

June 11, 1987

REFORMING WELFARE: THE PROMISES AND LIMITS OF WORKFARE

INTRODUCTION

Welfare has become a way of life for many Americans. In an attempt to break what many lawmakers—liberal and conservative, Democrat and Republican—see as the vicious circle of welfare dependency, they are looking at welfare reforms that include work requirements for able-bodied adult welfare recipients. It is increasingly understood that most welfare recipients are capable of work and that the discipline associated with work is essential to break the aimlessness of dependency. Congressional interest in welfare reform reflects the wide agreement that welfare should not be a one-way handout, but rather a balance of obligations between society and the beneficiary. Requiring welfare recipients to do some work, an arrangement popularly called workfare, is one means of striking this balance.

Lawmakers should proceed cautiously with workfare. There is a difference between truly new approaches, which impose work and job search obligations on those receiving welfare, and recycled old approaches, which drape themselves in a workfare mantle. Moreover, although some workfare experiments of the last six years have met with some success, claims made for most of the expensive voluntary programs, such as Massachusetts' "ET" program, are exaggerated. For most other workfare initiatives, the jury is still out.

Gold-Plated Programs. Policymakers thus should hesitate before enacting "workfare" legislation. In particular, they should focus on simple programs with clear, limited goals and not the "gold-plated" programs with generous federal support desired by some governors. History shows that there is little relationship between the cost of work programs and their effectiveness. Less expensive programs based on required job search and service in government or nonprofit organizations in return for benefits appear to be more successful than those offering elaborate training.

All work programs should be mandatory: they should require participation rather than relying on recipients to volunteer. The main objective of workfare should be to replace dependency with an obligation to contribute to the support of self and family. This is not only fair to society but beneficial to welfare recipients.

WORK AND THE POVERTY TRAP

The Aid to Families with Dependent Children (AFDC) program constitutes the heart of America's welfare system. Currently it supports over half of the 6 million female-headed families with children in the U.S. While AFDC is often depicted as a temporary relief program, the facts show otherwise--intermittent but prolonged welfare dependence is the norm for mothers on welfare. Among women entering the welfare rolls for the first time, 70 percent remain for two years or longer; the average stay is six and a half years. Among women currently on welfare rolls, nearly two-thirds can be expected to remain on welfare for eight years or more and the average period on welfare is 11.6 years.¹

Young mothers who have never been married are especially prone to becoming long-term welfare recipients. Nearly two-thirds of all mothers on AFDC gave birth to at least one child while a teenager. Such families are likely to spend a decade or longer on welfare. This means that their children grow up in homes lacking those ideas of personal responsibility, self-support, and work that form the foundation of the successful American family. When they reach adulthood, these children often have difficulty adjusting to the demands of work and to the realities of personal and parental responsibility.

Inverse Relationship. Work, not welfare, it is now widely agreed, is the essential ladder for climbing out of poverty. Nearly one-quarter of U.S. families without a parent at work are poor. By contrast, among families whose head works full time, only 4 percent are in poverty. The same is true of female-headed families, historically one of the poorest segments of society: less than one in ten such families remain in poverty if the mother works full time.²

This inverse relationship between work and poverty for years prompted conservatives to argue for a work requirement to be attached to welfare benefits. In recent years, many liberals have joined the chorus for workfare.

Opponents of workfare argue that the strategy simply pushes women into low paying jobs and does nothing to eliminate poverty. This is untrue. In every state, a mother holding a full-time, minimum wage job coupled with remaining welfare benefits still available to the working household will provide enough income to lift the average AFDC family (one mother and two children) above the poverty level. In states with generous benefits, such as California, a minimum wage job combined with available welfare will lift

1. David Ellwood, Targeting "Would-Be" Long-Term Recipients of AFDC (Washington, D.C.: Department of Health and Human Services, January 1986), p. 5.

2. Poverty is defined as income less than the official Bureau of the Census poverty thresholds. A family of three was considered poor with an income of \$8,277 in 1984. U.S. Department of Commerce, Bureau of the Census, Characteristics of the Population Below the Poverty Level: 1984, Series P-60, No. 152 (Washington, D.C.: Government Printing Office, June 1986), Table 4. Money income only is considered; the number of poor families with working mothers would be considerably less if noncash benefits were included.

the family's income nearly 50 percent above the poverty line.³ Few women working steadily, moreover, earn only the minimum wage; the median annual wage for full-time female workers without a high school degree is now \$10,436;⁴ the annual minimum wage is \$6,968.

ARE THERE ENOUGH JOBS?

An explanation commonly offered for why women on welfare do not work is an ostensible lack of jobs for the unskilled, unemployed poor. All evidence points to the contrary. For one thing, the United States apparently employs as many as 10 million illegal aliens, mostly in entry-level positions.⁵ For another thing, the service sector is the fastest growing segment of the economy, and offers jobs for all income and skill levels. In particular, the hotel, restaurant, retail, hospital, and entertainment industries offer enormous job opportunities for low-skilled workers.

Most welfare administrators, in fact, confirm that jobs are available, even in urban areas.⁶ In his 1982 book The Underclass, journalist Ken Auletta interviewed Melvin Rosen, vice president of the Wildcat Training Center, a well-known supported-work program center in the late 1970s. Says Rosen, "Anybody who wants to work--even if he's unqualified--he can get a job. Motivation is much more important than skills." Surveys also show that most of the poor admit that they can find minimum wage jobs if they want them.⁸ Except perhaps in very depressed areas, such as Appalachia, work is available.

Refusing Available Jobs. The problem is not a lack of jobs but the refusal of many poor to take those jobs that are available.⁹ For example, one study of AFDC mothers in the

3. For example, in Alabama, in 1986, a mother with two children would also receive food stamps, earned income tax credits, school lunch subsidies for each child in school and Women, Infants, and Children (WIC) fund subsidies for children under five. Total income less federal taxes would be in the \$9,000 range. The poverty level for a family of three in 1986 was \$8,570. In California a minimum wage job, plus AFDC, food stamps, Medicaid, earned income tax credits, school lunch subsidies, WIC, less taxes would equal \$13,284 for a family of three in 1986. For a mother with small children the cost of child care should also be considered; for eligible mothers on AFDC the government will pay up to \$160 per month per child for day care costs, but a mother earning minimum wage would not be eligible in all states. Problems relating to welfare and child care will be discussed in a subsequent Heritage Foundation study.

4. U.S. Department of Commerce, Bureau of the Census, Money Income of Households, Families and Persons in the United States: 1984, Series P-60, No. 151 (Washington, D.C.: Government Printing Office, April 1986), p. 134.

5. Edwin P. Reubens, "Aliens, Jobs and Immigration Policy," The Public Interest, Spring, 1978.

6. Lawrence M. Mead, "The Work Problem in Welfare," (unpublished manuscript prepared for the Working Seminar on the Family and American Welfare Policy, the American Enterprise Institute, 1986), p. 5.

7. Ken Auletta, The Underclass (New York: Random House, 1982), p. 201.

8. Joel F. Handler and Ellen June Hollingsworth, The "Deserving Poor": A Study of Welfare Administration (New York: Academic Press, 1971), p.182.

9. Recently a ghetto renovation project in Newark, New Jersey, an area of long-term severe unemployment, could not attract local labor at \$5.00 to \$6.00 per hour. The problem was solved by bringing in union workers from the suburbs. Myron Magnet, "America's Underclass: What to Do?" Fortune, May 11, 1987, p. 132.

Work Incentive (WIN) Program found that, although the mothers claimed that they wanted to work, 70 percent had turned down jobs for which they were qualified, such as nurses aides, domestics, or waitresses. Notes the study:

The jobs that most respondents appeared to want clearly required extensive...training--jobs as dieticians, medical technicians, stenographers, counselors, and the like. In general, they expressed distinct dislike for the menial jobs often held by unskilled black women. For example, more than 90 percent...said that they would not want to do private household work....Almost all were looking to WIN to provide them with the education and training necessary to obtain and perform the jobs they wanted.¹⁰

Even when they had received WIN training, very few of these welfare mothers were able to move into higher skilled jobs.

The lesson from these and scores of similar examples is that, when welfare eliminates the necessity of holding down a job to support the family, welfare can foster an unrealistic attitude toward jobs among the poor. Most welfare mothers have held jobs intermittently in the past. Their problem is not unemployability but a lack of long-term commitment to work--an attitude that cripples their struggle toward self-sufficiency.

THE HISTORY OF WORKFARE

Workfare may have become this year's welfare buzzword, but it has been part of the welfare debate for many years. In 1962 the Community Work and Training Program (CWTP) permitted states to require work from AFDC recipients in return for their benefits. Only 13 states, however, participated in the program, and its authorization expired in 1967. In that year, the Work Incentive (WIN) program was enacted by Congress to provide welfare recipients with an incentive to obtain work.

Before WIN, each dollar earned meant welfare was reduced by a dollar. In effect, this was a 100 percent tax on money earned by working. WIN sought to provide an incentive for work by permitting the welfare recipient to retain a greater portion of earned income. Under WIN, the welfare recipient could keep the first \$30 of monthly earnings and one-third of the rest of earned income without a reduction in welfare benefits. WIN legislation also provided vocational training funds and a "work test," under which welfare agencies could require AFDC recipients to participate in WIN programs or face a loss of part of their benefits.

Shielding Welfare Recipients. The work test, however, was largely symbolic. Local welfare agencies were empowered to determine which recipients were employable and thus subject to WIN participation. Welfare departments in large cities shielded nearly all of their AFDC caseload from WIN requirements, with the support of "welfare rights" groups who denounced work as "slavefare." During the first 21 months of the WIN program, the nation's welfare rolls swelled by 641,000, and only 13,000 Americans left welfare because of the program.¹¹

10. Quoted in, Lawrence M. Mead, Beyond Entitlement: The Social Obligations of Citizenship (New York: The Free Press, 1986), p. 153.

11. Ibid., p. 122.

As AFDC families nearly doubled in number between 1967 and 1970, rising congressional concern led to the 1971 passage of the Talmadge amendments to the AFDC provisions of the Social Security Act. States for the first time were required to register in the WIN program all nondisabled mothers who had no children under age six. WIN's focus was shifted from "career enhancement" to immediate job placement. Classroom education, long favored by the WIN bureaucracy, was reduced in favor of more effective job search strategies and on-the-job training.

In the first year under the new rules, the annual job placement rate nearly doubled, reaching 137,000.¹² But still the work requirement remained largely symbolic, and despite the marked improvement in registrations, actual participation levels remained low.

Decreasing Welfare Rolls. During the 1970s, work programs made little progress. Governor Ronald Reagan initiated the Community Work Experience Program in California in 1971, but hostility in the state legislature and resistance by the welfare bureaucracy prevented the program from being fully implemented, and it was eliminated by Reagan's successor. Workfare was also introduced in Utah. There, welfare mothers with children over age six were required to perform public service work for their welfare grants. Although the program produced significant decreases in welfare rolls, it was blocked by the U.S. Department of Health, Education and Welfare, which argued that the program was illegal. Utah chose to continue without federal AFDC funds for nearly two years rather than abandon its program.

These state initiatives were the exception. For the most part, through the 1970s, workfare took a back seat to more traditional welfare state policies.¹³

THE 1981 BUDGET ACT

The Reagan presidency brought key changes in welfare policy through the Omnibus Budget Reconciliation Act of 1981 (OBRA). In particular, OBRA eliminated the WIN incentives or "disregards," permitting welfare recipients to retain the first \$30 of earnings per month and one-third of additional earnings without a reduction in welfare benefits. Despite dire warnings that women would quit their jobs and return to welfare, the rolls actually shrank.

OBRA also resuscitated workfare policies that had been declared unlawful during the 1970s. Specifically, OBRA established three workfare programs:

1) **The WIN Demonstration program.** In it, adult AFDC beneficiaries may be required by the state to participate full time in work programs for up to 13 weeks.¹⁴

2) **The Community Work Experience Program or CWEP.** In it, a welfare recipient can be required to participate in workfare or other job-related activities permanently, but the number of hours worked per month is limited and is often less than 20 hours per week. (Participants in CWEP cannot work for less than the minimum wage. The maximum

12. *Ibid.*, p. 123.

13. Charles S. Rodgers, "Work Tests for Welfare Recipients: the Gap between the Goal and Reality," *Journal of Policy Analysis and Management*, Fall 1981.

14. Duration of participation in WIN Demonstration is subject to the same restrictions as the traditional WIN program. Time spent in training, however, is not restricted.

number of hours of work per week is calculated by dividing the value of the AFDC grant by the minimum wage.)

3) The Grant Diversion program, which also is known as wage supplementation. In it, the recipient's welfare grant is "diverted" to a private employer to pay for up to half of the recipient's wage. A welfare recipient's participation in grant diversion is limited to nine months or less.

Welfare mothers with children under age six generally are exempt from work requirements, although 11 states have obtained waivers from federal rules to make participation mandatory for AFDC mothers with children over age three. Noncompliance with work requirements can result in a temporary small reduction of the AFDC grant. In 1985, some 5 percent of all participants under these programs were penalized in this way.¹⁵

No state is actually required to operate these new workfare programs, although the Reagan Administration repeatedly but unsuccessfully has sought legislation to make all states enforce a broad AFDC work obligation.¹⁶

TYPES OF WORKFARE ACTIVITIES

Thirty-eight states have adopted new work programs under the OBRA provisions. Welfare recipients may be placed in five basic types of activity:

1) Traditional Workfare or Work Experience. In return for welfare benefits, recipients work part time or full time for government agencies or nonprofit organizations. Work experience is also intended to impart or maintain basic job skills relating to attitude, appearance, responsibility, and timeliness.

2) Job Search . Programs provide guidance for welfare recipients seeking employment and reinforce job seeking efforts. In a "group job search" program, for example, an individual may receive one week's training on how to obtain a job. This may be followed by three weeks of participation in a phone bank where recipients report to the welfare office and explore job openings over the phone under the management and encouragement of a supervisor. These activities may be followed by two months of monitored individual job search.

3) Education and Training . This includes remedial instruction, vocational education, on-the-job training and, in some cases, even postsecondary education.

4) Supported Work . This provides a sheltered workshop designed to ease the transition of less employable welfare recipients into the workplace. Requirements concerning productivity, tardiness, absenteeism, and other behavior are gradually raised over nine months to one year in the workshop, while extensive training and counseling are provided.

5) Subsidized Employment . Through grant diversion, welfare funds subsidize initial employment in the private sector. The subsidized private sector position will often provide on-the-job-training.

15. U.S. General Accounting Office, Work and Welfare (Washington, D.C.: Government Printing Office, January, 1987), p. 56.

16. States that have not established work programs under the OBRA provisions operate traditional WIN programs.

Welfare agencies often move recipients through a sequence of these activities, such as job search followed by work experience. But job search is by far the most common form of activity. The General Accounting Office reports that in 1985, over 80 percent of new work program participants were engaged in job search, 10 percent in education and training, and 7 percent in work experience.¹⁷

THE CONFLICTING OBJECTIVES OF WORKFARE

A diversity of policy goals exist under the general rubric of workfare. Among them:

1) Reducing welfare rolls and cutting the welfare costs.

2) Ensuring that the adult welfare beneficiary contributes some service to society in return for benefits received, thereby establishing the idea of a bond of mutual obligation in place of a handout.

3) Helping welfare recipients find private sector employment.

4) Enhancing the occupational opportunities available to welfare recipients, providing the poor with skills that will enable them to move from low paying jobs into higher skilled, higher paying positions.

The first three goals often complement each other. Example: job search programs that help the recipient find employment also reduce the welfare rolls. Similarly, a work experience program provides both the means for the recipient to "pay back" society and the basic skills that will make the recipient more employable. And it also may reduce the welfare rolls simply by making welfare less desirable.

On the other hand, these first three goals may conflict. A rigorous work experience program, for instance, may cost far more than a plain welfare package because of increased administrative costs and child care expenses.

The differing goals reflect an underlying philosophical split even among conservatives. Some conservatives tend to be more concerned with the ethical and behavioral problems associated with welfare and are willing to pay more into the welfare system if it will enforce a serious work obligation. By contrast, other conservatives mainly want to reduce government outlays as quickly as possible.¹⁸

Hijacking Workfare. The fourth goal is the most ambitious and conflicts with the others. Attempting to train welfare recipients for skilled jobs is seen by many workfare supporters as impractical and as a misuse of the term workfare. It conflicts with goals of cost reduction, and because of the expense, may limit the number of recipients who can participate. Controversy over this goal represents a major liberal/conservative split on welfare policy.

Many conservatives claim that liberal supporters of increased welfare spending have simply hijacked the term "workfare" to justify traditional and ineffective social service policies.

17. General Accounting Office, Work and Welfare, p. 70. The figures in the above text are derived from Table 4.2.

18. Mead, Beyond Entitlement, *op. cit.*, pp. 91-119.

THE "NO MENIAL JOBS" TRAP

In the current political debate, the 1970s liberal slogan of "workfare is slavefare" has given way in many circles to the "no menial jobs" argument. Recent converts to workfare claim to favor work but add the caveat that welfare recipients not be required to take "menial, dead end" jobs. Their conclusion: the government should train welfare recipients for "good jobs" with higher skills and higher pay. In reality, therefore, the opposition to a serious work requirement continues. Workfare is supported only if it means billions of dollars in new federal programs for unproductive training.

Most evaluations of such expensive government training find it to be largely ineffective in moving disadvantaged workers into more skilled positions. To the extent that government training has any positive effect, it is by increasing the amount of work performed and not by increasing hourly wage rates.¹⁹ Training may enable or encourage welfare recipients to obtain jobs, to work more hours, and to stay employed for longer periods, but it does not enable them to obtain higher quality jobs than they would have obtained otherwise.

Reinforcing Dependency. Costly training, which promises "good jobs," often turns out to do little more than postpone entry into the labor market. While poor Americans accepting low-paying, entry-level jobs will often move into better paying jobs over time, government training does not appear to speed this process significantly.

The "no menial jobs" approach, moreover, reinforces dependency, since welfare recipients are told that they should not have to take unpleasant entry-level jobs. Rather than taking practical steps to support themselves, they are informed that they should wait passively for society to care for them: by providing training, incentives, and "good" jobs.

Effective workfare requires the opposite approach. Studies by Lawrence Mead, professor of political science at New York University, reveal that welfare recipients respond very favorably to authoritative social messages, which "empower" the recipients by informing them that they are not helpless dependents, but instead are normal members of the community capable of work with the same social responsibility to support themselves as everyone else. Mead's statistical analysis of work programs demonstrates that the clear communication of expectations and obligation is the most important factor in increasing employment among the poor. It is more important, writes Mead, than the labor market, financial incentives, training, or welfare office staffing levels.²⁰

LIMITS OF EXISTING WORK PROGRAMS

Workfare is by no means a panacea for the problems of welfare. Some programs do not work at all, and most only have a marginal, albeit useful, effect. In the 38 states that have

19. Jean Grossman and Audrey Mirsky, A Survey of Recent Programs Designed to Reduce Long-Term Welfare Dependency (Princeton, New Jersey: Mathematica Policy Research Inc., April 1985), pp. 17, 18. Jean Grossman, Rebecca Maynard, and Judith Roberts, Reanalysis of the Effects of Selected Employment and Training Programs for Welfare Recipients (Princeton, New Jersey: Mathematica Policy Research Inc., October, 1985), pp. 67, 73. Congressional Budget Office, CETA Training Programs - Do They Work for Adults (Washington, D.C.: Government Printing Office, 1982), p. XVII.

20. Mead, Beyond Entitlement, *op. cit.*, pp. 148-169.

instituted new work programs since 1981, approximately 20 percent of the adult AFDC population were enrolled in the programs in 1985.²¹ Many of these programs are limited or experimental. Moreover, recent studies indicate that not all of the welfare recipients registered in work programs actively participate. Even when they do, participation is usually temporary, seldom exceeding 13 weeks in a year. It is likely that no more than 4 percent of the adult AFDC rolls actively participate in a work program in any given month.

The impact of these programs is also limited. Even if the most successful programs were operated on a national basis, they would: 1) reduce the total AFDC population between 1 percent and 6 percent (depending on the design of the program); 2) reduce welfare payments between 3 and 8 percent; and 3) increase employment among recipients between 4 and 50 percent.²² These programs cost between \$300 and \$700 per participant to operate and recover their costs within one to two years. Less effective programs fail to recover their costs.²³

Greatest Impact. The effective programs seem to have their greatest impact among harder to employ recipients, such as those without recent employment experience. Although the available evidence is sketchy, programs offering job search and work experience appear to be more cost effective and have a greater impact than programs which offer training combined with other activities.²⁴ A critical question, yet unanswered, is how much more effective work programs might be if work obligations were made permanent and full time and if penalties for nonparticipation were intensified.

THE DANGERS OF A WORKFARE BOONDOGGLE

As noted, workfare means different things to different people. The glue holding the state "workfare consensus" together often seems to be the prospect of more federal dollars. Thus it may be unrealistic to expect workfare to reduce welfare costs. In fact, the potential of "workfare" programs for swallowing up funds without producing any noticeable results is enormous. The widely acclaimed supported-work programs of the late 1970s cost about

21. General Accounting Office, Work and Welfare, *op. cit.*, pp. 52-54. This figure represents only states with WIN Demonstration programs.

22. The employment figure reflects very low rates of initial employment, and much of the added employment would be part-time.

23. Successful programs that have been evaluated by controlled experiments include job search and/or work experience in San Diego; Little Rock, Arkansas; Washington State; and North Carolina. Hall Nelson, Evaluation of the Community Work Experience Program (Washington State Department of Social and Human Services, Report #06-23); Final Assessment of the Community Work Experience Program Demonstration Project, North Carolina, (Department of Human Resources, Division of Social Services, Planning and Information Section, mimeo, March 1, 1985); Barbara Goldman, et al., California: Final Report on the San Diego Job Search and Work Experience Program (New York: Manpower Demonstration Research Corporation, 1985); Daniel Friedlander et al., Arkansas: Final Report on the Work Program in Two Counties (New York: Manpower Demonstration Research Corporation, 1985).

24. Manpower Demonstration Research Corporation studies show that job search in Arkansas and job search and work experience in San Diego had greater effects on employment and welfare reduction and were more cost effective than programs in Maryland and Virginia that included training. On the other hand, a pure workfare program in West Virginia operated in a period of high unemployment and without the intent of reducing welfare had no significant impact on employment or welfare rolls.

\$26,000 per participant (measured in 1987 dollars) but produced no greater results in employment and earnings than current job search programs costing a few hundred dollars.²⁵ Employment and training programs for the disadvantaged have very seldom been cost-effective for the taxpayer, but nonetheless continue to be vigorously promoted.²⁶

Similarly, Massachusetts's Employment Training program, known as "ET," has been widely praised since it began in 1983, but its results have been disappointing. Massachusetts state employment and training costs have increased by 400 percent since the program started, while welfare rolls actually have risen. And this comes at a time when the state's economy has been booming. Moreover, the precise effects of ET cannot be assessed because the state has refused to permit controlled experiments. Some of ET's publicized "success stories," in fact, include individuals who quit decent jobs to receive costly and extensive training for better paying positions.

Suspicious Converts. Calls for additional spending by those who have traditionally resisted work obligations, but are now converts to workfare should be viewed very suspiciously. On the other hand, the Reagan Administration's Greater Opportunities Through Work (GROW) proposal makes sense. It refuses to provide extra funds for misdirected training. What it does do is require large-scale participation in work activities by welfare beneficiaries in all states and provides, for the first time, uncapped supporting federal funds for job search and workfare administration, job-related expenses, and child care. These funds would be provided at a 50 percent matching rate with the states.

STRENGTHENING THE WORK PROGRAMS

If Congress is serious about strengthening work programs and attacking welfare dependency, it should begin by permitting states to establish permanent full time work obligations in return for welfare benefits. Current restrictions on full time participation in the CWEP program and duration of participation in WIN Demonstration programs should be eliminated.

States should be permitted to require participation by welfare recipients in job search, work experience, or training for up to 40 hours per week for as long as an individual receives benefits. If the restriction that recipients should not be required to work for less than the hourly minimum wage rate is maintained, then the entire welfare package should be included in the calculation of hourly wages--AFDC, food stamps, Medicaid, school lunch programs, Women, Infants, and Children (WIC) food subsidies, and housing subsidies. This would permit full-time work in most circumstances. Ironically, some current welfare reform proposals such as H.R. 1720 introduced in the House of Representatives by Harold Ford, the Tennessee Democrat, while claiming to favor work, actually continue restrictions on work and job search activities.

25. For example, Job Search in Arkansas and Job Search/Work Experience in San Diego had as great or greater impact on employment than did the supported-work program after subsidized employment ended (months 19-27). This comparison is based on hard to employ groups (e.g. AFDC recipients as opposed to applicants in Arkansas and persons with no recent job experience in San Diego). Although AFDC participants in supported-work programs were allegedly "hard-core" dependents, they were in fact all volunteers to the program. Both experimentals and controls in supported work seem more employable than involuntary participants in San Diego and Arkansas. See Robinson G. Hollester Jr. et al., The National Supported Work Demonstration, (USA: University of Wisconsin Press, 1984), table 4.6. See Goldman, op. cit., table 3.9 and Friedlander, op. cit., table 5.5.

26. Grossman and Mirsky, op. cit., p. 111.

Crippling Work Strategies. A second suggested approach to promoting work is to provide incentives by restoring the "earnings disregards" eliminated in 1981. This would be a mistake. Reestablishing "earnings disregards" would cripple existing work strategies. Work programs involve costs for administration, child care, basic training, and other services. State governments normally recoup these costs by welfare cost reductions resulting from employment. By permitting welfare recipients to keep a greater percentage of welfare benefits while working, "disregards" significantly reduce welfare savings and thus would make many workfare programs economically infeasible.

The lack of growth in welfare rolls following the abolition of "disregards" in 1981 demonstrates that they had not provided significant incentives for welfare mothers to obtain employment. Instead, they seem to have encouraged otherwise self-supporting women to remain on AFDC for long periods to supplement their earned income. Reestablishing disregards soon could enlarge the AFDC rolls by 5 to 10 percent.

CONCLUSION

The average family of three now on AFDC receives nearly \$9,000 per year in combined welfare benefits.²⁷ In a society where a majority of mothers work and pay taxes, it should not be considered unreasonable to expect a mother on welfare to do some kind of work, job search, or training in return for these benefits. Although once denounced as "slavefare", the idea that welfare should be based on a mutual obligation rather than one-way handouts has gained widespread acceptance.

Certainly the problem of the poor cannot be solved simply by giving them more money. The current welfare system based on one-way handouts actually harms the poor; by removing the normal obligation to support self and family that serves as a foundation for the lives of all other Americans, welfare undermines the personal discipline needed for work and for participation in mainstream society. It fosters unrealistic and self-defeating attitudes about self-support among the poor and a tolerance for dependency, which is passed on to future generations. Workfare--by restoring the adult welfare beneficiary's obligation to contribute to his or her own self-support is not only fair to the rest of society--it is essential to the well-being of the welfare recipient and his or her family.

Still there is considerable debate over the practical goals of workfare and the effectiveness of current work programs. In expanding workfare a number of principles should be borne in mind. Among them:

1) **Workfare is one small, albeit useful, component of an overall strategy of welfare reform.** Far from transforming the existing welfare state into a workfare state, the scope of existing work programs is extremely limited and these programs are unlikely to be expanded rapidly.

2) **Workfare is unlikely to produce dramatic reductions in the welfare rolls or in welfare costs.** Because of administrative and child care expenses, a large-scale workfare system may cost as much or slightly more than the existing welfare system.

27. The average welfare benefits figure represents a family of three and includes AFDC, food stamps, Medicaid, school lunch subsidies, and/or WIC.

3) Removing existing restrictions that prohibit states from establishing permanent full-time work requirements for adult recipients would increase the effectiveness of work programs considerably. But it is uncertain, again, whether this change would result in dramatic reductions in welfare costs.

4) Workfare will be most effective when its goal is not to produce welfare savings, but to reduce dependency and to enforce the bond of mutual obligation between the welfare recipient and society.

5) Conflict over the basic objectives of workfare remains. Training programs that seek to place welfare recipients in higher skilled, "better" jobs have seldom been effective. By denigrating so-called low-skill, dead end jobs for which many of the poor are qualified, training proponents actually discourage realistic efforts toward self-support. Job search and work experience will prove more effective than elaborate training in uprooting dependency.

6) Current welfare reform measures , such as those introduced by Congressman Ford (H.R. 1720) and proposed by Senator Moynihan, use the popularity of workfare as a smokescreen to advance an expansion of the traditional welfare state. Particularly important are proposals to raise benefit levels and to force states to erect an AFDC program for two-parent families. These proposals would actually increase dependency and add to the number of female-headed families in the U.S.; the negative effects would far outweigh any gains from an expansion of workfare.²⁸

Workfare remains an indispensable tool for tackling the problems of welfare dependency. Workfare should not be oversold, but it should be expanded in a prudent, cost-effective manner.

**Robert Rector
Policy Analyst**

**Peter T. Butterfield
Research Assistant**

28. This topic will be discussed more fully in a forthcoming study by The Heritage Foundation.