when deciding the components of welfare reform. As mentioned above, one of the most noteworthy projects was in Riverside County, California. This program was considered to be the standard-bearer for the “work first” strategy (for a discussion of the Riverside program, see Handler and Haseinfeld, 1997). The results from Riverside were hailed as successful: welfare recipients who worked earned more than the controls, welfare payments were reduced, and the program showed a positive cost-benefit ratio. The unique features of the Riverside program made it particularly attractive to policy-makers. Instead of focusing on education and training, the program emphasized the job search and quick entry into the labor market. The program was headed by a charismatic leader, who recruited and organized staff around the work program. The staff were evaluated and rewarded on the basis of successful placements. Most significantly, the agency engaged in job development, including seeking out potential employers and encouraging them to use welfare recipients to fill any of their vacancies. In return, the department could guarantee employers screened applicants who had received at least some training in job readiness and who had available critical services if problems arose with transportation, child care, or difficulties at work. Moreover, employers were spared the costs of selecting applicants responding to public ads.

On the surface, the Riverside program seemed exemplary. A closer look, however, shows that the program only achieved modest results. Of all the waiver programs, Riverside had the best positive results – the highest earnings and the greatest savings. However, participants in the “work first” program averaged less than $20 per week more than the controls. Several
studies show that most welfare recipients supplement their welfare payments with work and have monthly combined incomes of about $1,000 (Edin and Lien, 1996; Harris, 1993). Therefore, the difference between the Riverside experimentalists and controls (who were working off-the-books) was about 8.5 percent. Moreover, this difference is due to the longer work hours of experimentalists rather than higher wages. Perhaps more significantly, at the end of the three-year demonstration period, despite the great efforts of the Riverside County Department, about two-thirds of the experimentalists were not working and almost half never worked during the entire demonstration period. In other words, most recipients did not get jobs, and those that did earned little more than those who combined welfare with work on their own. Even with these modest results, replication is, at best, problematical. Florida, for example, was not able to replicate the modest results of Riverside (Handler and Hasenfeld, 1997). Charismatic leaders reorganizing local welfare agencies is not something one can take for granted.

Studies of other state welfare-to-work programs reveal that the Riverside results are not unique. In a survey of 20 welfare-to-work programs, Manpower Demonstration Research Corporation found that participating in the programs increased earnings only about $500 per year more than the controls. Welfare payments were reduced by nearly $400 and food stamps by $100, thus resulting in welfare savings for the government, if the expenses of other supportive services are not included in the analysis (Michalopoulos and Schwartz, 2000). While earnings of the most disadvantaged groups (long-term recipients, lack high-school diploma, three or more children, no recent work experience) increased, they still remained far below the earnings of the more advantaged workers. Thus, despite the political claims for success, the gains for welfare-to-work recipients are very modest, and often fail to account for the costs of working –
transportation, reciprocity in child care, missed days, and so forth. Most former recipients remain in poverty.

Similar results seem to be true even for the programs that emphasize education and training. In a national evaluation of welfare-to-work strategies in eleven U.S. locations of education and employment-based programs, over the study’s two-year follow-up period, 81 percent of participants showed a marked increase in employment and earning rates that equaled or exceeded the results of work-first programs. Still, these programs are not able to lift the participants out of poverty. Even though most of the programs help families rely on their own earnings rather than welfare checks, reductions in welfare, food stamps, and other benefits outweighed this finding. In other words, family net incomes were the same as before. The researchers find that education-focused programs do not produce added economic benefits relative to job-search-focused programs. Moreover, the job-search-focused approach is cheaper to operate and move welfare recipients into jobs more quickly than the education-focused approach (Hamilton, 2002). However, neither job-search-focused nor adult education-focused programs have typically been successful in helping welfare recipients and other low-income parents work steadily and have access to higher-paying jobs (Strawn et al., 2001; Brauner and Loprest, 1999).

Based on this discussion, it is evident that the assumptions of the “work first” strategy are based more on myth than reality. When recipients fail to comply with the mandatory work requirements, the complementary side of welfare applies — welfare is denied either through sanctions or diversion and now, time-limits.

_The effects of sanctions, diversion, and time limits_
As stated above, PROWA is distinguished from other attempts at reforming welfare by its strict imposition of sanctions for noncompliance and its time-limits on aid. Under the federal policy, adults who do not comply with the requirements of their welfare-to-work program may be sanctioned and lose all or a portion of their benefits. Although states have broad authority and flexibility regarding the design and use of sanctions, most states have implemented sanction policies that are much stricter and more extensive than required under TANF in response to the perception that previous policies had not provided strong enough incentives for participation in work activities or penalties for noncompliance (Wu, Cancian, Meyer, and Wallace, 2004). In thirty-seven states, the entire family loses its benefits if the adult violates work or other requirements – called full-family sanctions. In fifteen of these states, the full-family sanction is imposed immediately; in the remaining twenty-two, the grant is initially reduced as a warning. In seven states, a lifetime ban may be imposed for continued or repeated violations. Only six states only eliminate the adult portion of the grant for noncompliance while continuing the child’s portion, called a “partial sanction.” In the remaining eight states, the amount of the sanction is increased, but the whole family does not lose its entire grant. In these states, the remaining assistance may take the form of vendor payments, instead of cash aid (Pavetti and Bloom, 2001).

The numbers of families sanctioned varies from state to state. A General Accounting Office study (1997), found that an average of 135,800 families each month (4.5 percent of the national TANF caseload) received a full or partial sanction. Partial sanctions were used more frequently than full-sanctions, but still, an average of 16,000 families lost their benefits completely. A U.S. Department of Health and Human Services study (1999) reported an average of 15,000 monthly case closures due to sanctions. One study estimated that 540,000 families lost
benefits due to full-family sanctions from 1997 to 1999, and that 370,000 remained off assistance at the end of 1999 (Hasenfeld et al., 2001). This loss of benefits accounted for about a quarter of the total reduction in cash assistance nationally in this period (Wu et al., 2004). Cohort studies have shown that sanction rates are quite high: one-quarter to one-half of families subject to work requirements are sanctioned over a twelve to twenty-four month period. When New York City adopted a more stringent welfare program, over 400,000 people were dropped from the rolls. Last year, 69 percent of recipients in its work-fare programs were sanctioned and removed from the rolls for at least several months (Brito, 2000). Based on data collected after Wisconsin implemented its welfare-to-work program, Wu et al. (2004) found that four years after entering the program, 64 percent of their sample was sanctioned, 25 percent of these had full-sanctions. It is important to note that many families are sanctioned due to bureaucratic errors, not because they do not comply with welfare regulations. If the computer fails to record a required appointment, then the recipient is automatically sanctioned (Diller, 2000).

Who gets sanctioned? Several studies have shown that recipients who may be least able to succeed in the labor market are the most likely to be sanctioned. Sanctioned recipients have been shown to have several employment barriers, including cognitive and health-related barriers, and aspects of home life (e.g., lack of transportation, three or more children, child care problems, domestic violence) (Hasenfeld et al., 2001; Pavetti and Bloom, 2001). According to a GAO report, sanctioned families had less education, more limited work experience, and longer welfare receipt than nonsanctioned families. In Tennessee, 60 percent of sanctioned recipients lacked a high school diploma or GED compared to 40 percent who left welfare for work. In South Carolina, 36 percent of high school dropouts were sanctioned, compared to 22 percent of high school graduates. Studies in Arizona and Minnesota report more than half of the families
receiving full sanctions had an adult with less than a high school education. In Maryland, 41 percent of sanctioned families had no employment history, compared to 31 percent who left welfare for other reasons (Hasenfeld et al., 2001). Many sanctioned families also experience personal and family challenges at a higher rate than other recipients, including chemical dependency, physical and mental health problems, and domestic violence. These studies have been replicated in Utah, Connecticut, Minnesota, and Wisconsin (Hasenfeld et al., 2001; Wu et al., 2004).

Despite the extensive use of sanctions, the evidence is contradictory as to whether sanctions are effective in encouraging compliance with welfare programs or encouraging recipients to work. Many agency staff firmly believe that sanctions “work” – they communicate the seriousness of the requirements. Some studies show that neither the threat of sanctions nor the imposition of sanctions change behavior. Other studies show that severe sanctions are no more or less effective than moderate sanctions (Kaplan, 1999). However, a recent study conducted among welfare recipients in Wisconsin shows that most sanction spells are short and that most recipients obtain their full benefits after facing a full-family sanction. The authors believe this shows some evidence that sanctions have their desired effect of increasing compliance with program requirements (Wu et al., 2004). However, the authors contend that it is still important to consider whether the imposition of sanctions led to significant hardship among families. Taken as a whole, studies suggest that sanctions influence the behaviors of many TANF recipients but not others, even with the loss of all assistance (Pavetti and Bloom, 2001).

Diversion, too, plays a significant role. One of the changes in the 1996 reform was to eliminate the requirement that applications for assistance had to be acted upon within 30 days.
Now, several states refuse to accept applications until the applicant has fulfilled a number of requirements, most evidence of an extensive amount of job search. In other states, applicants are offered a lump-sum payment in lieu of welfare. A RAND report says, “Recent empirical work indicates that as much as one-half of the recent decline in the caseloads is attributable to declining rates of entry” (Grogger et al. 2002:xxv)

The other major policy change made by PRWORA was the imposition of strict time-limits on aid. As stated, federal law restricts using TANF money for assistance for the ongoing needs of most families for more than sixty months. The clock starts with the enactment of the state’s TANF program. States can set time-limits of less than sixty months, but may exempt up to 20 percent of the average monthly state caseload. States may use their own funds – called maintenance of effort (MOE) funds – beyond the sixty-month limit. Other than child-only cases, which are exempt from the sixty-month limit, states can determine which categories of families are exempt. Again, there is great variation among the states. Twenty-six states have imposed a sixty-month time-limit, seventeen less than sixty months. Six of these have imposed a lifetime limit of less than sixty months; others have imposed fixed period time-limits – for example, a limit of twenty-four months of benefits receipt in any sixty-month period. And eight states have not imposed termination time-limits. Six of the eight states have “reduction” time-limits that eliminate benefits for adults but not children. Two states have no time-limits at all. States can pursue these policies but have to use MOE funds for families who have exceeded the federal time-limit and the 20 percent cap on exemptions. Families that are exempt from work requirements are also exempt from the time-limits, though this is not true for eighteen states. Thus far, in these states, no one is exempt from the time-limits, but this will have to be decided
when the time-limit approaches. Deciding who is exempt can be a complicated process if there is a disability in the family, especially with poor computer tracking systems.

The federal five-year time-limit was reached on October 1, 2001. Even before the federal time limit was reached, approximately 60,000 families reached the time-limits in seven states with shorter periods. Most of these families reside in three states: Connecticut, Massachusetts, and Louisiana (Pavetti and Bloom, 2001). Families that reach time-limits, like families that are sanctioned, face multiple barriers to obtaining and keeping employment. A recent study examining characteristics of families who are approaching the federal time-limit revealed that a variety of characteristics distinguish these families from those who are on welfare for shorter periods of time, including persistent maternal and child health problems, persistent domestic violence, persistent drug use, lack of a partner, low levels of education, and increases in the number of children (Seefeldt and Orzol, 2004). Even though most observers thought that states would somehow extend benefits, most in fact, have not and benefits have been terminated. Many of the families who were terminated were working, but many were not (Haskins and Blank, 2001).

Changing welfare office culture

When the welfare rolls exploded in the 1960s, one of the charges was that the program was wracked with “waste, fraud, and abuse.” Both the federal government and the states imposed strict quality control measures. The result was a change in mission of the offices to a concentration on minimizing eligibility errors by requiring extensive documentation, including frequent reporting of income and assets, birth records, Social Security numbers, and other eligibility data. When the 1996 welfare reform was enacted, some of its proponents recognized the changes that would have to be made in the offices to develop work-fare plans, monitor
progress, and impose sanctions. The “culture” of the office had to be changed from being solely concerned with eligibility and compliance to individual, service-oriented, intensive casework.

In a study of eleven local welfare offices, changes appear to have been made or at least attempted. In Texas, case managers are called Texas Work Advisors; in Michigan, Assistance Payment Workers are now Family Independence Specialists. Sometimes, jobs actually changed as well. Still, at the front line, the central tasks of eligibility determination and compliance with rules remained – getting the work done in a timely fashion, and eliminating fraud (Gais, Nathan, Lurie, and Kaplan, 2001). Therefore, rather than changing welfare office culture of eligibility and compliance, the work program was instead added to it. Adding this component has made the already complicated process of applying for and maintaining benefits even more complicated. Welfare-to-work programs require recipients to accept offers of suitable employment or participate in various kinds of pre-employment activities (e.g. job search, job preparedness classes, etc.); if, without cause, they fail to do so, they are subject to sanctions. Within these seemingly simple requirements, lie volumes of rules, regulations, standards, and interpretations. There are scores of regulations attempting to spell out every element in the program from what determines inability to work to whether a recipient should be sanctioned for missing an appointment. There is an enormous amount of paperwork; everything has to be documented. Despite the quantity of rules, a great many of the most crucial decisions require judgment or discretion on the part of field-level workers.

There is a rich literature on the attitudes of welfare workers towards recipients. The workers practice what Yeheskel Hasenfeld has described as moral typification. As mentioned, the core activity of welfare agencies is to process or change people (Hasenfeld, 1983). The very nature of selecting, processing, and changing people conveys a judgment as to the moral worth
of the person. However rule-bound the decision, somewhere along the line, a value judgment has been made about the client. Cultural beliefs determine what values are legitimate and appropriate in working with clients. The welfare agency well attempt to select those clients who fit organizational needs and compartmentalize clients into “normal” service categories. Other client problems will be considered irrelevant. Employment and training programs select and train the most promising students and somehow defer or deflect those who may need the services the most. Welfare agencies punish those who do not or cannot comply. Many workers see themselves as but a short step away from welfare themselves; yet, they work hard, “play by the rules,” and no one is giving them benefits and favors. Workers trained, socialized, and supervised in this manner will apply rules strictly, impose sanctions, avoid errors, and get through the day as quickly and painlessly as possible. Requests for change or required change consume scarce administrative time and run the risk of error. Clients with problems become problems (Hasenfeld, 1983).

The culture of welfare offices and values of workers influence decisions over which the client should have some measure of influence, including the creation of their work contract. In theory, a contract should be drawn up between the welfare recipient and the agency which spells out the mutual obligations of both and makes them accountable to the terms of the contract. However, as demonstrated in a study by Evelyn Brodkin, the state stacks the cards in such a way that the clients have few opportunities to influence the terms of the contract. The caseworkers use their discretionary power to force the clients to comply with their interpretation of the contract. The workers construct their own conception of the welfare contract, which “excluded a client’s right to help in job-finding and denied a state obligation to assure that decent job opportunities existed or could be found” (Brodkin, Fuqua, and Thoren, 2002). During
assessment of the client’s needs, the workers fit the clients into available slots and ignored information about service needs to which they could not respond. Not infrequently, caseworkers sent clients on job searches even though the clients did not meet the required level of education or literacy proficiency. The findings by Brodkin are not surprising and are replicated in many other instances. Yet, it is disturbing that current welfare reformers seem to learn so little from history. As Alvin Schorr reminds us, social contracts were the social work strategy of the 1950s and 1960s (1987). They did not work then primarily because of the bureaucratization of the office, the de-professionalization of the staff, and the pressure of managing accurately a complex income-maintenance program – in short, for the same administrative complaints that Brodkin describes forty years later. For the average worker, the pressures are “to cream” – to deal with those clients who more easily fulfill the program’s requirements, and, above all not cause any problems. This means concentrating on the most readily employable. In the past, the workers would deflect the most troublesome cases. Now, they are sanctioned.

As detailed above, although American welfare reform has been hailed as a great success, multiple problems exist. First, the policy was based on faulty assumptions about welfare recipients and the low-skill labor market. By focusing the attention on individual’s alleged lack of motivation to go to work, the 1996 ignores the structural issues of the low-wage labor market and poverty. Furthermore, studies of recipients who are sanctioned or who have reached time-limits demonstrate that these recipients have multiple employment barriers that are not addressed by the current program. The culture of welfare offices makes it even harder for recipients to get the help that they need, as offices favor the recipients who are most employable. Contrary to the glowing pronouncements of success, poverty and hardship remain, and with the recent slow
down in employment, an increase in hunger and homelessness. In the next section, I will discuss how European work-fare programs are showing similar traits as the American welfare program.

**Active Labor Policies in Western Europe**

In Western Europe, work-fare programs have thus far been directed at the long-term unemployed, unemployed youth, certain groups of immigrants, lone mothers, and other social service recipients who cannot make a stable connection to the labor market. They are often called “workless” or lumped together as the “socially excluded.” Work-fare is adopted in Western Europe for different reasons than in the U.S.. In Western Europe, in addition to “compassion fatigue,” it is believed that workfare contracts between the government and the client will *empower* the client. It is through the welfare contract that the capacities of the socially excluded will be developed and they will be included back into society, into citizenship. Thus, lawmakers state that workfare programs are created because the socially excluded have a right to “inclusion.”

Although work-fare in Western Europe is rooted in a different ideology than in the U.S., evaluations of European workfare programs reveal that they suffer may from similar problems in administering the program to the most vulnerable. A recent report examining employment and wage outcomes of workfare programs in France, Germany, the Netherlands, Norway, Denmark, and the United Kingdom shows mixed results. Overall, the report concluded that workfare has had positive effects on employment, as measured by earnings (Fafo, 2001). However, only about 25 percent of RMI participants in France leave the program for work. The net employment effect of the Dutch workfare program is about 18 percent, but this number is uncertain. In Germany, there was no significant improvement in either employment or earnings. In France, Denmark, the Netherlands, and the U.K., those who benefit the most from workfare programs
tend to be younger, with better education, and fewer social problems – or those who would more likely to have found work on their own.

Similar to programs in the U.S., Western European work-fare programs use sanctions in an effort to change the behavior of recipients. While all of the work-fare programs in Western Europe have sanctions, their use varies depending on worker discretion, staff attitudes towards the clients, and how much paperwork would be increased not on whether sanctions would make any difference or make matters worse. In the U.K., there has been a marked increase in the use of sanctions, especially for the most socially excluded, despite a shortage of evidence to demonstrate the efficacy of this policy (Weekly briefing, 1991). Clients have the right to appeal, but there is both a lack of understanding and resources to pursue this right (Fafo, 2001). In Germany, several local authorities are still not inclined to use sanctions, especially for the more experienced, older workers. On the other hand, in the Netherlands, it is claimed that sanctions are used on the basis of officer-perceived negative social background characteristics (Spies and Van Berkel, 2001).

As in the U.S., welfare offices in Western Europe are having difficulty implementing client-centered work contracts based on client needs. Because of high workloads and bureaucratic regulations, communication with clients tends to focus on meeting bureaucratic targets and placing clients in options without much discussion about client needs. According to workers, the variety of options available to clients depends on the state of the economy, what is available locally, the nature of the political support for the programs, and client awareness. In general, clients are not aware of the various options that might be available. Clients are primarily interested in improving their employability, but also being treated with respect (Fafo, 2001). In some of the countries, (the Netherlands, Norway, and the U.K.), they resent “second
rate jobs” although the workers may view these jobs as “stepping stones.” While many complain about the lack of individually-tailored options, the workers say that they are hampered by bureaucratic procedures, the pressure to hold down expenses, the lack of available options, differences in cultures of the social service agencies and the employment offices, and the variations among clients. In the U.K., workers say that the emphasis has changed from a client-centered approach to labor market placements, driven primarily to reduce costs (Fafo, 2001).

Conclusion

In both the U.S. and Western Europe, welfare policy is being driven by myth and ceremony (Meyer and Rowan, 1977). In the United States, the myth is that creating a workfare program for poor families will force lazy and undeserving recipients to get out of the house and work. And from time-to-time, in various demonstration projects, recipients do get jobs and get off welfare. This is the ceremony that validates the myth. In the 1996 reform, one of the prime example was the Riverside, California demonstration project, which was hailed as a great success despite its modest results. The modest results of the program did not matter though because the country was determined to “end welfare as we know it.” Even if ineffective, the “work first” strategy affirmed our values of hard work and proper moral conduct. By creating policies around the myth, we can ignore the fact that most families who leave welfare remain in poverty and suffer from a great deal of hardship.

Currently, Western Europe also seems to be forming its own version of myth and ceremony. The general public has adopted the Conservative and neo-liberal establishment view that the welfare state has to be changed from passive to active. For the “socially excluded,” there must be incentives to enter the paid labor force. The myth of Western Europe bases its call for reform in the assertion that the socially-excluded have a right to re-enter society. Government,
in turn, has an obligation to help them through contracts based on individual needs. This is the myth, which does take place in some cases. However, the evidence presented above shows that worker-client interviews are perfunctory, that clients are selected on the basis of favorable characteristics, and the most vulnerable continue to be excluded.

One way to ensure that the most vulnerable in Western Europe are indeed given the opportunity to re-enter society is to institute a basic income guarantee. A basic income guarantee could serve multiple functions, including providing a basic means of subsistence, restoring social citizenship as a status, and by giving clients an exit option (Standing, 2002). The client would no longer be forced to accept what the social service worker offers in order to receive aid. Instead, the office would need to offer sufficiently attractive services that the client would willingly accept. Social services, education, training, and employment opportunities will still be offered by the state, but now, the workers will have to listen to the clients and assess their individual needs. Instead of being rewarded for controlling errors or expenses, workers would be rewarded for their client’s success. Since a basic income guarantee is paid to everyone, the distinction between the socially-excluded and the rest of society will become less pronounced.

**References**


