TWO CHEERS FOR THE KENNEDY WELFARE PLAN

The new job training legislation, "Jobs for Employable Dependent Individuals" or JEDI, introduced last week by Senator Edward Kennedy, deserves cautious support. At last the Massachusetts liberal recognizes that, on many welfare matters, the most effective federal action is to provide incentives for the states to take the lead. JEDI would give financial incentives to states that target their job training efforts toward those in greatest need of help--hard core welfare mothers who are most likely to become nearly permanent welfare recipients. But although Kennedy's JEDI plan heads in the right direction and deserves two cheers, it has shortcomings that need to be corrected by including tougher standards for measuring success as well as work requirements for welfare recipients.

Almost four million U.S. families now receive assistance under the Aid to Families with Dependent Children program (AFDC); a majority of these families will spend most of the next decade on relief. JEDI seeks to tackle this long-term dependency in a marked departure from the traditional liberal approach. JEDI does not simply pile yet another layer of federal funding atop the $140 billion taxpayer tab for low-income assistance. Instead, JEDI links federal support to reductions in costly state welfare rolls.

Under the Kennedy proposal, states would be encouraged to focus their training efforts on mothers who had only limited work experience before enrolling in AFDC and who have been in the program at least two years. Another target group would be women in their early twenties without a high school diploma (largely young, unmarried mothers). A state would receive a bonus from federal Job Training Partnership Act (JTPA) funds if it could show that a potential long-term welfare recipient had been successfully trained and continuously employed for over one year. Smaller bonuses would be provided for the second and third years of employment. If JEDI proved successful in stimulating creative state action, the long run welfare savings could be considerable.

The Kennedy proposal strikes a chord with many of the themes in Ronald Reagan's new welfare reform strategy, released by the White

House this week. As in the Reagan recommendations, JEDI proposes to fight dependency rather than make it more bearable; it encourages innovation at the state level; and it redirects existing resources rather than pouring more dollars into traditional, but disappointing, "war on poverty" strategies. JEDI implicitly recognizes the failure of America's current "top down" approach to welfare. As the President's welfare reform plan recognizes, the correct federal role is not to take over state functions, but to "create the proper climate for innovation by giving states the broadest latitude to design and implement experiments in welfare policy." Inspired by training programs in Massachusetts and other states, JEDI is a good example of the Reagan Administration's call for a "bottom up" strategy in which policy makers learn gradually from the successes and failures of state and local initiatives.

One problem with JEDI, however, is that its provisions for "revenue neutrality" are far from airtight. The criteria for measuring successful training are not tied to an actual reduction in the number of AFDC families. Thus federal bonuses could be paid even without a cut in AFDC costs. This is important because some of the states applauded by Kennedy in reality have not reduced their AFDC rolls in recent years and have increased their AFDC expenses dramatically. The provisions of the bill should be strengthened to ensure that the JEDI bonuses are triggered by real, measurable savings in welfare costs, not just savings on paper.

A second drawback to the Kennedy plan is that it is all carrot and no stick. Voluntary training programs alone are unlikely to reduce dependency significantly. In Kennedy's home state of Massachusetts, for instance, a typical AFDC mother needs a job paying $9.00 per hour in order receive a post-tax income equal to what she receives from AFDC, food stamps, medicaid, and other subsidies. Even the most successful training program will find it difficult to provide a financial incentive for individuals to leave welfare under such conditions. Serious work requirements for able-bodied AFDC recipients, when combined with training, can alter the underlying incentive structure that promotes dependency. These requirements are not punitive; they are part of the mutual obligation of welfare recipients to the society which supports them. Such work requirements are included in the Reagan Administration's Greater Opportunity Through Work (GROW) proposal, which would require work programs for at least a certain percentage of welfare beneficiaries. A balanced approach, joining training with serious work requirements, would effectively combine a carrot with a stick.

There are no easy solutions to the morass of problems with the contemporary welfare "system." But Senator Kennedy is making a serious and important contribution to the debate.

Robert Rector
Policy Analyst