

**CHANGES IN STATE WELFARE
REFORM PROGRAMS**

HEARING
BEFORE THE
SUBCOMMITTEE ON
SOCIAL SECURITY AND FAMILY POLICY
OF THE
COMMITTEE ON FINANCE
UNITED STATES SENATE
ONE HUNDRED SECOND CONGRESS
SECOND SESSION

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CHANGES IN STATE WELFARE REFORM PROGRAMS

MONDAY, FEBRUARY 3, 1992

U.S. SENATE,
SUBCOMMITTEE ON SOCIAL SECURITY
AND FAMILY POLICY,
COMMITTEE ON FINANCE,
Washington, DC.

The hearing was convened, pursuant to notice, at 10:08 a.m., in room SD-215, Dirksen Senate Office Building, Hon. Daniel Patrick Moynihan, (chairman of the subcommittee) presiding.

Also present: Senator Bradley.

[The press release announcing the hearing follows:]

[Press Release No. H-3, Jan. 30, 1992]

SUBCOMMITTEE PLANS HEARING ON STATES' WELFARE CHANGES, MOYNIHAN CITES BENEFIT CUTS, NEW RESTRICTIONS

WASHINGTON, DC—Senator Daniel Patrick Moynihan, Chairman of the Finance Subcommittee on Social Security and Family Policy, Thursday announced a hearing on changes in state welfare programs.

The hearing will be at 10 a.m. Monday, February 3, 1992 in Room SD-215 of the Dirksen Senate Office Building.

"The welfare consensus that resulted in passage of the Family Support Act is in danger of coming apart. States are cutting benefits at an unprecedented rate and are proposing new restrictions on recipients," Moynihan said.

"So we are holding a hearing on February 3 to find out whether something new is happening out there, and whether these developments call for new policies at the Federal level," Moynihan said.

OPENING STATEMENT OF HON. DANIEL PATRICK MOYNIHAN, A U.S. SENATOR FROM NEW YORK, CHAIRMAN OF THE SUBCOMMITTEE

Senator MOYNIHAN. Good morning, ladies and gentlemen. This is a regular meeting of the Committee on Social Security and Family Policy of the Committee on Finance.

I must first apologize for being a few moments behind. There was a meeting of the Board of Regents of the Smithsonian Institution, and I had to make a quorum, as we say.

We are here today to begin what will be a series of hearings on the quite sudden resurgence of ideas in the area of welfare reform.

There is a little story which I know you distinguished legislators would like, about how Social Security came to be in the Finance Committee here; Ways and Means over there.

Frances Perkins, the Secretary of Labor, had the assignment of producing a proposal for President Roosevelt. But the concern was that the Supreme Court would declare it unconstitutional.

And she had a great experience in the New York State Legislature—which is not very different from yours, Mr. Speaker, and Governor—on how to get great men to help her get things done.

And she was talking to a Supreme Court Justice one afternoon at a garden party, and he asked her what she was doing, and she said, well, she had this wonderful plan to help people in their retirement, and children, and so forth.

But you great men on the Supreme Court never let us do it, she said. And he said, tell me more about it. She did, and he said, the taxing power, my dear. That is all you need; the taxing power. So, the proposal came through Ways and Means and was upheld by the Supreme Court.

We have seen, over the last generation, a rising concern about that portion of the Social Security Act, Title IV, which has been referred to as welfare. There is nothing wrong with that word.

The Constitution begins with a proposition about promoting the general welfare, but it has become an invidious term. We have been working in this committee on the matter. We passed the Family Support Act in 1988 and came out in the Senate 97 to 1, as Senator Bradley knows.

It was the first statement by the Senate about what had begun in the Social Security Act as a widow's pension. And Frances Perkins would describe the typical recipient as a West Virginia miner's widow.

There had been widow's pensions in various States, and the assumption was that they would fade away as survivor's insurance under Social Security took hold. They did not. To the contrary, there has emerged in our time the possibility that the characteristic problem of our age is dependency.

We now have developed a dependency rate. I do not know whether many know this, but we can show that of the children born in 1967, 1968, and 1969, 22 percent were on welfare before they reached age 18.

That is as high as 72 percent for minority children. Of children born in 1980, we project almost a third; of children born in my city of New York, a half. I should think Camden would be at least, that high.

But the one point I would simply make before we turn to Senator Bradley is to say that in all these matters, I think we will be surprised how quickly we run out of information. We have very little data on this.

And last week, the Senate passed a bill that would create an annual welfare report analogous to the economic report that was created by the Employment Act of 1946.

Because if unemployment was the great problem of the Industrial Age, I think dependency is becoming the problem of this age. There are twice as many AFDC cases as there are unemployment cases in this country in the middle of a recession.

We hope to find some friends on the House side for that. The administration supports the measure. It will not change things overnight, but in the end, you had better learn the measure of something if you ever hope to do something serious about it.

But thank you for listening to me. And Senator Bradley, how very kind of you to be here, sir.

[The prepared statement of Senator Moynihan appears in the appendix.]

**OPENING STATEMENT OF HON. BILL BRADLEY, A U.S.
SENATOR FROM NEW JERSEY**

Senator BRADLEY. Thank you very much, Mr. Chairman, for your remarks and for your leadership on this issue. I do not think there is anyone in the United States that knows more about this issue, nor has spent more time on it than you. And it is a pleasure and an honor to serve with you on the committee.

Let me welcome Governor Florio to the Finance Committee. He has been here a number of times before on many issues, and today we welcome you to the committee, accompanied by Wayne Bryant; a distinguished figure in New Jersey, who has a long record of imagination and hard work when it comes to a whole variety of issues.

And, of course, today his presence here is in relation to a set of bills that were passed by the New Jersey State Legislature. We welcome you and look forward to your comments.

The issue of dependency, as Senator Moynihan has stated, is one of the more intractable problems that our society faces. It is also an area where, as he said, there is not a good database; not a lot of good facts and information; and about which there needs to be a great deal more creativity.

In the 1960's, the thought was with a great society that this was a normal economic problem, we will spend more money on it, empower people, and it will reduce dependency—it did not.

In the 1980's, the conservative answer was, well, we will just have the economy grow and a rising tide will lift all boats, and it did not. In fact, dependency remained an intractable feature of the American scene—an ominous feature.

So, in 1988 when the Congress passed what I think is a landmark bill under the leadership of Senator Moynihan, we put forth a basic hypothesis, and that was started with the idea that parents of children should support their children. That was the Child Support Enforcement bill that I had introduced that was included in the Act.

And then we said that those who received welfare need other support than simply the check. They need child care, day care; they need education, they need training, and they need the prospect of a job.

And so, the basic promise was that if we provide that kind of support, that over a two-year period that recipient would move into the work force. And if the person did not move into the work force after 2 years, that we would envision that there would be some penalty.

And since this bill was really formulated with the support and advice of the Governors of this country—

Senator MOYNIHAN. Oh, yes.

Senator BRADLEY. It is legitimate that the place where much of the experimentation or creativity take place is at the State level.

Senator MOYNIHAN. You will not mind my saying, sir, that Governor Kean, your predecessor, was very active with us at that time.

Senator BRADLEY. Yes. So, that is the atmosphere we have today to hear what New Jersey has done. I mean, I think that my guess is that the public is aware of only one of the six bills in any great detail that form the package of the New Jersey State Legislative Welfare Reform package.

I frankly have a number of questions about all of the bills about how they work as a whole. I think that the need to reward families that are together is very important, and that provision of what I understand to be those bills that would allow a married couple to receive more over time of the spouse's income and not penalize someone for being married, is clearly something that we envisioned.

And I am anxious to explore with you how the provision on the ability to earn more than your eligibility level if the single parent works, how that works, and then what is lost if there is another child in this circumstance?

So, I look at this as a chance to learn more about what has happened in New Jersey and to try to assess whether it is consistent with what we envisioned in 1988. And I know that we will get the answers.

We will get the facts from Governor Florio and Mr. Bryant, and then, of course, we will get the opinions and the analysis from the panel that follows, that is a very diverse panel of experts, who, I am sure, will not agree on much of anything. But that is the nature of welfare, number one, and that is also the nature of a good hearing.

Senator MOYNIHAN. And with that, we welcome you, gentlemen. Governor, Assemblyman, proceed. We have you down as the Governor first and Assemblyman second, but you proceed exactly as you wish.

STATEMENT OF HON. JAMES FLORIO, GOVERNOR OF THE STATE OF NEW JERSEY, TRENTON, NJ

Governor FLORIO. Thank you. Thank you very much, Mr. Chairman, Senator Bradley. I am very pleased to be here, joined by Assemblyman Wayne Bryant.

With the committee's permission, I have a statement that I would like to put into the record in its entirety, and I will try to summarize so as to be able to conserve the committee's time and be able to defer to the sponsor of the bills.

Senator MOYNIHAN. Exactly as you wish, sir. Saving the only thing, you take all the time you want.

[The prepared statement of Governor Florio appears in the appendix.]

Governor FLORIO. Well, that is very kind of you, and I thank you very much.

Let me say that first of all, I am here in Washington as part of the National Governors' Association meeting. When I leave here, I am going to the White House.

I have the authority to ask a question of the President, and I am going to be asking the question that I think flows from these hearings about waiver capability and our ability to fine tune the system at the State level that is clearly not working.

The consensus of all the Governors I have talked to in the last 3 days is the welfare system is not measuring up to the hopes that we all had for the system when it was put into place.

It has degenerated from something that was supposed to be a transition system to help people in hard times to get themselves back onto their feet and back into the mainstream. We all know that it has become a dependency system more than a liberating system.

The legislation that I have signed into law already that was sponsored by Assemblyman Bryant, in his capacity as Majority Leader of the General Assembly, is a six-bill package that we think has as its touchstone the idea of wanting people to have responsibility for their well-being, if we provide the tools and the assistance.

And we are talking about educational tools, job training tools, health care tools, day care tools, and where it is we are going beyond what has already been done. The 1988 Act was a good, clear statement of goals.

We have had programs in New Jersey that had, again, clear, good statement of goals. What we are saying is there is a need to go the next step, which, first and foremost, is to provide the resources, and then to start putting some provisions into the law to require things to occur. It is nice to pontificate, it is nice to urge people to do these things.

But what we are saying is if we are going to put forward resources and we in the State are prepared to do that, what we have to do is to say we want to help folks, but folks have to help themselves, as well. That goes to the heart of what it is that we are trying to do.

We are also trying to undo some of the perverse aspects of the existing system that drives people apart, when obviously what we are trying to do is the bring the family unit together to be able to have a nurturing atmosphere in which to raise children.

As I say, the lynch pin of our system is that we think that it enhances, rather than destroys, family opportunities. What we are also trying to do is to require people to be prepared for the work force needs of the future.

If there is someone in our State that does not have a high school diploma, they will be required to become involved in a GED program, or job training program to get them to that minimum threshold of preparedness for entry-level skills into anyplace in the work force nowadays.

In return for these types of things, as I say, we are providing for more training dollars; more day care opportunities for young children while the mother is out being trained or being out working; we certainly do not want to cut off health care just by virtue of a person going and being employed. So, we are continuing to deal in that way.

I guess the most controversial aspects of the bill are those parts that require people to do things; require people to enroll in these programs, and if they choose not to, well, then, the program does not continue.

The provision that says that this is a contract and you have to adhere to the terms of the contract, I know the most controversial

section is the one piece of the total package that says that if a woman on welfare has an additional child, she does not get the additional amount of money that has automatically been provided to her in the past.

Senator MOYNIHAN. Yes.

Governor FLORIO. Some are offended by that, and, quite frankly, I find it difficult to understand why it is we should have different rules of responsibility throughout our entire society.

If we have a working poor woman who chooses to make that decision to have a child, she does not go to her boss and demand that she get a pay increase.

Working-class families, middle-class families, when they make the decision to have a child, they have to take into account whether they are going to work a little harder to get additional income—and, by the way, Assemblyman Bryant will tell you about the provision in this bill to allow that to happen—and not be penalized, or, they make the decision that their budget is going to be a little tighter.

And what we are saying is that it is a mark of our value system that we all talk about that one has to be responsible for the consequences of one's actions.

And if we are going to try to wean people off of this dependency trap that people are into, we are going to have to encourage those values that allow people to take responsibility for the consequences of their actions.

I think probably the most appropriate use of my time at this point is to defer and to present to you Assemblyman Wayne Bryant, who has a number of things to his credit that would commend you to listen seriously to not only the rationale for this bill, but the values that the bill represents. The Assemblyman has taken 10 years to review and to examine the whole welfare system.

This package of bills—the Family Development Act—that I signed into law is the result of that sensitive evaluation that he has taken. And I am very pleased to introduce to you, with your permission, Mr. Chairman, Assemblyman Wayne Bryant.

Senator MOYNIHAN. Governor, thank you very much. And just by way of preface, to say that your reputation precedes you, sir. We are very honored to have you here. If you noticed, coming down the hallway, you could shoot deer out there, it is so empty. This means we do not have a tax bill before us. And so, the galleries outside are bare.

When we talk about children, the number of people who turn up is rare, and the number of people who turn up who have done something and put in the time you have is rarer still, and we are very honored to have you.

Senator Bradley, did you have anything?

Senator Bradley. I would say that when the Governor leaves, most of the room will leave and we will be back in our normal circumstance of a welfare hearing with about ten people in the room.

Governor FLORIO. I will give your greetings to President Bush in a few minutes when we are there, and we will convey back to you the response that I receive with regard to this whole issue.

Senator MOYNIHAN. Good. Because he raised this question very vigorously in his State of the Union message. He said the condition

of families in our cities is the single most important problem of our cities. Mr. Bryant.

STATEMENT OF ASSEMBLYMAN WAYNE R. BRYANT, NEW JERSEY STATE ASSEMBLY, CAMDEN, NJ

Assemblyman BRYANT. Thank you, Mr. Chairman. I have prepared remarks, and if you do not mind, I will put those in the record.

Senator MOYNIHAN. We will do that, sir.

[The prepared statement of Assemblyman Bryant appears in the appendix.]

Assemblyman BRYANT. It is much easier for me probably to talk extemporaneously about what I feel very, very sincerely about in our Family Development Act, which is a six-part package.

Let me start from the outset, sir, this is not a David Duke. This is about giving people real opportunity, and it is about whether, in fact, you view the welfare system as a permanent poverty system to enslave people for the rest of their lives, or do you think of it as a transitional system? I see it as a transition system, and it ought to be.

I guess as my forefathers, who came here as slaves—ex-slaves back in 1790, we understand slavery and the separation of family. It is incredulous to me, as well-intentioned as all of us might have been in enacting welfare laws, that the number one thing—the nuclear family—was left to have economic disincentives to make sure that the family did not stay together. We all in government have a lot to take for blame for not keeping that family together.

It is important to children, and I always say as I go even in my suburban communities, think about what your society would look like if you went for 12 square blocks and never saw a legitimate male within that community. Do that for ten years, and think about what it would be like.

We must put in public policy—and I commend my Governor who took the lead and understanding—the two fundamental things that the family is important; public policy must support family.

And, therefore, if the man is married and he has children, and because he is without a job for lack of education, we ought to stand behind that family because we know that unit is very important, and that the economic policies of our State will stand behind that family in order for it to become self-sufficient.

Secondly, everything that comes across my desk, whether it is from the Department of Education, Department of Labor, Department of Corrections, Department of Human Services—and I imagine among you gentlemen it does the same thing—they all tell you that those individuals on welfare come from the worst educational systems this country has to offer.

Yet, we do not mandate that people become educated. The Department of Labor tells me, in my State, by the year 2000 you will be functionally illiterate, will not be able to work, will not be able to produce if you do not have at least a high school education.

You will not be able to use the sophisticated machinery to sweep the floors without a high school education. Yet, among the poor, we do not require education.

We need to put education as the forefront, not this elective program of putting people in the training to get them off of welfare, but not out of poverty. A big difference. In order to be in dead-end jobs, to be back in poverty in two 3 years.

Educate them first, then job train them. We have done that. We understand that child care and Medicaid are important, because if we can get people to be productive, it means something to our society.

It is the only Federal program and State program that we have that asks people to be non-productive, and yet our society is a productive society. The values are wrong.

I challenge why we could not put in a program with the values that we say we want people to assimilate to. And those are the working-class, middle-class values: responsibility, work, family.

That is all I have done. And people think that, in some way, I have created some type of bad kind of thing. Let me tell you why it is not bad.

If you give people an opportunity to be educated and job trained, also—this Governor and people do not speak about it—gives them a fork in the road after being educated.

And our Governor knows better than any, who finished high school through an equivalency program and then went to college, that we allow folks to go to college under our program, because for some, the light bulb will go off, and they are going to be our next doctor; they are going to be our next person who is going to be the teacher in the classroom. They ought to have those kind of opportunities.

People then talk most of all about what it is that we are doing in terms of responsibility and decisionmaking. And I call it the bill which deals with empowering people to make their own decisions.

Some of us have believed long and hard that we ought to take care of people from cradle to grave, and that poor people, for some reason, cannot reason, cannot think for themselves, and cannot make rational decisions.

I disagree with that concept. I think they will make decisions that are in the best interests of their families. Like the working poor and any group that comes before you, none has in their policies of employment.

Even when they are hiring people at \$8,000 and \$10,000 a year, automatically, whether they wanted a child, they had a child, they automatically give them a raise. Why create these false values in a set of individuals that you say you want to assimilate into society?

They must make rational decisions as to whether, in fact, they want to expand their families. And what we have done is, at the same time, we realized, what does middle-class, working-class America do? And that is the beauty of the program the Governor signed.

What we decided was that what happens is you go out and you work, or you work over-time, or you get a part-time job. For one-half an hour a day per month, you can make more than the \$64 that you in New Jersey. Why should they not have an opportunity?

We did a 50 percent disregard if you decide to increase your family, meaning that an average family of \$424 can make \$212, even

do better for that family, but we keep you on Medicaid. We make sure that you have medical.

So, we have not been just destructive. But the press has basically said that we have. We have just inculcated those same values that we have, that we work with every day.

The other real point that needs to be made is this Governor took on the quality of education in our State and said that all young people, regardless of where they lived—and especially in our inner cities—ought to have a first-rate education. Let me tell you that in those poor families, we have created two different societies.

Their value structure is completely different than ours. They are not going home and saying, Johnny, why do you not open your books and read? Would it not be unique that as a basic principle of receiving welfare you had to go back and re-educate yourself?

Kids learn from the actions of their parents, and the parents are opening their books at the same time the kid would open their books. That is what we have inculcated in this, so that those values that we hold dearly become the values of all of our society.

We really do believe people can escape poverty and that it ought to be a transitional system. But it has to have the values that we have in what I call mainstream America.

To do otherwise is to place a value system which is so extraneous to mainstream America that you create what we have today; a different whole society. Thank you for giving me an opportunity to testify.

Senator MOYNIHAN. Well, thank you, sir.

Could I just make one point? I alluded to it earlier. And, first, let me say that Senator Nickles, from Oklahoma, is going to join us later.

When you say our hopes for this program have never worked out, I think it is useful to keep in mind that not until 1988 did we finally fashion a program designed to deal with the problem you are discussing: in the original Social Security Act, AFDC, was a widow's pension. This issue did not arise.

Now, in our country today, there are 4 million children born a year, plus or minus, as they say. Of the 4 million, 1 million are extra-marital.

And so, a quarter of your children begin their lives in a single-parent family, and then it goes up from there. More than half of our children live in a single-parent family before they are aged 18.

And, as I was saying, going on a third will be on what we call welfare. This is a new experience for us. I do not have to tell you, sir, or you, Governor, to be on welfare is to be a pauper. It is not a pretty word, but not a pretty condition. You cannot have anything; you cannot own anything. It is not like Unemployment Insurance where you keep your house, you keep your car, and it is income replacement during a dip. It is insurance.

But about your program, I guess there is one question that we do, all of us, want to ask about, and the judgment that led you to propose, and you, to sign, the proposition that a family on AFDC—welfare—where the mother has an additional child, there is no benefit for that child.

As you said, in a working-class family, when another child comes along, they put more water in the soup, as they say, and you plan for it.

In Canada, automatically there is a child allowance. We are the only industrial democracy in the world that does not have a child allowance, that just says somehow income has to reflect the size of your family.

But do you have any sense of how many families there are of this kind, what proportion, and have you talked to people about what you think will be the experience of that additional child? Let me be up front. Will there be more abortions? Will there be more passing on of children?

Tell us what you think, sir. We know you have not a punitive thought in your head. You are trying to inculcate values, and you have raised some children, so you know that is not always the easiest thing to do.

Assemblyman BRYANT. Senator, let me explain it this way. As you say, there might be other industrialized countries that do other things. I am trying to prepare my people for America.

Senator MOYNIHAN. Right.

Assemblyman BRYANT. And, therefore, American values; not some other country, because this is where they have to survive. In America, we do not automatically add income as you add family members.

Secondly, what decisions they make—whether they decide to have a child, have abortions, use condoms—that is their personal decision. Each of us made those personal decisions when you are doing things in the work world, or whether you are in school, whether we wait to have a family.

And then we have given them the opportunity to do like the rest of us, that is, to work. It is not something that they need not understand; that that is really what the rest of us do. What went into the thinking was this is a lynch pin. The whole thing is about values.

And what I do not get people to understand most of all is we put family—and I understand how welfare started and dealt with widows—but to me it is incredulous for 40 years we separated the family and then acted like we were not part of the cause. And we blamed the victim.

I am saying they have some cause, too, but still, under our Federal policies, we do not contribute in every State to the family being together. That is not something that is done. There is a 30 percent penalty in our State for that. That has to go. We must stand up to our moral imperatives.

If, in fact, the family is the basic unit of America, and then the community, we must be there first. That is first and foremost. We must stop sending two signals: one, family is important to America, it builds America, and then saying to the poor that your family is not important. That is the first thing. We have done that.

New Jersey has stepped to the plate to do that first. Secondly, we say, if you decide, as a family unit—whatever it is, single-family or dual family—you want to enlarge it, you must take in consideration what has to go on. One of them is how you eat and provide for that child.

And we are giving you a way to do that by allowing you to work. You can work at a McDonald's. As bad as jobs are, even in Camden, there are part-time jobs at McDonald's at minimum wage where they can make the kinds of dollars they need. It starts the work ethic.

Lastly, what I did not say and I should have put in here, we dealt for the first time with this community holistically. And the Governor said that to me when I was fashioning this thing, to make sure that we do not cause strife in our community.

And what we have done in the welfare community is caused a lot of strife. We look at Aid to Families With Dependent Children, which are generally headed by women, and then we have General Assistance, where most of the males who are products of Aid to Families With Dependent Children, and we do nothing for them and expect that they do not socialize and they do not interact in their separate communities. We have inculcated both General Assistance, as well as Aid to Families With Dependent Children in our program. Both have all of the opportunities to deal with them as a holistic community.

Lastly, what I forgot to talk about, is that the Governor will be setting up a council for investing money in those neighborhoods.

Because we realize no matter how strong the family is, all the education we do, if, in fact, we do not bring State resources to redevelop those neighborhoods, which are also a part of community, then we fail.

So, he has a whole committee which he will have that will start to re-invest dollars into those areas.

Senator MOYNIHAN. Very impressive. I just wanted to make the point that in our early returns on the JOBS program under the 1988 legislation, we find that the thing the States keep coming to us and saying is that what is really needed here is education; job training comes after. And if you get the education, you do not need the job training. Senator Bradley.

Senator BRADLEY. Thank you very much, Mr. Chairman. I think that it is important that we begin to look at the resources available to that welfare family and how your legislation would affect the resources available to the family.

Now, taking the total package, will there be more or less spent on welfare?

Assemblyman BRYANT. There will be approximately—and I hate to speak for the Governor—he has placed in his budget an additional \$13 million out of approximately, I think, it is \$431 million total budget within the whole State.

Senator BRADLEY. Thirteen million dollars more, which goes to—

Governor FLORIO. Job training.

Senator BRADLEY. Pardon?

Governor FLORIO. The first key component is job training. Most of the initial additional allocation is for job training and education.

Obviously, the education component is extremely important, and is separate and apart. And I am very proud of this. In our State last year and this year, we have an additional \$1.2 billion that we are putting into secondary and elementary education, pursuant to a Supreme Court mandate.

A disproportionate amount of that money is being put into our urban areas so as to lift the educational standards in those areas.

But I think it is very important, the point that you make. This is not designed to be a punitive system. This is a system that is going to try to provide additional assistance to get people out into the work force so as to be able to productive citizens.

Senator BRADLEY. Now, how the six bills interact is, in my view, also important to understand. And I am not sure I fully understand it, so I would like to ask you.

You allow someone who is on welfare to earn an additional \$212 a month that they could not earn now and still be eligible. Is that correct?

Assemblyman BRYANT. If they decide to enlarge their family once they are on welfare. Any child that is born within the period of 9 months is considered a child, so let us get that straight.

But let us assume then afterwards while you are going through retooling, education, and training, you decide you want a larger family. You could then earn up to 50 percent of your average grant. Since our average grant is \$424, that is why I said \$212 you could add.

Senator BRADLEY. So, that is an additional \$2,544 a year that they could earn.

Assemblyman BRYANT. Yes.

Senator BRADLEY. Now, as I understand, you also eliminate the 30 percent penalty for marriage.

Assemblyman BRYANT. Yes, we do. That is a very important provision.

Senator BRADLEY. Now, the 30 percent penalty amounts to about \$1,536 a year, given the basic benefit of New Jersey of \$424. Right?

Assemblyman BRYANT. Yes.

Senator BRADLEY. So that if my addition is correct, that means that basically you allow that family to earn or not be penalized an additional \$4,080.

Assemblyman BRYANT. Your math is correct.

Senator BRADLEY. Now, the cost—

Senator MOYNIHAN. He learned that on the basketball court.
[Laughter.]

Senator BRADLEY. The penalty is assessed at \$64 for that additional child, right?

Assemblyman BRYANT. Yes.

Senator BRADLEY. So, that is about \$768 a year penalty, so that the net benefit—this is before we get to the ability of someone to be married and earn up to 150 percent of poverty—is a net benefit of about \$3,200 for that family.

Assemblyman BRYANT. Yes.

Senator BRADLEY. Now, in addition to this, you say, under the provision called Bride Fair by some—I did not coin that phrase—that you can earn an additional 150 percent, so that if a single parent marries, that that unit can earn up to \$2,100 and still not lose eligibility. Is that correct?

Assemblyman BRYANT. Yes.

Senator BRADLEY. As opposed to losing eligibility under the current system.

Assemblyman BRYANT. Let me explain where it came from. It deals just with what I call working-class values, Senator. It is called, in our State, the stepfather bill.

What it basically says is that if, in fact, you marry a woman and she does not have your child, you will take your wife, because you have taken the responsibility of taking her off of welfare. But that child which is not yours, we will scale up to 150 percent what you will get for that child. And why is that?

If I divorce my wife and my wife remarries, who supports my child? It is only in welfare that we make this marginal person support the total child that is not his.

I believe strongly that you are supposed to support your own kids. But when you marry and it is not your children, there ought to be some period where we help you along to encourage the unity of family. And that is why it is really called the stepfather's bill.

Senator BRADLEY. So that—

Governor FLORIO. Senator, if I could be excused. I explained to you before that I have to be at the White House.

Senator MOYNIHAN. Of course. You have to be at the White House.

Senator BRADLEY. You mean, you are going to—

Governor FLORIO. Wayne Bryant is more than capable of dealing with any of the questions that you have, and I would just sort of conclude my role by saying that—and I follow where the Senator is going, and it is appropriate that he moves in that direction—the other side of this moving target is to the degree that we can wean people off of this system. The savings occur at that point.

This is not, as far as we are concerned, primarily an austerity, budget-saving initiative. It is a family developing, human potential developing initiative. It happens to provide for investment at the front end, but the benefits at the back end, we think, are infinitely more valuable than the existing system.

Senator MOYNIHAN. That is what we would expect of you, Governor. Thank you very much for coming, sir. We would like to hear what the President has to say.

Senator BRADLEY. This is the season to ask the President for something. [Laughter.]

Senator MOYNIHAN. Yes. You get better answers.

Governor FLORIO. Thank you.

Senator MOYNIHAN. Senator.

Senator BRADLEY. If I could just—

Senator MOYNIHAN. Yes, please.

Senator BRADLEY. So that if you are married, you are not penalized.

Assemblyman BRYANT. Right.

Senator BRADLEY. If you are single and you work, you are rewarded, because you can earn more and not lose benefits. And, if you are married, you have another benefit because you do not have your basic grant reduced automatically. The perversity of the system is reversed.

Assemblyman BRYANT. You are right, Senator. And what we are trying to do is make people productive.

Senator BRADLEY. Now, on the marriage—you call it the stepfather—is there any reason why—

Assemblyman BRYANT. Or stepmother.

Senator BRADLEY. Stepmother, or whatever. Is there any reason why, if that individual married the natural father, they should not also be able to earn up to 150 percent?

Assemblyman BRYANT. Yes. My point of view is that we need to also inculcate values again. You, as a father of a child, have the responsibility of supporting your child, very clearly.

And I have also passed laws in my State to make it very stringent on fathers who are not supporting their children, and, therefore, there ought to be a difference between supporting of your own children and when you are marrying someone, and, as I said, you support her.

We take her off of welfare, so that is a tax advantage. But her child, which is not your natural child, we will have a descending, as your income goes up, to give you an opportunity to form that family and to help you on your way. But when it is your natural child, you should be responsible for supporting that child.

Senator BRADLEY. And you see no reason why, if the natural father earns—in some cases, the natural father is not married to the woman at the time of the birth, and, therefore, he is either not going to be there, or the court is going to have to find him.

But if he is there, do you see any reason to give him any portion of similar treatment that you would provide someone who is not the natural father and who comes in?

Assemblyman BRYANT. No, I do not. And the reason for that is, again, it goes back to whether, in fact, you want to inculcate into that society the same values that we live by. And what I am saying is that the values that we live in in mainstream America does not encourage the natural fathers not to support their kids.

So, I do not want to place these handicaps in the poor so that they start to dream that there is a world out here that is different. Let us, when we can, inculcate those same values in the system that deals with poor people.

Senator BRADLEY. The last question is that if there are no jobs, what happens then?

Assemblyman BRYANT. That is what I call the catch-22, and that is what my critics say: well, you have to create jobs. The reason it is catch-22, it is a circular argument.

I do not job train them, I do not educate them, and then in 1994 we have the boom like we had in 1984, and then they do not get employed because they are not educated and not job trained.

Why are we afraid of educating and job training them so that they can be prepared to compete? When do you start? I say you start now.

Senator BRADLEY. If you did not have a package of bills that increased spending on education and increased job training and rewarded or provided for a stepfather allowance, and did not penalize marriage and did not allow more income to be earned by a single parent if that parent worked, would you also support, if you did not have any of that, the penalizing of an additional child?

Assemblyman BRYANT. No. And that is not dealing with the family and the situation in a holistic way. And that is what I keep telling folks.

And let me commend you, Senator Moynihan, and let me tell you, your 1988 legislation went a long way in terms of turning this welfare system around, and I have that in my prepared remarks. And I want to say that publicly that it has done a great deal towards refocusing the thinking in this whole area.

But I said government lacked responsibility as well as the recipient, and I thought that we needed to reinforce the responsibility on both individual's parts; the government being an individual, and the individual recipient.

And unless you marry those together to give real opportunity, then all you have done is a disservice to folks who already are not part of the working force, and never will be.

Senator BRADLEY. So that the answer is no.

Assemblyman BRYANT. The answer is no.

Senator BRADLEY. You would review this as an isolated, punitive change, but it has to be seen in the context of all of the legislation that is viewed as the six Bryant bills, but also in the context of the money spent on job training and education.

Assemblyman BRYANT. You are exactly right, Senator. If not, it will fail.

Senator MOYNIHAN. And may I just say, in thanking you, sir, that nothing is more clear than that your purposes are not punitive; they are supportive and they are holistic, as you say.

And just praise God, finally, some person has come before this committee and said, do not tell me there are no jobs, therefore we will not train anybody for them.

Do not tell me that parents have not got any income, therefore, we cannot collect it from them. Nonsense. And we have learned a lot from you.

The 1988 legislation came up from experience on the ground. If it needs to be changed, if waivers are in order, that is the purpose of these hearings. We are very much in your debt, and, of course, in Governor Florio's debt. We look forward to hearing the President's answer to his question. We will stay in touch with you, sir. Thank you very much for coming down.

Assemblyman BRYANT. Thank you, Mr. Chairman, and the committee.

Senator MOYNIHAN. And now we are going to have the very rare privilege of hearing three Senators at once.

Senator BRADLEY. Shall they be speaking simultaneously?

Senator MOYNIHAN. That is what I said, so I guess that is what will happen. It has been known to happen before. But at the request of Senators Kasten, Kohl, and Nickles, we are going to be hearing more on a matter that was brought before us in the context of S. 2 and I will ask our guests to slow down just a bit.

And that is, again, a State taking initiatives in this area that we are trying to pay attention to and learn from. The State of Wisconsin established some years ago a program, which I believe is called Learnfare, and it says if you drop out of school, you drop out of the AFDC program. And we debated that at some length on the floor. Senators were not of one view on it. We suggested that we would be holding this hearing, and we would welcome them.

Mr. Kasten, you are first, sir. It is nice to have you with us.

**STATEMENT OF HON. ROBERT W. KASTEN, A U.S. SENATOR
FROM WISCONSIN**

Senator KASTEN. Mr. Chairman, first of all, I thank you for this opportunity, and I also thank you for giving us a chance to discuss welfare issues. We discussed on the floor of the Senate recently a number of these issues. You said you were going to have this hearing, and I thank you for giving us this opportunity to talk about "Recent State Welfare Reform Plans," as we had discussed.

You are right. Wisconsin has been working to reform the welfare system by moving away from an entitlement strategy toward one of mutual obligation and responsibility between government and the persons receiving assistance. One of the key components of Wisconsin's welfare reform initiative is Learnfare.

Learnfare was implemented in 1988, and it was implemented to promote regular school attendance for AFDC teens so that they will complete high school and avoid a life of welfare dependency. It was the first experiment of its kind to link school attendance with welfare benefits.

And I think it is important, Mr. Chairman, to point out that the Wisconsin Legislature is controlled by the Democratic Party. The Wisconsin Governor is a Republican. And this effort was one that was debated and passed by the Assembly, debated and passed by the State Senate, and then signed by the Republican Governor.

So, from time to time here in this debate, there are going to be individuals that say, we cannot have this, we cannot have that. The fact is that States—and in my case, a bipartisan effort in our State—established this Learnfare program.

And what we will try to do today is to see that we can have more flexibility at the Federal level to allow States to do what, in fact, Wisconsin has done.

As you have referred to in your opening remarks, last week Senator Nickles and I offered an amendment to the education bill that would have made it easier for States to follow the Wisconsin example.

Right now they have to go through and endure a very costly and time-consuming process of seeking Federal permission for any of these kinds of changes. Now, I believe that we have an obligation to our children and to their future.

What is wrong with providing incentives to encourage a child to go to school? How can a child enhance his or her educational opportunity if he does not attend school? Education is a must; attending school is a must. Wisconsin is doing the right thing in helping to keep children in school.

For the first year of the Learnfare program, 36 percent of the Learnfare population who were truant in the prior semester immediately corrected their attendance problems and were never sanctioned.

In January of 1990, 9 percent of welfare families—only nine percent—were sanctioned. And then, in December, only 2.1 percent were sanctioned.

What that means is that in Wisconsin, 97.9 percent were in school. 97.9 percent were in school. And I believe that these statistics show and provide solid testimony that the program is working.

Learnfare is a program that just plain makes common sense. It is based on a simple premise that education starts at home with parents. Parents are responsible. There is a responsibility; an obligation.

Parents are responsible for their children, including ensuring that they attend school regularly. It took Wisconsin more than a year to obtain a Federal waiver from the Department of Health and Human Services to implement this program.

We need, I believe, States like Wisconsin testing new programs that can be used on the Federal level. We cannot continue to let the bureaucratic clearance process bring innovative ideas to a screeching halt.

Parental involvement, not government interference, is the most important step to ensuring education and welfare reform.

Mr. Chairman, you might also be interested in a recent poll that was taken by the Wisconsin Policy Research Institute, in response to the question, "Do you approve or disapprove of the idea that welfare recipients should lose some of their benefits if children drop out of school, or are absent more than a pre-set number of days per year?" 80.7 percent approved. Clearly, many Wisconsin residents also agree that Learnfare makes good sense.

When we talk about welfare reform, Wisconsin could easily be used as a blueprint for the nation in its welfare reform initiatives.

Under the direction and the leadership of Governor Thompson, Wisconsin has taken giant steps in implementing innovative approaches to help families transition off of welfare and remain permanently self-sufficient.

And, again, let me point out, this is done with a Democratic legislature and a Republican Governor, and it is important.

In 1987, Wisconsin implemented the work experience and job training program, which provided education and training to AFDC recipients, to help parents, once again, transition off of assistance once they find employment.

And in March 1989, they implemented modification of the AFDC and began providing 12 months of Medical Assistance benefits to all families who leave AFDC because of employment.

Senator MOYNIHAN. Which we provide under the JOBS program.

Senator KASTEN. Exactly. And, since 1987, they have also provided transitional child care to these families. So, what we are doing is we are trying to bridge this gap so that it reaches to the first rung on the ladder. We are trying to ensure that you are not penalized for getting off of AFDC and going to work.

Wisconsin has also become a leader in implementing enhancements to the child support system to ensure that absent parents also contribute to the support of their children—a subject of the last testimony before you.

We have, in Wisconsin, implemented a demonstration project to remove the final disincentive to work for two-parent households.

As a result of the State's proactive approach to helping families escape poverty, the case loads in Wisconsin—and this is the opposite of most of the States in the country—have declined significantly over the past 5 years. Most other States have seen drastic increases.

Senator MOYNIHAN. Now, we must pay attention when something goes against the flow.

Senator KASTEN. We are seeing case load dropping, and we are seeing more and more people going to work because we have dealt with this transition problem in, I believe, very effective ways. So, we are moving ahead against the odds, trying to stimulate welfare reform.

The goal has been to remove the obstacles to work inherent in the old system, and, instead, to offer people the support that they need to become self-sufficient. We have got to save children from the enslavement and the dependency of welfare.

And I believe that this committee, with your leadership, Mr. Chairman, is on the right track in working with and confronting these problems, and I look forward to working with this committee, as Congress prepared for its debate on welfare reform, and, most specifically, to give States the opportunity to try some of these innovative ideas.

They are not all going to work. They are not all going to be as good as parts of the Wisconsin experience, and, frankly, we have got some pluses and some minuses, even in our Wisconsin experience.

But the point here is that we are moving, and moving in the right direction. And your leadership, Mr. Chairman, is important in this overall effort.

I thank you for the opportunity to testify this morning.

Senator MOYNIHAN. Thank you, sir.

[The prepared statement of Senator Kasten appears in the appendix.]

Senator MOYNIHAN. Senator Nickles, you are next on your list, and then Senator Kohl.

STATEMENT OF HON. DON NICKLES, A U.S. SENATOR FROM OKLAHOMA

Senator NICKLES. Mr. Chairman, thank you very much. I will be very brief. I have a lengthy statement.

Senator MOYNIHAN. Which we will put in the record, of course.

[The prepared statement of Senator Nickles appears in the appendix.]

Senator NICKLES. I will make just a few general comments.

First, I wish to compliment you for the 1988 legislation. I think the 1988 legislation with the JOBS component and other components to try to reduce welfare dependency is very commendable; it is on the right track; it needs to be expedited and encouraged; and I compliment you.

In doing some work on Learnfare and the idea of trying to break welfare dependency, I find that you have been a leader, and I compliment you for it.

I also wish to compliment Wisconsin, and, in our previous panel, Mr. Bryant and Governor Florio, of New Jersey. Several other States, including my State, are trying to take some innovative approaches on how to break welfare dependency. I just compliment all the States for doing it. I think it is a very significant problem.

The problems are quite different in New York and New Jersey than they are in Oklahoma, and probably quite different in Okla-

homa than they are in Wisconsin, or in California. The welfare benefits levels are significantly different. Great differences. Eligibility requirements, and so on, are quite different. So, I think we need to give the States some flexibility. I encourage you to do that.

I really became involved in this because when I was put on the Appropriations committee. One of the subcommittees I picked up a couple of years ago was HUD—housing.

Senator MOYNIHAN. Yes.

Senator NICKLES. I went into several housing units in Oklahoma, wanting to become more familiar with them, and also to see how our money was spent. I was appalled by the fact that, in many cases, we were subsidizing, what I would slum-lords, paying extravagant amounts for dilapidated apartments. This appears not only in Oklahoma, it appears in many States. So, we have worked to clean that up.

Probably what bothered me more than that—and that was significant—was, in talking to the tenants, the number of tenants who were young mothers; usually with two, or three, or four kids, usually single; and I would ask them, well, was your mother dependent on welfare, did you grow up in government housing, and the answers were usually yes.

I would ask the question, did you finish high school? And sometimes they said yes, and sometimes they said no. I started looking at these youngsters, some of which were in school, some of which were not in school; some of which were school-age and obviously had not attended school. And I really became bothered by it.

I walked away saying, we have got to do something to break this cycle. We are in the process of generating a government-dependency cycle that has to be broken. It is not just in government housing; we have it in Indian tribes, we have it in my State in many areas, and it just needs to be broken. Education is one of the leverages, one of the steps that allows people to climb out of this cycle.

The facts are that if the youngsters did not graduate from high school, they are twice as likely to be unemployed; twice as likely to be on welfare; and twice as likely to end up in trouble, in crime, in jail.

And so, all those are a significant cost to society. If they are in jail, we may pay \$20,000 to \$25,000 a year for their maintenance. If they are on welfare, we are paying, again, thousands and thousands of dollars.

We need to break this cycle. Education really is the appropriate, smart thing to do. Allowing the States the flexibility to do what New Jersey is trying to do, to do what Wisconsin is doing, to do what Oklahoma and other States are trying to do. If they wish to modify or put some additional requirements on people as a condition of continued receipt of welfare benefits, to have those children in school, I think, is imminent good sense. To require some degree of health maintenance to make sure the kids have their immunizations, I think, is good sense. To have some type of preventive health care makes good sense. To have a literacy requirement, if you have a young adult who is a mother or father receiving AFDC payments, and if they are illiterate, to try to make sure that they are in a JOBS program, or make sure they are in some program

that almost all States have to eliminate illiteracy, because if the parents are illiterate, quite frankly, the chances are that their children will be either illiterate, or they will be high on the curve and more likely to drop out of school and end up one of the statistics I quoted earlier about being a drop-out, or being a welfare-dependent person, or, even worse, being a statistic on crime.

And so, Mr. Chairman, again, I compliment you for your work. First, I want to thank you for the hearing and thank you for your attention on this issue in years past, and urge you to work to see if we cannot expedite the process.

When States are working to get waivers, they should not have to work through this process for 2½ years. The total time that Wisconsin started until the time they finished was a couple of years.

And one of the permits took 5 months, and one of the permits took ten months, and we have discussed that back and forth. But the facts are, it took a couple of years, by the time they really made their big initiation and the time they finally got their permits.

I was pleased that the President mentioned in his State of the Union message an interest in trying to expedite the waiver process for the States. We may have already won the battle by the President saying that, and maybe HHS will be more cooperative in working with the States and showing greater flexibility.

But I happen to think that maybe not the source of all wisdom comes from Washington, DC. The States are very innovative. Mr. Bryant made a very good statement before the committee.

I would like to see us really give the States some flexibility to try to do, on their own initiatives, different things to break this welfare-dependency cycle, and maybe if it is not an automatic approval of a waiver, then maybe the committee and the Congress could pass something that would expedite the waiver requirement. Maybe make sure that it be passed in 30 days, or 45 days, or I do not know exactly what the time period would be.

But let us try and expedite it, make it less costly, less expensive, less burdensome, less bureaucratic for the States. When they try these courageous initiatives, let us give them a helping hand instead of a stumbling block to make that happen.

Senator MOYNIHAN. Thank you, sir. It really is heartening to know that there is someone left in town who believes that when a President says something in the State of the Union, something happens in the bureaucracy.

Senator NICKLES. We hope.

Senator MOYNIHAN. And now, another point of view from our good friend, Senator Kohl, of Wisconsin.

STATEMENT OF HON. HERB KOHL, A U.S. SENATOR FROM WISCONSIN

Senator KOHL. Thank you. Thank you very much, Mr. Chairman, for convening this hearing, and for your persistent leadership in this area.

We sat in this room 18 months ago looking at the Wisconsin Learnfare program. Since that time, several States have joined Wisconsin's efforts to initiative innovative State and local welfare reform plans.

Many of these reform plans rise like a Phoenix from the ashes of frustrated efforts to end chronic welfare dependency. And I am sympathetic to State and local initiatives, because I cannot believe there is but a single answer to the complexities of poverty and chronic dependency.

It is for this, and other reasons, that I have supported the concept of Learnfare. It involves a very simple concept: that we ought to hold parents—in this case AFDC clients—responsible for getting their children to school. I support that concept. It makes sense, and it is consistent with the concept of parental and individual responsibility.

But as Henry Brooks Adams said, "Simplicity is the most deceitful mistress that ever betrayed man."

The Wisconsin Learnfare experience offers several lessons for those who are earnestly committed to reducing chronic welfare dependency through State and local experiments.

The original Wisconsin Learnfare waiver was rubber-stamped by the Reagan White House. It was not reviewed; it was just approved. And, as a result, we had a program in place which required no evaluation, no social service support, and no State accountability, to speak of.

The consequences of short-circuiting the waiver process were serious by many measures. There was no attendance monitoring in place. The record system was seriously flawed. There was no advance warning to families, and some of them had their checks cut without even knowing that their children were truant. Some lost their homes as a result.

Between September of 1988 and December of 1989, the families of 6,612 Milwaukee County teens were sanctioned for failure to meet the Learnfare school attendance requirements.

A preliminary study and evaluation by the Employment and Training Institute at the University of Wisconsin Milwaukee confirmed some of our fears.

2,722 of the sanctioned children were in families that the Children's Court had already identified as child-abusing and neglecting families. Forty-one percent of the families needed intervention, and the likelihood that the reduction of AFDC benefits increased the child abuse and neglect.

Despite concerns with the program, the State of Wisconsin approached the Department of Health and Human Services on September 12, 1989 for an extension of the Learnfare waiver.

Between that time and June 6, 1990, when a modified waiver was granted, there were sustained and substantive discussions about the nature of the program. I participated in those discussions.

I wanted Wisconsin to get the waiver, but I also wanted to make sure that Wisconsin had a good program. Because negotiations were required, because the waiver was not automatic, I believe that the Wisconsin Learnfare program has a much better chance of accomplishing its goal.

If fully implemented by the required State legislation, it will be a better program because of the checks and balances that do and should exist between the State and Federal Governments.

The waiver requires an evaluation of the program—an important component of any experiment. That evaluation is ongoing and should eventually shed some light on the question of whether sanctions should be used as a way to get AFDC truants back to school.

Despite claims to the contrary, there is no empirical evidence that Learnfare works. Nor, in my opinion, is there any evidence that it is the magic bullet we have all been seeking.

My own sense is that sanctions will likely to be found to have limited value without addressing the more complex causes of truancy through case management and service delivery.

Therefore, Mr. Chairman, I am disturbed by efforts to eliminate the Secretary's authority to say no to suspect reform plans.

The amendment offered last week by my colleagues from Wisconsin and Oklahoma would circumvent both the process of negotiating the waiver and the evaluation. It would require no accountability on the part of the States, and no reporting of any kind.

And it proposed that we allow unconditionally the proliferation of any program called Learnfare, however punitive and unmeasured. And that, I believe, would be an abrogation of our responsibilities on the Federal level.

I understand there are numerous welfare reform programs trickling up from the State and from local governments. In Milwaukee, a coalition of labor, business, education, and social service organization is developing a promising welfare reform plan for that community.

And there are more plans from other States, such as New Jersey, California, Maryland, and many other States. All of these are worthy of consideration. Each should be received as a welcome contribution to solving the enigma of poverty and welfare dependency.

But based on our experience in Wisconsin, these experiments can and do benefit from Federal review. For what kind of laboratories will our States become with no evaluation or conditions placed on the AFDC program? What kind of welfare reform program will we have if politics and cost-savings become the more important factors, rather than effectiveness and success?

There is no reason that the waiver process need be cumbersome and bureaucratic. And when the facts are analyzed, Wisconsin's most recent experience was neither. But it was helpful, and it was constructive.

And I believe it is in the committee's interest, the Federal Government's interest, and certainly in the program's interest to keep that process intact.

I thank the Chairman, and I thank the committee.

Senator MOYNIHAN. Well, we thank you, sir. Thank all three Senators. It is my understanding that there is no control group in the present Learnfare operation. Is that the case? Does anybody here know?

Senator KASTEN. Mr. Chairman, there is an evaluation being done by a group of people at University of Wisconsin in Milwaukee who are looking at this program.

Senator MOYNIHAN. The point that we would make, I think, is that we are trying to learn. This is a slow process. We have only seen things grow worse with time, and we have very little to show.

We have very little data. We have hopes, with this legislation we passed last week, to create an annual report.

When the Employment Act of 1946 was enacted, it was meant to be the Full Employment Act, but they had to settle for less. Nobody knew what the unemployment rate was.

We used to take the unemployment rate in the Census. We took it in the spring of 1930 and the spring of 1940, and there was no depression, according to our official statistics. [Laughter.]

Senator MOYNIHAN. If you look at the economic report—I think it is out this week—you will find that the unemployment rate in the United States starts in 1948, the first time we learned to measure it. I think Alvin Hanson did a study on WPA in 1938. They needed to learn the mathematics. But, for the longest time, it was the greatest mystery.

In 1920, there was a sharp recession and President Harding called a White House conference. And, when asked what he learned from the conference, he said—and he was not wrong—I have learned that when a lot of people are out of work, unemployment results. [Laughter.]

But now we know unemployment consists of people just entering the labor force; people who are returning; people who have left their jobs; moving around, looking for a better one; people have been laid off 6 weeks, 6 months. You know, you break these things down.

We know very little about welfare. Do more children drop out and not finish high school than otherwise would be the case from comparable groups? We do not have that information.

We do know a lot, and I would want to be clear that these are dysfunctional families very often, and they are very punishing to children.

In our hearing in the 1988 legislation, Bill, you remember it, we had this question of, can you require a teenage parent to stay with her own family. And we had very strong opposition to that. Nowhere was it stronger than from the U.S. Catholic Conference. They said there are families you do not send a 16-year-old child back to. You get them out of that family, and vice versa.

I think the question of waivers, if it just takes a year-and-a-half because they do not get around to moving the papers, that is wrong.

If it takes time because they want to know what you are doing and want to know what you are going to find out, that is a different thing, I think you will both agree. We will address this. We are obviously going to have to legislate at some level. But I certainly want to thank you.

Senator Bradley.

Senator BRADLEY. Thank you very much. Mr. Chairman, I thank the Senators for their testimony. And on one aspect of the problem, it was once viewed that this was an economic problem, and I think that it is increasingly viewed that this is a psychological, sociological, cultural phenomenon, and behavior is what you are really trying to influence, and, based on things that I have looked at, without a whole lot of information. So, I thank you for your testimony. It would help if they had a control group.

Senator MOYNIHAN. And Frederick Mossdollar's great remark is, we did not have a control group because it was only an experiment. [Laughter.]

Gentlemen, thank you very much. This is only the beginning of our discussion. We will keep you abreast of anything we do. We want to find out what the position of the Department of Health and Human Services is, and all those things. And we are seized of the matter, and we will stay with it.

Senator KASTEN. Mr. Chairman, we thank you.

Senator KOHL. Thank you, Mr. Chairman.

Senator MOYNIHAN. We are going to hear from a very special panel this morning of persons who have given their professional lives to this matter.

And do not be hesitant, fellows. I see you, Nathan. Come on up here. There he is, his brief case bulging, as it has done for the last 30 years that we have been friends.

Our panel, I will just read down, is Douglas Besharov, who is the scholar in residence at the American Enterprise Institute; Robert Greenstein, who is executive director of the Center on Budget and Policy Priorities here in Washington; Sidney Johnson, who is the executive director of the American Public Welfare Association; Lawrence Mead, associate professor in the Department of Politics at New York University; Charles Murray, Bradley Fellow and with the American Enterprise Institute and author with Richard Hernstein, of a remarkably revolutionary article on the decline of the SATs; and Richard Nathan, my old dear friend and colleague, the Director of the Nelson Rockefeller Institute of Government in Albany.

Gentlemen, we have got you here, I hope, not too late for you. This panel has all the time that you require. I know that some of you have prepared statements. Read them, if you like; put them in the record, if you like.

We have a problem. Just as we thought we had legislation in place that was working its way out, events began to overrun us and we are hearing calls for welfare reform, in terms that would make you think that nothing happened in 1988. We are hearing new ideas which suggest we ought to listen to them. This is a good moment. We are not the least bit frightened by new ideas. We are a little chastened by the experience of the last 30 years, but not so much that we are not very much involved.

There would be more Senators here, saving this is a Monday, and there will be no votes today. We are not in session, even. So, let us just get started. Senator Bradley, did you want to make some comment?

Senator BRADLEY. No, Mr. Chairman.

Senator MOYNIHAN. All right. Mr. Besharov, it says you are first, and that is the way it goes.

Mr. BESHAROV. One of the benefits of having a name that starts with "B".

Senator MOYNIHAN. Yes.

STATEMENT OF DOUGLAS BESHAROV, SCHOLAR IN RESIDENCE, AMERICAN ENTERPRISE INSTITUTE, WASHINGTON, DC

Mr. BESHAROV. Senator Moynihan, Senator Bradley, thank you very much for inviting me to be here. It is late, so I will be brief. Senator MOYNIHAN. Be only as brief as you feel you ought.

Mr. BESHAROV. If I can, I have a prepared statement and ask that it be entered into the record.

Senator MOYNIHAN. Yes. Very good.

[The prepared statement of Mr. Besharov appears in the appendix.]

Mr. BESHAROV. I must say, I was struck by the presentations this morning, and I think what we are watching is what they used to call "a movement."

Senator MOYNIHAN. Yes. A movement.

Mr. BESHAROV. A movement.

Senator MOYNIHAN. Yes.

Senator BRADLEY. First, third, or fifth?

Mr. BESHAROV. And if I were trying to summarize my reaction to it and the materials that I have read in the last few months about this subject, I would say that I hope you will support the process of reform, but watch the waivers—because I think the process of reform goes far beyond what we might think today or tomorrow makes sense.

This is obviously a dynamic that is taking place in the States without our intervention. But there is a Federal interest here; a Federal legal structure.

And, most importantly, I think, there is an experience that has to be brought to bear on these experiments. Put simply, we do not really know what new incentives we may be creating in these proposals.

I am going to use the word "devil" twice this morning. Sometimes, better the devil you know than the devil you do not. And I think that should guide our evaluation of these ideas.

In any event, Senator Kohl alluded to Justice Brandeis' really very wise understanding of the Federal system. We are 50 State laboratories, and the experimentation from the States should be encouraged.

The New Jersey proposal, which is a very complex one; obviously not meant to be punitive, we saw that this morning, but it is clear in its materials as well, is, I think, the highest exemplar of the notion of a State laboratory of reform. It is exciting in its breadth and its potential. It leaves most of us in the dust.

Those of us who wrote about welfare reform as recently as three months ago, I think, would never have said that a State could move so quickly, pass something with obvious bipartisan support, and with obviously strong support among the taxpayers of the State.

I do not know whether it will work. The signal it sends is, I think, a relatively modest one. In a period of \$150 sneakers, \$62 a month is not much of a signal.

As I will mention in a moment, every dollar reduction in AFDC results in an automatic increase in food stamps—between 20 cents and 45 cents—so about half the hurt is immediately made up.

So, it is very tricky to know how strong the signal is that is being sent. On the other hand, I think it is a signal in the right direction.

As we look at the Learnfare statistics from Wisconsin, again, a relatively modest signal considering everything, has had apparently a major impact on behavior.

From the numbers we have—and I am sure 3 months from now someone will question the numbers—thousands of families have been successfully sanctioned. Thousands of teenagers have gone back to school. And it is, again, a modest sanction.

In any event, the devil—and this is the second time I will mention him or her—will be in the details.

Senator MOYNIHAN. He is well-regarded in the Finance Committee. [Laughter.]

Senator BRADLEY. There is a lot of sympathy.

Senator MOYNIHAN. A lot of sympathy. It gets a lot of bills written, too.

Senator BRADLEY. Right.

Mr. BESHAROV. I think a number of us want to study very carefully the interplay between or among the various provisions to see what kinds of incentives are created, either for marriage or separation, additional children, or what.

And, as someone who received all five bills via fax last Wednesday, I can tell you it is not an easy job to figure out the exact interplay. It will be complicated.

Therefore, I do think—and this is my final point—that the waiver process, which has been in the past really quite extensive, I think.

I do not know about Learnfare, but I know that, in the other welfare experiments, there was an administration requirement of full evaluation of the experiments. I think the waiver process and what happens within HHS will be very important to follow.

And I would mention to the committee two points to watch. One, which I think is very important, is the danger that the States will be gaming this process. In my prepared remarks, I mentioned some statistics from California.

Senator MOYNIHAN. Help us with the term "gaming."

Mr. BESHAROV. Gaming. That is, there is an interplay, as I mentioned a moment ago, between food stamp and AFDC payment rates.

Senator MOYNIHAN. And food stamps are 100 percent Federal.

Mr. BESHAROV. Food stamps are 100 percent Federal cost. AFDC ranges from, I think, a 50–80 percent Federal cost; State would be 20–50 percent.

So, for example, in California last year, they passed some cuts in their AFDC program which totaled for a 5-year period \$10.8 billion, according to the State Comptroller's assessment.

But if you figure in the automatic increase in food stamps, those cuts were only \$6.8 billion—and I swallow the word "only"—but they were only \$6.8 billion. What California succeeded in doing last year was, in effect, removing the State's share from the AFDC program and leaving the Federal share.

Now, 3½ years ago I was in this room, Senator Moynihan, when you had an interchange with Senator Dole in which you both be-

moaned the unfortunate interplay between the food stamp program and the AFDC program.

And I would say that the one thing we have to watch, which has very little to do with New Jersey, but, I think, has to do with the temptation established by the interplay between those programs at a time when State budgets are under great, great pressure, we have to watch out that States like California do not try to become more like Mississippi.

Senator MOYNIHAN. Yes. Yes. Yes. All right. I am going to ask, if I may just take the liberty before you are all through, should we be thinking of moving to a Federal standard for AFDC? I mean, you might want to think about it for a moment. But have we gotten ourselves in this situation?

The fact is—well, I do not know what the fact is. It is something along the lines that benefits for children have been cut by about 40 percent since 1970. I see Dick Nathan agreeing.

If anybody in 1970 said, I have a plan here, I am going to cut the benefits for children 40 percent here and it will teach them not to eat too much, they would have said you are a monster.

But that is what we have done, and partly they can say, well, food stamps picked it up. This is a flawed program in that regard, do you not think?

Senator BRADLEY. And that is at a time, also, when only eight to 9 percent of the Federal budget goes to children anyway.

Senator MOYNIHAN. Yes. Yes. Yes.

Mr. BESHAROV. I have thought about this question, and there is one problem that I see that I do not know how one will surmount on a Federal standard. And that is we are a very large country—where median incomes vary greatly, and their meaning varies greatly.

I would point out to the Senator then in the State of Washington last year, 54 percent of all births were Medicaid-eligible because the State median income is so close to 185 of the poverty line.

So, the problem I would say with trying to create a national system that does not take into account these differences is that States like New York and New Jersey—excuse me for pointing this out—would be relative losers and other States—

Senator MOYNIHAN. Well, we lose all the time in that regard. [Laughter.]

Mr. BESHAROV. But that other States, where I think things are not nearly as bad as some parts of New York, gain considerably because the cost of living is so different.

Senator MOYNIHAN. Now, mind you, I think it is true, we already have begun to differentiate pay of Federal employees, you know. We scale those things. But let us just go on, and let us go across the room, rather than the way we have it on the list.

Mr Mead, you are next. sir. Welcome from New York.

**STATEMENT OF LAWRENCE MEAD, ASSOCIATE PROFESSOR,
AMERICAN PUBLIC WELFARE POLITICS, NEW YORK UNIVER-
SITY, NEW YORK, NY**

Mr. MEAD. Thank you, Senator. I appreciate the chance to testify in these hearings, and especially to hear Assemblyman Bryant and Governor Florio explain their recent proposals. By the way, I incor-

rectly identified Mr. Bryant as a State Senator in my written testimony. I do not want to promote him before the people do.

Senator BRADLEY. He is more powerful than the State Senator.

Senator MOYNIHAN. We will put your testimony in the record. You read it, or do whatever you want.

[The prepared statement of Mr. Mead appears in the appendix.]

Mr. MEAD. Yes. The New Jersey proposals resemble a number of others from States around the country. There has been great interest in this. In fact, I spent much of the last two months on the phone talking to reporters about these proposals. I even got a call from Glamour Magazine. When Glamour wants to write about welfare, then you know it is on the front burner, or, alternatively, there is something very wrong with the American policy-making process.

Looking across all the States, I can see these elements in the current proposals. First of all, there is an element of cuts in benefits. California proposes an across-the-board 10 percent cut.

Second, there are some States proposing time limits on benefits. I became aware of this after I wrote my testimony. Vermont would like to limit the time a mother can receive AFDC unconditionally.

Then there are various elements that one might classify as Workfare, attempts to generate greater involvement in work programs, either penalties or incentives.

Then there is Learnfare. Efforts to do the same for school attendance, either for the parents, or, in the case of Wisconsin, for the children of the parents.

There are child limitation incentives to limit extra child-bearing, particularly in the New Jersey case. Also, marriage promotion, or Wedfare to try to encourage marriage, and then a number of other restraints, such as stipulations that the mother secure health care for their children, or that teen mothers continue to live with their parents.

So, what we have here is a very large set of proposals, many of which are oriented to the modification—

Senator MOYNIHAN. What you have here, if I could just interject, is what Doug Besharov called a movement.

Mr. MEAD. Yes, it is a movement. There is no question. Yes.

Senator MOYNIHAN. I mean, when it shows up in Vermont—

Mr. MEAD. Yes.

Senator MOYNIHAN. [continuing.] and, as we saw earlier, there is nothing in the least punitive about the proposals in New Jersey, and their intent.

Mr. MEAD. Yes.

Senator MOYNIHAN. Twenty-five years ago that would have produced howls.

Mr. MEAD. Yes. There is an obvious parallel to the Workfare movement that arose about ten years ago, following the initial set of changes under President Reagan in 1981.

Now, it is important to remember that most of these are still proposals, except in a few cases, notably Wisconsin. They have not been implemented, and the implementation depends on waivers, which I will come back to in a moment.

Now, the policy rationale behind these bills is not clear at this point. In fact, I am trying to help organize a conference that will explore this matter more closely.

We do not entirely understand why the States are trying to do this. But this much is clear, I think: much of this is a spin-off from Workfare. Workfare is thought of as successful. These measures attempt to extend the Workfare idea to new areas, particularly family behavior.

There is an attempt to extend controls on how people behave from public forms of behavior, particularly work and education, to more private forms related to the family.

There is—and I think this is quite significant—a repudiation of voluntary methods. These measures amount to saying that merely to provide benefits and services to people does not change the behavioral aspects of poverty. Something more must be done to bring about that change.

Some of the proposals involved look like incentives, but it would not be true to say that choices are really being offered to the recipients. There is a strong element of guidance here—an element of direction, public authority, and so on. The incentives are merely a way of expressing what people are supposed to do.

So, this movement is part of what has been called The New Paternalism. It is a movement that goes beyond AFDC to embrace a number of other ways in which public institutions have begun to try to govern the lives of the dependent.

Homeless shelters, schools, and other institutions are involved increasingly in asserting authority over the way people live their lives.

Senator MOYNIHAN. Would you not find it interesting, if you do not mind—and Senator Bradley and I will just comment here, too—

Mr. MEAD. Yes.

Senator MOYNIHAN. That in an age of asserted conservatism, the American government commences to interfere in people's lives to a degree that would have been unthinkable a century ago?

Mr. MEAD. Yes. This is what I like to call Big Government conservatism rather than Small Government conservatism.

Senator MOYNIHAN. Big Government conservatism.

Mr. MEAD. It is an attempt, rather than try to limit welfare directly by throwing people off the rolls so they have to govern their lives in the private sector, to use the public sector to govern the lives of people while they are still on welfare. That is the fundamental difference.

It is still an attempt to bring a heavy element of values into social policy, but the implementing device is government itself, rather than the private sector. That is the key difference.

Now, this brings me to the politics of this, which is, I think, the most interesting dimension. One interpretation is that we are trying to balance the budgets on the back of the poor.

There is an element of that here, no question, particularly in the California case, and some other cases. Michigan would be another example where cuts have been made or proposed.

However, the largest element of these proposals are not oriented to this at all, but rather to the use of the system, as I just mentioned, to try to govern the lives of the recipients.

This is strange to the Federal ear. The Federal discouragement about welfare is mainly economic. It has to do with the scale of effort on behalf of the poor, with liberals saying we should do more, and conservatives saying we should do less. At most, we talk about incentives.

Here, however, the focus is on changing the character of the government to give a directed message about the way life is supposed to be lived. That direction is not confined to incentives, but involves heavy use of public authority.

Now, this combination of an attempt to continue aid for the poor, but, at the same time, use the system to be more directive, expresses the public mind about welfare reform more closely than anything we have seen in Washington, in my opinion.

The public does not oppose helping the poor. In fact, polls show that the public actually criticized the Reagan Administration for cuts in anti-poverty programs. There is very little disposition simply to cut back on commitment to the poor.

At the same time, the public wants to deal with the perceived abuses in welfare, of which the most important are non-work by the recipients, various family problems, perceived fraud and abuse, and so on.

So, the idea is to combine continued assistance with demands on the poor. These things are seen as opposites in Washington. If we demand things of the poor, we are saying we do not want to be responsible.

Conversely, if we want to help the poor, then we cannot make demands on them. The public rejects that logic. They think the two should go together. You should help the poor, but at the same time you should make demands.

And that is what these proposals are all about: the attempt to combine those two things. That is what I think Congress should keep in mind in appraising them. This is non-Federal welfare reform. This represents the way the public feels about the matter more accurately than anything we have seen in Washington.

Now, about the likely impacts, I would mainly advise caution. We will hear, I am sure, that the benefit cuts are likely to cause pain.

I think there is some truth to that, but I think it is too soon to assume that the cuts will really be very serious in that sense, for the reason we just heard; namely, that food stamps, to some extent, compensate.

As for the behavioral policies, the attempt to change lives and so on, it is again too soon to know. We do not have the rigorous evaluations for most of these programs that we do for Workfare, so caution is in order.

The most likely effect, I am afraid, is simply no effect at all. We have heard that Wisconsin has achieved some effects; that is very hopeful.

However, there is every reason to think that the recipients will resist changes in their private lives more strongly than they do changes in their work lives, or in education. The attempt to control the family is less legitimate in the eyes of the recipients than ef-

forts to control work behavior. So, there may be more resistance from the recipients than there is in the case of Workfare.

At the same time, it is unreasonable to say that we should not try these policies, exactly because existing policies have had so little effect on what seems to be a destructive lifestyle.

It seems that we have to go further down the road to what is called The New Paternalism. I would tend to say, yes, we should go further down that road, but we should also be cautious and watch carefully for unintended effects.

Now, as far as what Congress should do, the real issue is the waivers; whether Congress should, in some way, try to inhibit the granting of the waivers that have been asked.

Some people feel that policies of the kind that are described in these proposals abrogate the implicit contract which lay behind the Family Support Act, namely, that we should expand work requirements, but, at the same time, Congress and the State should provide generous funding.

I do not think that these proposals do abrogate the contract. In fact, they maintain it in an expanded form. Here we have an attempt, again, to continue aid, plus, at the same time, expect some integrating forms of behavior from the recipients. It is really a broader conception of the same social contract idea that we saw behind the Family Support Act.

I think for Congress to try to block these proposals might, in fact, produce an explosion of resentment at the local level. You might see much more punitive measures than anything that has been proposed to date, such as really drastic benefit cuts.

Or, and this is my real fear: some States may even think about withdrawing from AFDC. They may say, well, we do not really want to run Federal welfare any more.

Senator MOYNIHAN. Which you can do.

Mr. MEAD. Yes, you can. There is no State obligation to run AFDC.

Senator MOYNIHAN. I do not know if that is understood. No obligation.

Mr. MEAD. Some States may finally say, we would rather run a more frugal welfare program without Federal controls than run a more generous one with Federal controls. I have not heard of any States contemplating that, I have to say, but it could well come to that if Congress were to impede what appears to be a broad-based movement.

So, looking at it politically, which is my main emphasis this morning, the anger that is represented by these proposals is very real. It is not an anger that proposes to cut off the recipients, but it is an anger that says we have to do something about lifestyle.

I would simply say to members of Congress that although they should monitor what goes on, they should respect that anger, because otherwise the results could be unfortunate.

Senator MOYNIHAN. Thank you, Dr. Mead. And I wonder if it is not just anger, but a measure of dismay. I mean, when you reach a point as we have done in our city where half the children will be on welfare, and it is not evenly distributed; it is 90 percent on one block.

You have a social problem that the public may be ahead of the politicians. It is simply the fact that most of the advocacy groups, as they are called, opposed the Family Support Act. It passed the Senate 97 to 1, but it was mostly opposed as somehow punitive. And the silence that has fallen at the onset of what Douglas Besharov has called this movement is an impressive silence.

Now, one group that is never silent in these matters and was with us and hugely helped us and brought to us the research on the Workfare programs that your paper mentions, Professor Mead—which was the MDRC work, for example—is the American Public Welfare Association, for which thanks be to the Lord. And you, sir, represents the American Public Welfare Association. Sidney Johnson, welcome.

**STATEMENT OF SIDNEY JOHNSON, EXECUTIVE DIRECTOR,
AMERICAN PUBLIC WELFARE ASSOCIATION, WASHINGTON, DC**

Mr. JOHNSON. Thank you, Mr. Chairman. I would ask that you would place my prepared statement in the record. I will summarize it briefly.

Senator MOYNIHAN. Yes, of course.

[The prepared statement of Mr. Johnson appears in the appendix.]

Mr. JOHNSON. Mr. Chairman, Senator Bradley, thank you for the opportunity to testify today on welfare restructuring in the States, and the impact the recession has had and is having on agencies and individuals we represent.

I would like to present the context in which some of this movement is taking place, at least as I see it. Let me begin by mentioning two important dates.

The first date is October 13th, 1988 when President Reagan signed the Family Support Act that you authored and we supported. The law required, and the States are implementing comprehensive education, training, and employment activities required on the part of AFDC families.

I underscore the goals and the requirements of the Family Support Act today because of my concern that some in the press and the public, and even some policy makers may have lost sight of those goals and that legislation. That law is on the books, Mr. Chairman, and the States we represent are implementing it.

The second date I want to mention is July 1989. That month marked both the start-up of the JOBS program in 15 States, and the start of record growth in the rise of AFDC, which has continued for 26 consecutive months.

The national recession has been neither short nor mild for those we represent and the people they serve. Nearly 8.9 million Americans were unemployed in December.

I believe that is the equivalent of roughly half of the population of the State of New York, if we could conceive of it in those terms; not a small segment, much larger than 7.1 percent seems to suggest.

High unemployment and the upward climb in the AFDC and food stamp case loads reflect the grim context within which States have implemented the Family Support Act.

Welfare costs of the States have soared by nearly \$1.7 billion since July of 1989; almost 2½ years. \$1.7 billion. Since July 1989, each and every month has brought new record numbers of families needing AFDC. That rate of growth, Mr. Chairman, is 2,000 children per day added to AFDC rolls nationwide.

Senator MOYNIHAN. Wow.

Mr. JOHNSON. Yes. And those are recipients under age 18. Those are not all recipients.

Senator BRADLEY. In what period of time?

Mr. JOHNSON. Each week as we have seen it.

Senator MOYNIHAN. Since July of 1989.

Mr. JOHNSON. In the last 26 months, on average, that has been the figure.

A recent CBO study on AFDC case load increases concluded, not surprisingly, that the recession has been the primary cause of this case load growth. There are other underlying demographic changes that may be contributing, and these too are serious concerns.

Senator MOYNIHAN. Could you help us there? This is something I do not know whether we have data on. What are the characteristics of the persons coming onto the rolls at the rate of 2,000 per day? Are they that large population of female-headed families which had been self-supporting, but lose jobs in a recession and have this alternative? Or are they mature persons or are they young persons?

Mr. JOHNSON. We, unfortunately, do not have the national data to answer those questions.

Senator MOYNIHAN. No, we do not.

Mr. JOHNSON. There is, from our reports from States and localities, a far greater proportion, as you would expect, of people who had jobs and lost them. In Maricopa County of Arizona, at one point, 85 percent of the new recipients were families in which there had been a job-holder and that job had been lost.

Senator MOYNIHAN. Would you not like to know that regularly?

Mr. JOHNSON. I would love to know that. I would like to know that.

Senator MOYNIHAN. So, you support that bill we got out of here last week.

Mr. JOHNSON. We are strong supporters of the concept, and we are looking at the bill.

Senator MOYNIHAN. All right. We passed the bill.

Mr. JOHNSON. Well, but it has further steps. Has it been passed by both Houses?

Senator MOYNIHAN. We have got to get over in the House and work for it.

Mr. JOHNSON. Yes. Where was I? [Laughter.]

Senator MOYNIHAN. Maricopa County in Arizona.

Mr. JOHNSON. The recession has crippled the physical capacity of States, many of whom faced their worst fiscal crisis since the Depression. States are struggling.

In the last 2 years, they have raised \$25 billion in additional taxes; they have cut programs by \$10 billion; they have laid people off; I think you know the story.

But even so, Mr. Chairman, States spending for the JOBS program in fiscal 1991 was nearly \$400 million, and in fiscal 1992 the

administration estimates that total estimated funding for JOBS will reach \$1.2 billion.

More than 500,000 individuals nationally are participating in JOBS each month; half a million. Even during the recession, States are committed to the Family Support Act.

Some of the State Human Service Agencies that we represent, as we have heard today, have found themselves implementing policy changes that have cut back services and benefits. Those are not easy decisions to reach; they are painful decisions to effect.

I am not here to assess the action taken by individual States. What I would like to stress is that the recession has contributed, in large measure, to these actions.

There are also welfare policy initiatives under way in various States, and one thing many have in common is this: in purpose, they are consistent with the goals and the intents of the Family Support Act. They seek to promote individual and family self-sufficiency.

We came before this committee 4 years ago urging welfare reform, and one of the points that we stressed repeatedly was the inadequacy of current welfare benefits.

You cautioned us at the time that there simply was not the political will in the U.S. Congress to address the need for a rational system of benefits for poor children. Trying to build a case for adequate benefit levels at the State level is no less easy.

I look forward, Mr. Chairman, in response to your earlier comment, to the opportunity to talk about the concept of a national benefit standard when our opening statements are completed.

I have followed with great interest the introduction of several economic stimulus packages in Congress that include direct, one-time aid to States and localities.

While APWA has not taken any official stands on these, it is clear that a direct infusion of Federal assistance would be beneficial to the economy, to States and localities, and to poor families devastated by the recession.

Bob Reischauer, the Director of CBO, a non-partisan agency of yours, has indicated in his review of various economic stimulus packages, the ones that present one-time aid to States and localities have the most hope for creating jobs and ending the recession.

In closing, Mr. Chairman, there is one thing I would like to emphasize. Although welfare reform is well under way in the States, no one knows it is out there. We clearly need to do a better job of telling the story, Mr. Chairman, and you have been, and you are, this program's best advocate.

I urge you to continue to work with your colleagues and with us to find ways to enable States to continue to support the Family Support Act and to actively champion, as part of this, legislation that would provide an immediate economic stimulus to States and localities to make this program really work.

I think there is a movement out there, no question, in five, six States, or more. Three years ago, there was a national movement.

What troubles me about the Family Support Act is that in this city, things very easily become last year's issue, or last month's issue, or last week's issue.

There is a very important program out there. It needs a real chance to survive, including a healthy economy, and we would like to work in any way we could to support those efforts.

Senator MOYNIHAN. Thank you, sir. We were in the habit of saying that we would know whether we had any effect by the year 2000, but events are running over us very fast.

And now to Robert Greenstein, of the Center on Budget and Policy Priorities. Sir, we welcome you back to this committee.

STATEMENT OF ROBERT GREENSTEIN, EXECUTIVE DIRECTOR, CENTER ON BUDGET AND POLICY PRIORITIES, WASHINGTON, DC

Mr. GREENSTEIN. Well, thank you, Mr. Chairman. Mr. Chairman, I think I remember reading some weeks ago some statements of yours asking why were some of these happening in the States, and, I think, a statement of why were the States changing their minds in some ways.

You have been a leader in educating many of us, inside government and out, about how critical it is to study the data carefully before we jump to conclusions and draw a lot of policy implications.

During the fall and up through December, our center and the Center for the Study of the States at the Nelson Rockefeller Institute that Dick Nathan runs jointly did a large study called "The States and the Poor: How Budget Decisions in 1991 Affected Low-Income People," in which we conducted a series of surveys covering a range of low-income programs of every State.

The actual data, I think, paint a somewhat more complex picture of this issue than, perhaps, some other witnesses have state, and I think we need to look very clearly at the developments in the States before we lump everything in a very disparate series of developments into one big movement. There really is not one big movement here. Let me explain.

Most of what is going on with AFDC and other low-income programs at the State level, and has been for the past year, the data show, is not an effort to secure behavioral change and reduce dependency.

To be sure, there are the New Jersey changes, there are the Wisconsin changes, you mentioned Vermont. Clearly those exist. But for every State contemplating such an action, there are several States that are instituting reductions or contemplating reductions that do not have and usually are not portrayed as having a behavioral component.

Our study found that in 1991, 40 States froze or cut AFDC benefits; nine States cut the basic benefit outright; 12 States, many of them in addition to the 9 I just mentioned, cut special needs, payments, or emergency assistance; sometimes emergency assistance for homeless families.

These were the deepest cuts in at least a decade in AFDC. As you mentioned, before these cuts took place in January 1991, the Congressional Research Service figures show that the benefit in the median State for a family with no other income was 42 percent below the 1970 level.

Senator MOYNIHAN. 42 percent?

Mr. GREENSTEIN. 42 percent. That figure, Mr. Chairman, when the CRS figures January of 1992 come out, will have fallen to a significantly lower level.

In fact, the data show that AFDC and food stamp benefits combined, because AFDC has eroded so much since 1970, if you take a weighted average across all States for a family with no other income, they are back, in real terms, to the level of 1960 before the food stamp program was created.

Senator MOYNIHAN. That is a hard number.

Senator BRADLEY. A combination of both equals, in real terms, the AFDC benefit level in 1960?

Mr. GREENSTEIN. That is correct. This is a weighted average across all States.

Senator MOYNIHAN. Is Dick Nathan agreeing?

Mr. NATHAN. It sounds right to me.

Mr. GREENSTEIN. These are not calculations that we did ourselves; this is published in The Green Book, that big compendium that is put out each year.

The Green Book figures show that as of 1990, the figure was plus 2.8 percent when you factor in the declines in 1990, and the larger declines in 1991. When we have the final figures, it will probably be below zero. In other words, it will probably be below the 1960 level.

In addition to some of the AFDC cuts in 1991 that I have referred to, over the 30 States with State-funded General Assistance, 14 cut; 13 froze. Half a million people— $\frac{1}{3}$ of all General Assistance Recipients—nationwide were affected.

This is just in 1991. Michigan, as you know, terminated benefits for over 80,000 people. Ohio cut them in half. Massachusetts cut them about a quarter.

Steve Gold, the Director of the Center for the Study of the States at the Nelson Rockefeller Institute noted when we released the report that in most of the States that made these cuts, they did not hold press conferences saying this will improve behavior; that in the majority of the States this was done very quietly and was not talked about much.

What is happening is that the overwhelming publicity is focused on those States where the behavioral claims are made and there is a mis-impression being formed that all States making changes in these programs fall into the behavioral change category. They do not.

A week ago we talked to people in Illinois. They commented on how the large cuts in General Assistance made in Illinois were passed with very little debate at all that it was not generally felt necessary to have much of a justification. There was a budget squeeze; it was part of the budget. The cut was proposed; the cut was passed.

In Tennessee, Mr. Chairman, the benefit for a family of three with no other income was cut last year from \$195 a month to \$185 a month.

The Governor has now proposed, since the budget is out of balance again—in many of these States the revenue forecasts assumed an economic recovery, which has not occurred, and the budgets are out of balance again—a further 15 percent cut to \$157 a month

maximum for a family of three; 17 percent of the poverty line. This is not being portrayed as some terrific behavioral change.

Yes, there are some behavioral proposals in Maryland, but 2 months ago, when Maryland cut benefits 7 percent in AFDC across the board and 12 percent in General Assistance, that was done when a budget deficit reappeared and it was not claimed that that would have some significant behavioral effect.

And what about the cuts in the JOBS programs? There are States that have made cuts in JOBS in balancing their budgets. Surely those cannot be portrayed as having a behavioral effect.

The last figure I have heard—it may be a little higher now, but I think it is close—is that only about 55 percent of the Federal funds available for jobs are now being drawn down on. I think that is a CBO figure I heard from a month or two ago.

Senator MOYNIHAN. Margaret Malone agrees. There is Federal money available for the JOBS program under the Family Support Act—a very generous match. But the States are not picking it up.

Mr. GREENSTEIN. So, we need to look at all the factors going on here, and while this interest in behavioral change is certainly an important one, and, in New Jersey, to be sure, this is not a budget cut, it was not presented as a budget cut.

I do not think most people expect it would cause a savings in New Jersey. In that sense, New Jersey is the exception and not the rule with what is going on now.

Around the country, many States face large deficits. Welfare budgets are rising because case loads are rising, largely in relation to the recession. And Medicaid costs, as you know, are going through the roof.

In cash assistance means tested programs for the poor, we have the programs with the weakest constituency of all programs at any level of government.

Let me add, in talking about the budget component of this, Mr. Chairman, five States last year cut their SSI supplements. Michigan cut them 54 percent. Twenty-four of the 27 States with SSI supplements cut or froze them last year. This is not a behavioral change.

Twenty-six States provide State appropriations for low-income housing. Total appropriations in those States were cut \$246 million before adjusting for inflation; a 22 percent nominal cut in 1 year in 1991. In 10 States, people cut off General Assistance had their health insurance taken away in some, or most cases, as well.

I think, Mr. Chairman, part of what is happening is illustrated in your State of New York. There is a movement in the New York State Senate to say, we want to protect our middle-class constituents, education cuts are off limits, cuts in aid to local government are off limits, AFDC is 3.5 percent of State budgets. These are figures from the National Association of State Budget Officers.

The national average is 3.4 percent of State budgets. All cash assistance that is means tested—SSI, emergency assistance, AFDC, General Assistance—averages 5 percent of State budgets. There are only four States where it exceeds 6 percent of the State budget.

However, if you take off limits all of education, aid to local government, then it becomes a larger percentage of what remains. And we have here, in many areas, a classic case of a tough budget

crunch, State politicians worried about re-election, redistricting, concerned about raising taxes, and, unfortunately, this is the easiest place to cut.

Now, again, I am not saying that there is not interest in a number of States in behavior changes as well, but we need to keep in mind that the major thing that has been going on in the past year is this budget pressure. Often the two are mixed.

In California, the new proposal by Governor Wilson—in California we have written a piece for the Sacramento Bee I would like to submit for the record on that.

Senator MOYNIHAN. Please do.

[The article appears in the appendix.]

Mr. GREENSTEIN. But that is a case in point. To be sure, it has a number of proposals that relate to changing behavior. A \$50 a month increase for the teen mother who stays in school, a \$50 decrease if she does not. Taking up the option under the Family Support Act on teenaged living arrangements.

But the teen mothers are less than 5 percent of the California AFDC case load. In the proposal to affect people who move into California for the first year they are there, that affects 7 percent of the case load.

The core of the California proposal are these big across-the-board cuts, 10 percent initially, another 15 percent when you have been on the program 6 months. Those are basically budget cuts. They are where most of the money comes from. The principal issue there is not behavioral.

As you know, Mr. Chairman, the research by Mary Jo Bain, David Elwood, and others, shows that the break between long-term and short-term reciprocity is not at the 6-month point. Large numbers of the people who go on and are on the 6-month point get off before that 2-year point and do not become long-term.

Now, here is a question. If your benefit is cut 25 percent and you have to move to over-crowded housing, in some cases, possibly, have a bout of homelessness, if you move into a dangerous, crime-ridden inner city area, does that improve your chances of getting out of welfare in the long run?

I have some testimony that Larry Mead gave earlier this year in which he argues that one problem reducing work effort among the poor is that some of them are demoralized, and, he writes, "defeated by the complex logistics of finding a job and arranging their private lives for employment." "These reactions," he goes on, "are exacerbated by living in the inner city."

Now, you know, there is this interesting GET-TRO experiment in Chicago where families were moved out of public housing projects in the inner city and moved into other areas not as dangerous, not as crime-ridden, with higher rates of employed people.

And they found that when you controlled for other factors, simply moving to the other neighborhood had a significant effect in increasing work and reducing welfare reciprocity.

I am very concerned that if we take a State like California where three-fifths of the AFDC recipients already live in a jurisdiction where the HUD fair market rent exceeds 100 percent of the current AFDC benefit, and many people deal with that precisely by living in these neighborhoods where there are real problems, especially

for children growing up. If we cut benefits significantly across-the-board, we may drive more people into those neighborhoods. We may have long-term adverse behavioral effects.

There is another interesting element here. The Legislative Analysts Office in California—

Senator MOYNIHAN. Sir, I am going to ask you just to sort of wrap up if you can, so we can make sure all our panel is heard.

Mr. GREENSTEIN. Sure. My point here is not that I know, or have any evidence that those adverse behavioral impacts will occur; it is that I can make as plausible an argument that they will occur as the arguments are made that cutting benefits will spur work and have these positive impacts. The answer is, we do not know, and we ought to be cautious about this.

Senator MOYNIHAN. That is the first thing that you and Mr. Mead have agreed to this year.

Mr. GREENSTEIN. Well, let me now proceed to disagree with him some more. Because the implications of that are that we should do careful studies and demonstration projects. And making massive changes affecting—for example, in California, 1.5 million children State-wide, putting it in the State Constitution with no pile of testing, no limited demonstrations. You did not rush to the Family Support Act until after some of the careful evaluations that MDRC evaluated.

And I am very concerned, Mr. Chairman, about a potential misuse of the Federal waiver process. I am not suggesting—let me be clear—indiscriminate opposition to waivers.

But neither should there be indiscriminate approval of waivers. There is a purpose for the Senate Finance Committee. There is a purpose for the Social Security Act. They have Federal standards.

We are hearing arguments that the waiver process should basically be used so that any time, without prior evidence, a State wants to make any change that abrogates any standard in the law that this committee has put in over the years, that it should simply get a waiver on a statewide basis without limited prior testing. I think we need to look very carefully at what are the proper uses of waivers here.

Senator MOYNIHAN. I want to thank you for that. You may be sure that we will be talking with you further on this matter. Let us hear from Dick Nathan and see what your collaborator in Albany has to say.

We welcome you back to this committee, Dr. Nathan. You have a long and distinguished public career and have not slowed down a bit.

STATEMENT OF RICHARD NATHAN, DIRECTOR OF THE NELSON A. ROCKEFELLER INSTITUTE OF GOVERNMENT, ALBANY, NY

Mr. NATHAN. Right. For a long time, a lot of us—you, in particular—have worked on these issues. I want to introduce an historical perspective quickly that ties into a piece I wrote in the New York Times, entitled, Welfare Thinking Turns Tough.

Senator MOYNIHAN. We will put that in the record.

[The article appears in the appendix.]

Mr. NATHAN. I would like to put that and my very short testimony in the record.

[The prepared statement of Mr. Nathan appears in the appendix.]

Mr. NATHAN. The 70's was the age of the economist: negative income tax, lots of very careful analysis was done of the kinds of things that are not well thought through, in the New Jersey legislation. That is a very expensive bill, and I think that just as Lawrence Mead said, your committee should give some considerable thought and attention to what the cost implications would be.

The marriage bonus is repeating what we did with 30 plus a one-third. Putting families on assistance who come on through this special incentive for marriage, raises an issue in horizontal equity terms when they are treated differently from other families. It could be very expensive too.

Thirty-five percent of the families that go off of welfare go off because of a marriage. So, the answer given to Senator Bradley about the cost of this bill was the tip of an ice berg. You really need to think about this in connection with the waiver issue that has been raised by Bob Greenstsin and really has not been dealt with enough at this hearing so far today.

Senator BRADLEY. You said 30 percent of the families—

Senator MOYNIHAN. Thirty-five.

Mr. NATHAN. Thirty-five percent.

Senator BRADLEY. Now go off of AFDC because of a marriage.

Mr. NATHAN. Because of marriage.

Senator BRADLEY. Thereby making them ineligible for continued receipt.

Mr. NATHAN. And they would be eligible under this plan.

Senator BRADLEY. Up to 150 percent of poverty.

Senator MOYNIHAN. Can we get that data from you, Dick? I do not think we have it.

Mr. NATHAN. Sure. It is in the Green Book.

Senator MOYNIHAN. It is in the Green Book?

Mr. NATHAN. Right.

Senator MOYNIHAN. All right.

Mr. NATHAN. But I will dig it out and respond.

To stick to the historical metaphor, the 1980's was the period of the service approach: JOBS, the MDRC research leading up to the Family Support Act, which I think is a terrific law that we should implement. We should not be deterred from concentrating attention on what is happening to the Family Support Act.

The 1990's, I fear, is a period of new negativism; a harshness. The things that we have talked about today are indications of this. The cuts described in Bob Greenstsin and Steve Gold's report document new issues and behavioral requirements.

I am particularly disturbed by the provision that says a child born to a family on welfare should not be eligible for a \$64 benefit a month. That is what my statement is about.

It is much shriller and sharper than other things that I have presented to this committee. You are missing something by the fact that I am not reading it. [Laughter.]

But I want to make some other points. I want to particularly come back and say that implementation, what happens after a new

law is passed, after we have it, is the short suit of American government.

We are soon going to release a 10-State study from the Rockefeller Institute supported by the Pew Charitable Trust and the Department of Health and Human Services on the implementation of the JOBS program. I would like very much to get your interest in that and to show you that picture.

Senator MOYNIHAN. We will hold a hearing.

Mr. NATHAN. Terrific. I would like that very much, Senator.

Another point that I want to make that is related to something that you have brought up a number of times. We have done some work which is new and really interesting using geographical information systems. This is computer mapping.

We can show you dependency pattern changing over time in every county and every piece of geography in New York because we have longitudinal files that will enable you to put up a big screen and show, as colors change and months change, where people live, where dependency is concentrated, how the pattern has shifted.

The new technology for geographical analysis using Census data and something called "Arcinfo" is a terrifically exciting frontier. As you push ahead with your legislation, which I think is excellent, I urge that you and members of your staff look into this way to dramatize the concentration of dependency, particularly in troubled inner city, underclass neighborhoods.

Senator BRADLEY. Is there any surprise in this methodology?

Mr. NATHAN. It is pretty straightforward. We are actually using it for administration of the JOBS program in New York State. I cannot answer the question, Senator, as to whether there are surprises. We have the capacity that we are working with but we do not have as much 1990 data to show you yet as we soon will.

Senator MOYNIHAN. All right. May I say one thing? You might have known about this. When we were taking testimony on the Family Support Act, the Mayor of Trenton—I think you remember this bill, Senator—came down and said, in my city—which was the capital of the State—half of the population lives on welfare or Social Security.

Mr. NATHAN. It is geographical. I mean, that is what the underclass inner city problem is all about.

I would also like to mention, wearing my other hat as MDRC Chair, that Ohio has a Learnfare program that both penalizes and provides a bonus. I think it is \$64-\$102, is it Paul?

Senator OFFNER. Sixty-two dollars.

Mr. NATHAN. Sixty-two dollars. It has a random control group. The first report is just out.

Senator MOYNIHAN. The confirmation, the record should show, was from former Senator Paul Offner, who designed that program in Ohio.

Mr. NATHAN. And, finally, Senator, just to use a few minutes for these opening comments, I was flipping through the Green Book as you were talking about national standards, and I count eight States in which the food stamp benefit is higher than the AFDC benefit.

In Alabama, the top State on the list, the food stamp benefit per month is \$277. The maximum AFDC monthly grant for a family of

three in Alabama is \$124. So, here are people with \$124 in cash and \$277 in food stamps. I have a lot of questions about what is really happening in that marketplace.

I have divided feelings on whether we should open up the issue of national standards. This is my last point, Senator.

Senator MOYNIHAN. Take your time, sir. You have come all the way from Albany.

Mr. NATHAN. Back in 1969 when we had our first shot at this and worked on the Family Assistance Plan—

Senator MOYNIHAN. It died back in that room.

Mr. NATHAN. We could have done national standards easily then.

Senator MOYNIHAN. It died in the back room here. It was that close. Passed the House 4 to 1, died in that back room.

Mr. NATHAN. We should look very hard at what New Jersey is really doing to work incentives with the marriage bonus, and what it means for coverage and horizontal equity.

There may be an opening to go back to that agenda. We probably could have gotten action 20 years ago.

I keep coming back to my strong feeling that the JOBS Act, Title II of the Family Support Act, has very good features: transitional benefits for child care, for Medicaid, education, training, changing the role of welfare bureaucracies.

If we could push hard and really make that happen and not constantly be confusing welfare bureaucracies and State governments with new signals and new debates, I would favor that. So, I have mixed feelings about whether we could open up the national standards question and look at it again.

But, to conclude, I am disturbed by the anger that I sense is causing a lot of politicians to support features like the penalty for having a baby on welfare in New Jersey and in California. Soon, I am sure, other States will pick up on that.

I worry very much that those waivers are going to get through. We are in a new period. I particularly am pleased that you are going to follow up and look hard at what is happening to the JOBS bill. Our research suggests that it is moving, but not anywhere near fast enough.

Senator MOYNIHAN. Thank you again, sir. If anyone predicted that this anger would be in evidence and this movement would begin—and I think there is a movement—it was our next and last panelist, Charles Murray. Mr. Murray, I welcome you. Is this your first time?

Mr. MURRAY. First appearance here, sir.

Senator MOYNIHAN. Yes, sir; I believe it is. And we are very, very honored to have you. Any collaborator of Richard Hernstein is particularly welcome in this not especially numerate body. Would you proceed, sir?

Mr. MURRAY. I will pass that along, Senator. Thank you. I am also as hungry as everybody else, so you may be sure that this is not going to take long.

Senator MOYNIHAN. Please. You have waited very patiently. You were here when Governor Florio was here.

Mr. MURRAY. But I am very hungry. [Laughter.]

**STATEMENT OF CHARLES MURRAY, BRADLEY FELLOW,
AMERICAN ENTERPRISE INSTITUTE, WASHINGTON, DC**

Mr. MURRAY. A couple of points raised by the previous speakers. I concur with a great that was said by Doug Besharov, and Larry Mead, and Richard Nathan, and others about skepticism about how much is going to be accomplished by any of these.

Another point that came up is, I think, an important one, but need not be a subject of great mystery, and that is what has happened to the welfare package in the last 40 years.

The numbers are not State secrets; they are readily available in most of the Standards statistical abstracts, and I urge you to have your staffs put together or to consult sources that have put together the value of the package since 1960 so you have not only food stamps and AFDC, but also Medicaid, public housing, and other social services. And, in fact, I would be glad to supply to you some work I have done on that that will be coming out in the Journal of Labor and Economics.

Senator MOYNIHAN. Please do.

Mr. MURRAY. I will pass that along. Because I think the characterization of we are back at 1960 needs some more examination.

Let me, I guess, conclude the presentations this morning by saying that I think that a great deal of this is irrelevant. I think that we are going after the wrong problem.

And this cannot be of much help to you or Senator Bradley in the decisions you have to make from day to day, but perhaps it is worth a few minutes just for me to state as emphatically as I can that I think we are going after the wrong problem.

I do not think welfare dependency is at the heart of what is most unacceptable about the current system. I think we are in the midst of what can be soberly described as a social tragedy, and I do not use the word, tragedy, lightly in this context. What is happening in inner cities around the country is more than a problem of poverty. It is not measured by the number of children growing up in poverty; it is not measured by any of the usual social indicators, I think.

I think what we are looking at is the destruction of communities in which some millions of our fellow citizens live in ways which go to the very heart of the functions that a community plays, not only in terms of law and order, and so forth, but the functions that communities play in being webs within which human beings grow up.

And I think what we are watching, frankly, is not welfare dependency and its effects, but what happens to communities when large proportions of children are born to single mothers.

The single-parent family does not work very well. That is no longer the opinion of right-wing traditionalists. That, I think, is a broad consensus shared by those who have been watching the data on family outcomes.

And I should point out that statistically this is true not just of inner cities single-mother families, but it is true of middle-class families as well. It just does not work very well, even under the best of circumstances.

But when the single parent is unmarried, immature, with an absentee father who, in any event, is as poorly equipped to be a parent as the mother is, the single-parent family tends to be a disaster

for the upbringing of the child; not in subtle ways, but in ways that produce the grossest forms of emotional and intellectual maldevelopment, up to, and including, death.

And I urgently recommend to you what I consider the brilliant article by Nicholas Eberstat in a recent issue of *The Public Interest*, which deals with infant mortality statistics in this regard.

Senator MOYNIHAN. Mr. Eberstat, for those who do not read *The Public Interest*, which has a circulation of 84,000—

Senator BRADLEY. And it is published in Denville, New Jersey. [Laughter.]

Senator MOYNIHAN. That the correlates with infant mortality were illegitimacy.

Mr. MURRAY. As I go on with this, let me try hard to be understood correctly; something I sometimes have difficulty with. I am not saying that poor women tend to be bad mothers, but I am saying that young, emotionally immature, poorly-educated women without husbands tend to be bad mothers.

Too many of their children are poorly nourished, not because there is no money for food, but because they do not feed them nutritious diets.

Too many come to school or pre-school not knowing how to talk in complete sentences, without the most basic vocabulary, not because the mother had to be away from home working to support them, but because of the ways the mother has treated them when she has been around.

Too many children reach school unable to function in a cause and effect world because they have been accustomed to a chaotic world in which rules and expectations change from moment to moment unpredictably, not because the family is poor, but because the mother, in this case—and I certainly do not wish to let fathers off the hook, but they are not there—do not know how to give consistent signals to a child.

Furthermore, we do not know how to mitigate this disaster except at the margins. None of the interventions are in our repertoire. I do not think this is a controversial statement.

I think if we all sat down with the data on attempts to deal with this, we would have to read it pretty much the same way.

None of the interventions in our repertoire, including the earliest childhood and prenatal interventions has proved able to do more than produce blips in these outcomes, and then only under conditions that cannot possibly be reproduced nationwide.

We do not know how. It is not within our technological capability, if I may put it in those cold terms, to substitute social programs for competent parents, no matter how much money we spend.

Now, as the proportion of children born to single women increases, these individual tragedies that I have been talking about tend to have an unfortunate synergistic effect, and they influence the entire community.

Because the cliches about role models are true. Children learn how to be responsible adults by watching what responsible adults do, and they learn how to parent by being parented.

And the absence of such daily, vivid examples of what responsible adults do seems to be most drastically problematic for young males.

James Q. Wilson, whom I know is a man that you respect, as well as just about anybody who deals in this area, has pointed out that perhaps the most critical job that a civilization does is to socialize young males.

And when you do not have examples of adult males playing the adult male role of going to work every morning and bringing home a paycheck, and providing discipline, and the rest of it, you have males who reach adolescence without a constraining sense of what they are permitted to do with that testosterone that is flooding their systems.

And they have to have a constraining sense by that time, because if they do not, they tend to behave in the ways that we are looking at in the inner city.

What bothers me most especially is that if you look at the inner city today, you are, in effect, watching what happens when males are born into communities where about half of them are to single mothers, which was the case in inner cities in the mid-1970's.

These days, all of the inner cities that report such figures are talking about single-parent families in excess of 80 percent of all live births.

Senator MOYNIHAN. That is correct.

Mr. MURRAY. If you think it is violent now, you ain't seen nothing yet. It is going to get much worse. I think we know that, demographically.

So, here is where I depart very radically from the rest of the people on this panel, and from most people in general, because to me, the solution to this tragedy lies neither in social programs, nor in getting welfare mothers to go to work.

It lies in restoring a situation in which almost all women either get pregnant after they get married, or get married after they get pregnant.

It lies in restoring a situation in which the act of making a baby is treated as it should be, which is as just about the most important act that human beings ever undertake.

And when a young woman does become pregnant with no partner to take joint responsibility for the child, the solution lies in restoring a situation in which a stern, self-selection process takes place, specifically in which the prospects are so grim that the single mothers who choose to keep their babies instead of giving them up tend to be a woman who can support the child herself, or who has enlisted the support of others, whether it is parents, relatives, church, community agencies, or whatever. Either way, a self-selection screen has been at work that at least increases the chances that the child will thrive.

Communities do not need lessons in how to produce a state of affairs in which children are born into these circumstances. I believe it was you, Senator, who pointed out in one of your writings that as close to a cultural constant as we know in human affairs is the genius of societies and individual communities to produce a situation in which there are, generally speaking, two responsible adults for each child that is born.

I think the evil of welfare is not, as is sometimes charged, that it bribes women into having babies. I think it is a very small part of the problem.

Rather, I am saying that the system enables something to happen which is a very natural behavior. I do not see any way to make incremental reforms in this situation.

But the only long-term solution for the welfare system is to get rid of it. Let government policy start from the premise that to bring a baby into the world when one is not emotionally or financially equipped to be a parent is not just ill-advised, not just inimicable to the long-term interests of the mother, it is profoundly irresponsible. It is wrong.

Now, government cannot and must not intervene pro-actively in the decision to have a baby. Nothing I am suggesting has any bearing on notions of giving people licenses to have babies, or telling people we are going to take the babies away from them.

What government can do is say it will no longer be a party to this behavior. Government will keep the Faustian bargain it has made with women already on the rolls, but will henceforth make single mothers eligible for the same unemployment benefits and social programs as everyone else; no more and no less.

The children remain innocent victims, and the government will do what it can. If need be, it will spend lavishly on adoption services and lavishly on orphanages. But the government will no longer try to help the innocent children by subsidizing the parents who made them victims.

Thank you for the opportunity to come at this time before the committee, even if it is my only opportunity.

Senator MOYNIHAN. It will not be your only opportunity, but I hope you come with more cheering prospects next time. The reference you very generously made was not to be, but perhaps something I did write.

At the turn of the century, the anthropologist, Molonofksy, propounded his universal rule of legitimacy.

Mr. MURRAY. You quoted it from the Godkin Lectures. I think that was it.

Senator MOYNIHAN. That every child has an acknowledged male parent. Everywhere he went, there it was. And I was saying, was it possible that this universal is no longer in place in important segments of the post-Industrial world.

Well, what do you all think about that? All right, Mr. Besharov, you have got 5 minutes.

Senator BRADLEY. Five seconds.

Senator MOYNIHAN. Yes. I think Senator Bradley has to leave. Gentlemen, would you like to comment on what Mr. Murray has said?

Senator BRADLEY. Succinctly.

Senator MOYNIHAN. He has been succinct. And would you tell this committee upon what grounds we will decide that the only way we can regenerate society is to let children starve, which may be true?

Mr. MURRAY. I do not think that is what I said, Senator.

Senator MOYNIHAN. That is not what you said, and that is certainly not your style. But, no, I mean that one of the consequences

of doing what you propose could be that. And dare we take that kind of bet? I do not, for a moment, suggest that you would wish to see it happen. But what is our alternative? Dick Nathan.

Mr. NATHAN. I would like to respond. What is it, Pogo said, "We have met the enemy and it is us." I have written a lot and worried a lot about the inner city under-class, the violence, the machine guns, the drugs.

But we have got to keep our perspective. We must not stereotype every person, particularly minority persons who live in a large city, as caught up in that ugliness, because it is a very small group.

I have been doing, again, geographic neighborhood studies that look at large, growing minority, black and Hispanic, middle and working-class neighborhoods that are huge all around Kennedy Airport. Southeast Queens is very large, predominantly black.

Senator MOYNIHAN. Well, right, Dick. But 40 percent of the children born in New York City are extra-marital right now. And it is not in those neighborhoods, but it is in the ones that Mr. Murray was talking about.

Mr. NATHAN. Well, we have got to change the behavior of the bureaucracy.

Senator MOYNIHAN. The bureaucracy?

Mr. NATHAN. And that is what the JOBS bill could do if we pushed it hard enough.

Senator MOYNIHAN. If we pushed it hard enough.

Mr. NATHAN. And I think that that is the track to be on. I do not think we can take money away from people. And orphanages, Charlie said. We do have huge numbers of these kids in foster care now. And we have not really linked up analytically how that happens and what it means.

Senator BRADLEY. What about the behavior of individuals?

Mr. NATHAN. Behavior of individuals. I guess I am not——

Senator MOYNIHAN. Well, you mentioned organization behavior.

Senator BRADLEY. You said it was the behavior of the bureaucracy.

Mr. NATHAN. All right. I am sorry, Senator. The real philosophy of the JOBS bill, I think, is to go back before we had separation. That was a huge mistake when we separated the case workers and the eligibility workers.

The idea of the JOBS program, if you really took it seriously, is to have case managers who have a real handle on what is happening to a person in their life, what they can do that is alternative.

You cannot save everybody, but if you are going to save people, you have to save people by a bureaucracy giving different signals. In Essex County, New Jersey, when they passed the JOBS bill, the Essex County Department of Social Services did not like it at all. These people are in trouble. They need money. You cannot tell them what to do.

There really is a mind set of social agencies and social programs that we have to change by caring more about what happens in the bureaucracy and what happens in the way government relates to individuals who really have some interest in and are responsive to the things that a case management system could really do.

Mr. BESHAROV. Let me go back to what Charles said. Charles is asking what I think is a question that Americans do not like to even contemplate.

And let me try it—I do not know whether he will agree with the re-statement of it. What if we knew that these programs would reduce by 50 percent the number of children born out of wedlock, but, at the same time, we knew that 10 percent of the remainder who are born would have rotten lives.

Senator MOYNIHAN. Yes.

Mr. MURRAY. I think that is a good way of putting it.

Mr. BESHAROV. And then the question becomes, is that a trade-off that we, as a society, want to make? But I think some of us at the table would like some evidence before we make that choice, which probably is as bad as Sophie's Choice.

First we lack some evidence, but then it is a very real question. My own experience in child welfare is that we make that judgment every day. Barbara Tzabo in New York, for example, has to decide how many children will be moved from dangerous circumstances, lest they be killed by their parents.

We make a judgment that if we take too many away, even though we will reduce the number from 15 to 12 of children killed, we will have to put another 30,000 children in foster care. We make those trade-offs all the time. And what Charles is asking is, at some point, do we not have to make a trade-off in these cases.

Senator MOYNIHAN. I do not want to keep Senator Bradley from asking questions at all, but I have been around this place a long while in government, as has Dick.

And I can recall when someone such as Charles Murray makes that proposal and you say, my God, what kind of person are you, I can recall in Albany in the 1950's when medicine began to be able to do things for people.

And budget examiners in the Division of the Budget used to have a morally-neutral life. They put out for the hospitals what they were going to need, and the number of people that were going to die was already set, and that had nothing to do with allocation of resources.

Suddenly, they had to find out how many people will die of kidney disease, because the question was how much kidney dialysis would they make available? In order not to die, the State of New York had to find \$6,000.

So, the budget examiner was going to say how many people are going to die because of my budgeting. It concentrates the mind. I think people are perhaps easier with it now than when they first encountered it.

But then what if I said to Lawrence Mead that 28 percent of the children born in the United Kingdom are extra-marital now. That has happened almost as quickly as it has here. I see Mr. Murray agrees. They do not have, or have not yet gotten the stigmata we deal with.

Mr. MEAD. No, they do not. But they are acquiring it because of the same lifestyle considerations that make welfare unpopular in this country.

I have great respect for Charles' argument, because it is a fundamentalist argument that forces us to think about this very hard.

They key to his argument is the presumption that the welfare system is the cause of the female-headed disaster that we see.

Now, the trouble with that is that welfare is all inter-mixed with other possible causes of that same tragedy, having to do with other changes in the inner city, the departure of the black middle-class, the break-down of the traditional lower-class or working class ethos of those areas; a lot of reasons that one can cite. It is hard to disentangle welfare.

Really, there is no way to know for sure what role welfare played in the generation of that disaster. My own hunch—and it is no more than that—is that it is a factor, but a minor factor. Maybe a third of the problem might be attributable to welfare.

Well, what do we do now? At this juncture I tend to see the welfare system as a potential asset, precisely because it provides a point of leverage over the lifestyle of the dependent poor that we would not otherwise have.

My fear is that without welfare, everybody would be worse off and we would have maybe two-thirds of the same amount of degradation we have now and we would have no leverage over it. We would have no basis for attempting to change the lives of the parents.

Senator BRADLEY. So, could I interrupt at this point just to ask the panel, do you believe it should be one of the purposes of public policy related to the issue of dependency to promote two-parent families?

Mr. MEAD. I think that is right. The main difficulty is that because welfare mainly supports single-parent families, it is hard for welfare directly to get a grip on the father.

This is the essential problem, as many people have said. I think the Family Support Act took a welcome step in the right direction by extending coverage to the two-parent poor under certain circumstances in all States.

Senator BRADLEY. So, some of the things that Assemblyman Bryant is proposing are stated for the purpose of promoting two-parent families.

Mr. MEAD. I think that is right.

Mr. GREENSTEIN. But I think if you look at most of the research, I think we are falling back into the pattern of attributing to welfare and to potential welfare changes bigger effects than they are likely to have.

There is extensive research literature on the effect of welfare on work and family. It actually shows quite modest effects. The research would not support the kind of hypothetical Doug Besharov mentioned, of supposed 50 percent of the out-of-wedlock births were due to welfare, but you would hurt 10 percent of the kids.

From the research you might get, if you even got 10 percent, the research—conducted by Mary Jo Bain, David Elwood, and many others; there are many reviews of the research—shows very little impact of welfare on out-of-wedlock births.

Senator MOYNIHAN. But I just have to interject just a moment, sir. There is Rossi's Iron Law, which is with respect to any measured social program, the net effect will be plus or minus zero.

Mr. MURRAY. And the better the evaluation, the more closely it will—

Mr. GREENSTEIN. Let me add, I am not suggesting for a moment that the answer is to keep what we have now, but that we need to consider what are the changes that get us where we want to go.

We do not have evidence that having a lot of children brought up in orphanages would have better outcomes for the children than what we have now.

It seems to me that the major mechanism we have on this issue now is in the area of child support, but we are not effectively taking advantage of it; that one of the unsung, but most important parts of the Family Support Act were the Child Support Enforcement Provisions of that Act.

What bothers me and some other panelists—I know, Dick Nathan—is that some of the States that are talking about behavioral change now in untested areas—and here, I agree with Charles Murray—that are not likely to have a large effect are States that are not fully or effectively implementing either the JOBS provisions, because they are not drawing down all the money, or the child support provisions.

California, for example, has been rated as having the third most ineffective child support enforcement system. I would like to see more concentration.

Senator MOYNIHAN. Because you make money out of child support. The State makes money.

Senator BRADLEY. New Jersey has increased their collections 50 percent.

Senator MOYNIHAN. Yes.

Mr. GREENSTEIN. And it seems to me that there are some very interesting proposals—Mr. Chairman, I know you are familiar with them—that we ought to look at as next steps to get even tougher than the Family Support Act does in paternity establishment and child support enforcement.

Senator MOYNIHAN. May I just say to you, as we are writing that bill, that the City of New York did not even request the Social Security number of the male parent on the grounds that it would be an infringement of privacy. That is what we are reeling back from, that sort of mind set.

Mr. GREENSTEIN. If we could link what Ezra Garfield, David Elwood, and others have talked about, that tougher child support enforcement and paternity establishment with child support insurance and with requirements on those absent fathers who cannot pay the award, it seems to me that is a more promising kind of approach, along with something you have been interested for years in and Senator Bradley has proposed, which is the concept of beginning to move from welfare to not only more child support collections, but refundable children's credits that do not go down as earnings rise and that do not discriminate against two-parent families.

There is a very interesting piece of research done by Rebecca Black and Rhea Hanratty, recently published by the National Bureau of Economic Research that finds that in 1979, poverty rates among female-headed families were similar in Canada and the United States.

By 1986, the rate was 15 percentage points higher here. When they controlled for factors, they estimated that 90 percent of the

difference was due to the fact that benefits were cut here during the period, while they were increased in Canada.

And when they looked at what was the principal benefit change, it was the establishment in 1979 in Canada of a refundable children's tax credit.

They also looked, lastly, at whether the higher benefits in Canada resulted in lower work effort among the single parents, and found that they did not.

So, it seems to me that in refundable children's credits and child support enforcement and insurance, and moving from AFDC towards them, we have a potential for a positive direction.

Senator MOYNIHAN. Mr. Johnson, you have not said something. Mr. Mead, do you want to say something? Then I am going to ask Mr. Murray to wrap up for us.

Thank you. Senator Bradley, you could not be kinder to be here the whole day.

Mr. JOHNSON. I am not going to address everything that Charles Murray said this morning. But orphanages have a terrible record of child development. With recent findings in the child welfare field and the promising works being done on the family preservation—working with families to help their kids—I think he is swimming upstream.

Senator MOYNIHAN. You are talking mass. You can do a lot when you have a handful of people, but when you have a city-full, the situation changes.

Mr. JOHNSON. That is correct, Mr. Chairman, but you are talking mass when you talk about orphanages, too.

Senator MOYNIHAN. Yes.

Mr. JOHNSON. We are talking about big-time storage of children in institutions.

Senator MOYNIHAN. Oh, yes. Oh, yes.

Mr. JOHNSON. So, I would suggest that there is an inequity on this.

I would like to see a situation where the JOBS program could be given more support. I would like to see a situation where the economy will create jobs again. I would like to see a situation, where bureaucracies that Dick Nathan talks about are concerned in which we start to use more outcome measures for performance and reimbursement and less process measures.

I think child support enforcement needs to be much tougher. We have started on that. In the last 6 years, child support collections have been doubled.

The number of families removed from AFDC for child support has gone up 600 percent. It is a small base, but it is promising. There is a lot more to be done. That is an important tool for us to work with.

And, finally, I would look at this whole question that Bob Greenstein raised about refundable credits and other means of help to families that are conditions to welfare. The National Commission on Children, on which I serve, has as you know, recommended a major program there.

You said earlier that we are the only Nation without a children's allowance. I would look at that a little bit differently. I would say we have one. It is hidden in the tax system; it is upside down; it

does not help the poor; it helps the working class a little bit, and it helps the rich the most. We ought to look at that system and see if there is not a better, more equitable way to provide support.

Senator MOYNIHAN. A fair point. And this is the committee that does that. Professor Mead.

Mr. MEAD. Bob Greenstein says that we have not shown that welfare can affect behavior very much. I think it is true that the welfare benefit levels do not affect behavior very much, but I think it is wrong to present the recent benefit cuts as aiming in that direction.

They are driven by budgetary concerns. I do not think that there is any ambition that they are going to affect behavior at all. I do not see any reason to expect that they would.

What does affect behavior are policies within welfare that are explicitly directed, where the clients are told what to do because it is right; because it agrees with their values; because society supports it.

In the case of the Family Support Act, that kind of policy does generate a change in behavior that is rather substantial. I do not mean the economic impacts are large, but they are not the politically significant thing. The effect on behavior is much larger than the economic impact, as in the case of welfare work programs in the 1980's, which raised work effort sharply.

Greater work effort is much more significant politically than the economic impacts. I think there is a real potential for changing welfare towards a system where people routinely are engaged in these work programs or employment or training of some kind.

And that would transform the politics of welfare in a positive direction. We are not there yet; there is a long implementation process. But the potential for changing lifestyle is very much greater than the potential for changing the economics of welfare.

Senator MOYNIHAN. And changing the public perception, you and Doug Besharov. I am going to let Dick Nathan speak for one minute, and then until 1:00 o'clock, Mr. Murray.

Mr. NATHAN. This was a good hearing; I learned a couple of important things. The main point—I am going to write up my notes on this—is this issue of how do you change behavior. You do not do it with laws. I think you have to do it with bureaucracies and the behavior of agencies.

Senator MOYNIHAN. Bureaucracy is a law, sir. William Grant Sumner said, "State ways cannot change folk ways."

Mr. NATHAN. But nothing happens when you—

Senator MOYNIHAN. You cannot have it both ways.

Mr. NATHAN. Yes.

Senator MOYNIHAN. All right. You are going to write up those notes.

Mr. NATHAN. Yes.

Mr. MURRAY. The major reforms in this area are only going to come when there is a new way of looking at the problem. And some of the ways we have been talking the last few minutes indicate the struggle you have to come to to decide what slant you want to take on this.

I will be happy, actually, given how impractical my views are, if there are few, very small changes. I want people to stop saying of

young teenaged girls that have babies that they are doing this, it is understandable, because they want someone to love them.

That is fine with me that they want somebody to love them, but I think we have to take a stance as a society as to what responsible behavior is. If we can get people to start saying that this is wrong, we will have made a major step in the right direction.

Senator MOYNIHAN. You have no difficulties with this person here. There has been a pattern over the last 25 years—in this city, 30—of avoidance of these issues and the development of thoroughly unsubstantiated propositions.

Pregnancy occurs because it gives you a child, it gives you status, and you have somebody who loves you, and so forth. Or, there are no jobs, or they have no income. No. That has gotten us nowhere.

What it has gotten us very near to is a movement that could turn ugly in ways that you have never, in any, any way, dreamed of.

We will be back to you all. We have only begun and things are not yet getting better, and will not for a long time. Thank you very much. I thank our able staff; I thank Senator Offner, and I thank you all.

[Whereupon, the hearing was concluded at 1:00 p.m.]

APPENDIX

ADDITIONAL MATERIAL SUBMITTED

PREPARED STATEMENT OF DOUGLAS J. BESHAROV

Senator Moynihan and members of the subcommittee, thank you for inviting me to testify before you this morning. I will be testifying about what has been called the "new paternalism," the growing movement by States to condition the receipt of welfare (or other benefits) upon designated changes in behavior.

STATE PROGRAMS AND PROPOSALS

Across the country, governors and State legislators are pushing to use welfare benefits to encourage recipients to stay in school or to get a job, to send their children to school, to take their children for preventive health care, to have fewer children, and even to get or stay married. That the proponents of this new paternalism are both Democrats and Republicans, liberals and conservatives, attests to its substantive and political appeal. But there's a real danger that the States may go too far, too fast.

The new paternalism is a natural extension of the change in attitudes that underlaid the 1988 welfare reform act, which sought to get welfare recipients to work by tying benefits to employment or educational requirements while providing transitional health benefits and child care to those returning to work. In effect, the act codified a growing public and professional consensus that anti-poverty programs should address the "behavioral" problems of the poor as well as giving them financial support.

Moreover, a growing body of research supports mandating certain behavior as a condition of welfare. In U.S. Department of Health and Human Services' Teenage Parent Demonstration, for example, the threat of reducing welfare payments resulted in substantially higher rates of participation in work and job training activities.

But the current round of changes goes much further: The Wisconsin Learnfare program, started in 1988, reduces welfare payments to teen mothers or to families with teen dependents who fail to meet school attendance requirements. And Ohio's Learning, Earning, and Parenting Program (LEAP), started in 1989, gives teenage parents on AFDC who have dropped out of high school an initial bonus of \$62 when they re-enroll and another \$62 for each month in which they have less than five absences (no more than two of which can be unexcused).

Wisconsin has now proposed a Parental and Family Responsibility Initiative. Its "Bridfare" or "Wedfare" provisions seek to encourage young couples to marry and work by allowing married welfare recipients to retain more of their earnings than single ones. As a work incentive, married couples receiving AFDC would be allowed to retain the first \$200 and one-half of all additional earnings per month for 4 to 12 months, unlike normal AFDC regulations which allow recipients to keep only \$30 and one-sixth or one-third of all additional earnings.

Other parts of the Wisconsin proposal would reduce the size of the AFDC grant received when a second baby is born and would eliminate any grant increases for additional children. The State also proposes to require mothers who are minors to live at home, to promote participation in sex education and parenting classes, and to mandate that both parents in a couple participate in the JOBS program.

Last November, Maryland Governor Schaefer proposed an across-the-board 30 percent reduction of State welfare payments that would not be restored unless parents can prove that they keep their children in school, obtain preventive health care for them, and pay their rent.

Two weeks later, Governor Pete Wilson of California proposed that AFDC payments no longer be increased with the birth of additional children and that grants to teenage mothers only be given if teenagers are living with their parent or legal guardian, with the grant going directly to the older generation. He would also create "Cal Learn," in which teenage parents who are eligible for AFDC would receive a monthly increase of \$50 in their AFDC payment if they attend high school and, conversely, a \$50 reduction if they drop out.

Wilson's proposals also include significant reductions in basic welfare funding: Grant levels would be reduced 10 percent for all recipients, with an additional 15 percent reduction after six months for any family headed by an able-bodied adult. Full grants would still be given to the disabled and elderly, even after six months.

Most recently, Governor James Florio of New Jersey signed legislation (on January 21, 1992) which eliminates increases in AFDC grants for the birth of additional children. Formerly, New Jersey granted a \$64 monthly increase in welfare payments for each child born after parents enroll on AFDC. In addition, the new legislation requires that welfare recipients participate in education and job training programs. It also contains a Welfare-type proposal that allows women to retain some welfare payments after marriage. Women with children who work will also benefit from the new policy, which allows mothers to keep wages equal to half of monthly grants without losing their welfare benefits.

Similarly oriented proposals are pending in many other States. According to the Washington Post, 13 States have already cut their general assistance programs for adults. Rumor has it that Mario Cuomo may also have his own get-tough proposal. Last year, as a deficit cutting device, he supported State legislation that denied welfare benefits to able-bodied men.

What's going on? Welfare has never been a very popular program and media images of festering inner-city conditions, by reinforcing racial stereotypes, only further undermine public support. It does seem, however, that these "New Paternalism" proposals are part of a broader trend toward social engineering. Take for example, the growing trend of conditioning receipt of a driver's license on high school attendance. In 1988, West Virginia became the first State to adopt such a requirement, when it enacted legislation denying students ages 16-18 their licenses if they have ten consecutive unexcused absences from school or 15 total unexcused absences during one semester.

Texas and Virginia have similar programs in which they require students to present proof of school attendance when they first apply for a driver's license. Arkansas, Florida, Kentucky, Louisiana, Mississippi, and Tennessee have this same requirement, but also reserve the right to revoke a license if school attendance does not continue. Wisconsin revokes driver's licenses as one of many sanctions for dropping out of high school, which is required through age 18.

So far, by the way, these requirements seem to have had a minimal impact in West Virginia, the only State for which we found data. In that State, the dropout rate (dropouts as a percentage of total enrollment in grades 9-12) remained the same in 1988 and increased in 1989. This can be explained in part by the fact that 78 percent of the dropouts either had no license or were over 18, and were therefore unaffected by the law. Of the 1,486 dropouts who were actually sanctioned from 1988-1990, 424 had their licenses reinstated by returning to school.

Nevertheless, heightened interest in paternalistic requirements seems to be driven by more immediate concerns: rapidly growing welfare rolls combined with increasing pressures to cut State deficits. In the three years since the passage of the welfare reform law of 1988, rolls have risen about 20 percent. Moreover, although the recession has pushed many poor families onto welfare, the underlying upward trend began before this economic downturn and gives every indication of continuing afterward. Growing anxiety about the dependent and self-destructive behavior of the poor—whether it is dropping out of school, teen pregnancy, nonwork, and now drug addiction—gives liberals as well as conservatives a pawing feeling that more decisive attempts to reshape the behavior of welfare recipients are needed.

PRINCIPLES

It makes sense to condition welfare payments on appropriate behavior. Rising rates of dependent and self-destructive behavior among welfare recipients—be it dropping out of school, teen pregnancy, nonwork, or drug addiction—give attempts to improve their behavior new urgency. Unfortunately, many of the proposals now being made could end up hurting the poor, not helping them, and might taint more reasonable efforts to alter dysfunctional behaviors. So, before the process goes much further, it might be helpful to establish some principles:

First, the new paternalism should not be an excuse for balancing State budgets on the backs of the poor. Welfare has never been a popular program and media images of festering inner-city conditions, by reinforcing racial stereotypes, only undermine public support further. But a more immediate impetus for tougher policies comes from rapidly growing welfare rolls combined with increasing pressures to cut State deficits. Too many of the new proposals highlight how much money they are expected to save, suggesting that their true purpose may not be to reform the behavior of the poor.

This point is most obvious when it comes to outright benefit cuts, which are sometimes defended as a means of getting recipients back to work. Past research suggests that cutting benefits by one dollar could increase work effort among recipients by 37 cents. Thus, California's proposed 25 percent cut in benefits might lead the average welfare recipient to work about 14 days more a year. Unless one believes that benefit levels are too high, the pain such a cut would cause to recipients who cannot work seems hardly worth this small gain.

Second, the behavioral change should be within the reach of the recipient. It is one thing to reduce the welfare benefits of teenage parents who refuse to attend school themselves, as Wisconsin and Ohio do. After all, if child care is provided, teen parents can avoid being penalized by simply going to school. But is it fair to penalize adult parents for their teenager's refusal to attend school, as has also been proposed? Any parent who has tried to get a teenager to clean up his or her room knows how difficult it is to get adolescents to do anything they don't want to do.

Third, behavioral expectations should be well-rooted in public support. When Norplant, the implantable, long-working contraceptive was first approved for use earlier this year, some State legislators rushed to propose that welfare recipients be required (or paid) to use it. Such proposals engendered great opposition because they raised deep fears about placing limits on reproductive freedom of poor women.

On the other hand, proposals, like Maryland's, to have parents obtain preventive health care for their children or suffer a 30 percent reduction in welfare seem unambiguously beneficial to poor children and, if reasonably implemented, would likely enjoy wide support. If reasonably implemented, it would likely enjoy wide support. Immunizations, for example, protect the children who get them as well as their playmates.

Fourth, policymakers should beware of unintended consequences. The history of social engineering is strewn with examples of perverse and unexpected consequences for even the most benign-seeming programs. The negative income experiments of the 1970's, for example, resulted in significantly higher rates of nonwork. What if the denial of increased welfare to young mothers who have additional children, as proposed in California and Wisconsin, leads to more abortions? Many of the people most eager to discourage welfare mothers from having more children are also the ones most likely to be horrified by higher abortion rates.

Fifth, determining compliance should be easy and fair. Subjective, case-by-case determinations would be a nightmare to administer and would likely result in recurring news stories about bad decision-making. Thus, Maryland officials have abandoned their effort to condition welfare on the payment of rent, deciding that they could not adequately police payments.

One of the major criticisms leveled against the Wisconsin Learnfare and Ohio CAP programs when they were first proposed was that they would be a monstrosity to administer. It is too early to know what is the cost-benefit ratio of the programs—administrative costs can be high—but preliminary evaluations, at least, show that it is possible for States to monitor school attendance and modify welfare payments accordingly.

For example, a preliminary evaluation of the CAP program reports that, of five sample counties, four reported requesting sanctions for at least one-fifth of identified teens. The sanctions were primarily for failure to enroll in school or start the program. The total number of requests for decreases in AFDC was about equal to the number of requests for AFDC bonuses for good attendance.

Similarly, a preliminary review of the effectiveness of Learnfare was conducted in Milwaukee county by the Employment and Training Institute of the University of Wisconsin. Of the 6,621 teenagers whose families were sanctioned, 28 percent later returned to school. (The rate for teenage parents was only 20 percent.) In Milwaukee county alone, the total sanctions (22,379 in all, because each month is counted as a separate sanction) imposed between September 1988 and December 1989 resulted in an estimated reduction in AFDC payments of \$3,356,850, which includes a Federal savings of \$1,990,950.

Sixth, rewarding positive behavior can be more useful than imposing penalties. Benefits send the same signal as penalties, with fewer drawbacks. Tangible rewards for doing the right thing can uplift and encourage; penalties threaten to discourage

recipients who may already feel psychologically beaten down. As the proverb teaches, you can catch more flies with honey than with vinegar. (Wisconsin's and New Jersey's proposed Bridefare Programs may be examples of how this can be accomplished while minimizing the dangers of perverse incentives.)

In the long run, benefit-oriented programs will probably be more acceptable to the general public because they do not run the risk of hurting those recipients who cannot alter their behavior. They would probably also be easier to administer: Imposing penalties invites lawsuits, because the burden is on the State to prove non-compliance. But when a benefit is promised for certain behavior, the burden is on the recipient to prove compliance.

Seventh, benefits (or penalties) should encourage the internalization of long-term changes in behavior. Large penalties raise the stakes so much that bureaucrats and the public recoil from imposing them. Just as behavior is continuing, so should the benefit or penalty be additive. As Aristotle said, "virtue is habit." Thus, all the major proposals aimed at improving school attendance raise or lower welfare payments on a monthly basis in response to the recipient's recent attendance record.

Finally, humility and caution should infuse the new paternalism. The problems faced by the poor make action necessary, but too many questions remain unanswered to rush headlong into radically new programs. Tentative as it may seem, States should adopt a step-by-step approach, securing sound successes—and avoiding over-promising and overreaching. After all, we are tinkering with the lives of the most deprived and the least powerful among us.

**The New Paternalism
Programs and Proposals**

BEHAVIOR	PROGRAM/PROPOSAL	RULE	PENALTY	BENEFIT
Employment	California Welfare Reform Proposal	able-bodied adults who remain on AFDC for 6 months without getting a job would receive lower welfare payments	15% reduction in AFDC grant level after six months for any family headed by an able-bodied adult	
	New Jersey Welfare Reform	AFDC mothers (and families) who work will be allowed to keep more of their earnings without losing benefits		earned income disregard will increase to an amount up to 25% of monthly AFDC grant
	Teenage Parent Demonstration (Illinois and New Jersey)	unemployed teenage women with one child and pregnant women on AFDC must participate in education and employment services	AFDC benefits are reduced upon failure to participate in education classes and job training	
School Attendance	California Welfare Reform Proposal - "Cal Learn".	teenage parents must attend school regularly	\$50 reduction in welfare grant if students drop out of high school	\$50 increase in grant for each month in which students attend high school
	Driver's License Regulations in AR, FL, KY, LA, MS, TN, TX, VA and WV	students age 16-18 must remain in school to keep their driver's licenses	loss of driver's license if school attendance requirements are not met (conditions vary by state)	
	LEAP (Ohio)	teenage parents and pregnant teenagers on AFDC must stay in school	\$62 decrease in welfare grant for each month in which student has >4 absences	\$62 for each month with ≤4 absences and an initial bonus of \$62 for school enrollment

BEHAVIOR	PROGRAM/PROPOSAL	RULE	PENALTY	BENEFIT
	Learnfare (Wisconsin)	all 13-19 year olds who are covered by an AFDC grant must stay in school	AFDC benefits are reduced (for family or student) until attendance requirements are met	
	Maryland Welfare Reform Proposal	children in AFDC families must stay in school	AFDC payments would be reduced without certification of school attendance	
Teenage Living Arrangements	California Welfare Reform Proposal	teenage mothers must live with a parent or legal guardian	teenage mothers would have to live with a parent or legal guardian to receive AFDC payments	
Preventive Health Care	Maryland's Medicaid Program	parents must have a family doctor to receive medical treatment - encourages preventive health care	Medicaid recipients cannot be hospitalized or see a specialist without the permission of a primary care doctor	
	Maryland Welfare Reform Proposal	parents must obtain preventive health care for their children	proof of health care visits would have to be provided to avoid reductions in welfare grants	
	Women, Infants and Children (WIC) food voucher program demonstration (Chicago and New York)	mothers on WIC are rewarded for getting immunization shots for their children		proof of childrens' immunization allows mothers to receive 3 months worth of vouchers at one time
Fertility	California Welfare Reform Proposal	eliminate welfare grants for additional children	AFDC grants for additional children would be eliminated	

BEHAVIOR	PROGRAM/PROPOSAL	RULE	PENALTY	BENEFIT
	New Jersey Welfare Reform	eliminate welfare grants for additional children	AFDC grant for additional children will be eliminated	
	Parental and Family Responsibility Initiative Proposal (Wisconsin)	reduce the size of welfare grants for additional children	AFDC grants for second children would be reduced and grants for additional children would be eliminated	
	Planned Parenthood "Dollar A Day" Program in Denver, CO	encourages teenagers at high risk of becoming pregnant to use contraception or practice abstinence		\$7 for each week in which girls are not pregnant
Marriage	New Jersey Welfare Reform	tries to promote marriage among welfare recipients		increases total AFDC benefits available to married couples
	Parental and Family Responsibility Initiative Proposal - "Wedfare" (Wisconsin)	tries to promote the marriage of young couples		would allow married young couples to retain \$200+ of their independent income while on welfare

PREPARED STATEMENT OF WAYNE R. BRYANT

Mr. Chairman, Senator Bradley, members of the committee. I would like to begin my remarks by thanking you for the unique opportunity to discuss the new welfare laws I sponsor in New Jersey.

At the onset, I would also like to commend you, Mister Chairman, for your efforts in the war against poverty. Your law, the Family Support Act of 1988, and the reform laws I drafted for New Jersey are bold attempts to empower the poor with the skills and education they desperately need to become self-sufficient.

For decades, well-meaning policy-makers at every level of government have crafted and implemented a host of programs designed to help the poor.

As governmental programs go, welfare is the one most associated with dealing with the problems of poverty. However, the traditional welfare system itself can also be blamed for sustaining the existence of an underclass society. It is also the only governmental program that aggravates poverty conditions by having rules which destroy family unity.

Anyone who believes that the welfare system offers genuine hope for the poor to escape from the clutches of poverty should simply ask the opinion of any recipient they encounter. In case after case, they will hear stories of despair. In face after face, they will see the look of hopelessness and powerlessness.

The individuals they talk to will, more than likely, have limited reading and writing skills and lack marketable job skills. Welfare statistics show that more than 50 percent of AFDC recipients in New Jersey never complete high school.

And more than likely, the individuals they talk to will have already tried to find or keep a good-paying job, only to become demoralized by limitations to their own educational and vocational faculties.

The welfare system does nothing to abolish those limitations. It provides neither the means nor the incentive for recipients to attain educational goals or obtain marketable job skills. It is not a system of transition. It is a system of entrapment that condones complacency and passiveness and robs individuals of dignity and self-respect.

In crafting changes to New Jersey's system, I was guided by my experiences with recipients who felt enslaved by welfare. However, my primary inspiration came from those recipients who struggled furiously for a way out.

I found them in places like the Work Group in Pennsauken, New Jersey. There, welfare mothers work toward their high school equivalency diploma, learn computer skills and make themselves marketable for good-paying, full-time jobs in the private sector.

My reform laws embrace this spirit of self-sufficiency. They seek to build government welfare policy around creating opportunities for personal and financial independence.

The other major focus of my program is to reunite the fragmented welfare family.

Simply put, government programs alone won't solve social problems like poverty, no matter how innovative or costly they may be. There must be a corresponding effort by citizens to make programs work. And no effort is stronger or more meaningful than a family effort.

We will begin fortifying the family by eliminating financial disincentives to family unity built in the current welfare laws.

The eligibility rules in our welfare system have helped to create a sub-society of "invisible men" --- men who fear that if they make their presence known, they would put the welfare mother at risk of losing benefits to her and her children.

The system has also penalized family unity by reducing welfare grants by 30 percent when both natural parents are married and in the home.

Two of my laws will instead create financial incentives for fathers and father figures to stay with the family.

Under New Jersey's new program, as contained in P.L. 1991 C. 527 (Assembly bill A-4704), the Commissioner of Human Services is directed to allow full benefits in the Aid to Families with Dependent Children (AFDC) program to those families in which both parents are married and reside in the same home, without placing restrictions on the employment of either parent, whose income does not exceed the State's AFDC eligibility standard. Under current law, these families experience a reduction in their AFDC benefits.

The second measure is commonly referred to as the "step-parent law." Assembly Bill No. 4702 (C.525) directs the Commissioner of Human Services to revise the schedule of benefits for households participating in the (AFDC) program as follows: (a) an eligible parent who is married to a person who is not the parent of one or more of the eligible parent's children will not be eligible for benefits if the household income exceeds the State eligibility standard for benefits;

(b) the eligible parent's natural children will be eligible for benefits according to a sliding income scale which excludes the income of the eligible parent's spouse if the total annual household income does not exceed 150 percent of the official poverty level; and (c) the eligible parent's spouse and the spouse's natural child who is not the eligible parent's natural child, who is living with the family shall not be eligible for AFDC benefits.

The cornerstone of my package is the Family Development Initiative Act.

In addition to establishing educational and vocational achievement as a condition for welfare benefits, this provision directs the state to craft and monitor an assistance program tailored to an individual family's needs. So if, for example, a welfare mother needs child care services while she works toward her high school equivalency diploma, the state will provide them.

If a child in the family needs tutoring, the state will provide it. And if a member of the family requires substance abuse counseling or treatment that, too, will become part of the individualized family plan.

This program will replace the REACH-JOBS Program in New Jersey program established pursuant to P.L.1987, c.282 (C.44:10-9 et seq.). REACH has not and cannot, as it is currently operating, provide the variety or intensity of

services to address the many and deep-rooted needs of the populations of these counties and municipalities. My new initiative will offer intensified and coordinated services that go beyond the parameters of the REACH program and address the educational, vocational and other needs of the public assistance recipient's family, rather than the recipient alone, including financial and other assistance to enhance access to higher educational opportunities for these persons through both four-year and community colleges, as well as post-secondary vocational training programs.

The Family Development Initiative is established in the Division of Economic Assistance of the Department of Human Services as the JOBS program for New Jersey in accordance with the requirements of the federal job opportunities and basic skills training program established pursuant to the federal "Family Support Act of 1988."

The objective of the Family Development Initiative is to enable AFDC recipients to secure permanent full-time unsubsidized jobs, preferably in the private sector, with wages and benefits that are adequate to support their families, and to ensure that these individuals and their family members obtain the necessary educational skills and vocational training, including higher education through both four-year and community colleges, as appropriate, to secure these kinds of jobs, in addition to other health-related, social, educational and vocational services that may be necessary to assist the family.

The program will be established in the three counties which have the largest numbers of recipients, during the first year of the operation of the program. During the two succeeding years, it shall be phased in the remaining counties Statewide. As the program is implemented in each county, the fiscal and personnel resources of State, county and municipal government agencies which are being utilized by the REACH program will be transferred to the program, and the REACH program shall be terminated in that county.

During the first year of the operation of the program, a demonstration project will also be established in order to provide the same services to recipients of general public assistance in the State capitol city of Trenton.

The law stipulates that a recipient whose youngest child is two years of age or older shall participate in education, vocational assessment and training, or employment activities, or a combination thereof, under the program.

A recipient whose youngest child is less than two years of age shall participate in counseling and vocational assessment activities and the development of a family plan and may voluntarily participate in education, vocational training or employment activities, or a combination thereof, under the program.

Under the law, the Human Services Commissioner may exempt a recipient or member of the recipient's family from participating in the program for reasons of physical or mental impairment, age, illness or injury, caretaker responsibilities, employment or unsuitability, as determined by the commissioner, for the services provided by the program.

A recipient who without good cause fails or refuses to enroll and actively participate in the program, which includes failure to attend or make a good faith effort to achieve satisfactory academic progress in educational or vocational

training classes under the program, including classes in four-year and community colleges, would then be subject to a reduction in benefits of at least 20%, or shall become ineligible for benefits for a period of at least 90 days. The period of ineligibility shall commence at the end of the current benefit period, and at the end of the period the recipient shall again become eligible for benefits, if the recipient complies with all requirements of the program as determined by the commissioner or shows a willingness to do so. For a subsequent failure or refusal to enroll and actively participate in the program without good cause, the recipient may be subject to a termination of benefits.

Services shall be provided to each participant in the program according to a family plan which includes a written contract. The contract will be written in English or Spanish, according to the participant's needs.

The contract will be signed by the participant and a program representative who shall act as a case manager, advocate and broker of services for the participant and the participant's family, and shall set forth the specific mutual obligations of the participant and the program and a detailed plan for the participant and the participant's family.

The family plan and contract, which shall explicitly state the services that the program will provide to the participant, will be flexible. It will be reviewed by both the participant and the program representative at least once a year and may be revised from time to time according to the needs of the participant, the participant's family and the program.

The services to be provided under the program shall include, but not be limited to: job development and placement in full-time permanent jobs, preferably in the private sector; counseling and vocational assessment; intensive remedial education, including instruction in English-as-a-second language; financial and other assistance for higher education, including four-year and community colleges, and for post-secondary vocational training programs; job search assistance; community work experience; employment skills training focused on a specific job; and on-the-job training in an employment setting.

The program shall be designed to ensure that each participant and member of the participant's family, as age appropriate, has attained the equivalent of a high school degree, before assigning that person to a vocational-related activity under the program.

A recipient or member of the participant's family may be exempted from this requirement if the commissioner determines that: based upon an assessment of the person's ability and aptitude, the person lacks a reasonable prospect of being able to successfully complete the academic requirements of a high school or equivalency program of study, in which case the commissioner shall refer the person to an alternative educational program as appropriate; or the person is gainfully employed or engaged in a job search or job training activity, in which case the program representative shall review the person's progress on a quarterly basis to assess whether the person's exemption from this requirement should continue.

The program shall assign one or more persons in each county which is participating in the program to be responsible, on a full-time basis, for job development for persons who have completed their educational or training activities under the

program, with an emphasis on finding and creating permanent full-time unsubsidized jobs, preferably in the private sector, which offer wages and benefits that are adequate to support recipients and their families.

The Human Services Commissioner, in consultation with the Commissioners of Commerce and Economic Development and Labor, and with private industry councils are directed by this law to develop a program to recruit private sector employers in each county to offer employment to persons who have completed their educational or training activities under the program.

The commissioner, in consultation with the Chancellor of Higher Education and the Commissioner of Education, shall within the limits of available funds, provide financial assistance through the New Jersey Educational Opportunity Fund and other State student assistance programs, in an amount sufficient to cover all tuition and educational expenses, to each program participant or other family member who has been accepted into an institution of higher education or a post-secondary vocational training program.

The program will also provide supportive services to a program participant as a last resort when no other source is available and when these services are included in the family plan. The supportive services will include, but not be limited to, one or more of the following:

*Day care services for the participant's child, to be provided for up to one year if the participant becomes ineligible for financial assistance under P.L.1959, c.86 (C.44:10-1 et seq.) as a result of earned income and to be purchased through a voucher issued to the participant by the program, which may be used to obtain care at a State licensed child care center or school age child care program, or at a family day care home approved by the department, that accepts the voucher¹, or to be provided through an alternative child care arrangement agreed to by the participant and the program representative.

*Transportation services, to be provided directly by the program or through an allowance or other means of subsidy by which the participant may purchase transportation.

*Health insurance coverage, to be provided by a participant's employer, or through a continuation of Medicaid benefits pursuant to P.L.1968, c.413 (C.30:4D-1 et seq.) for up to two years if the participant becomes ineligible for financial assistance under P.L.1959, c.86 (C.44:10-1 et seq.) as a result of earned income; or health care services to be provided by a school-based health care program.

In each county, the representative designated by the Human Services Commissioner will be responsible for the development of a family plan for a participant in the program. He shall conduct an assessment of the health-related, social, educational and vocational needs of the participant's family unit in preparing the family plan for the participant.

If the designated representative determines that the participant faces multiple barriers to employment, is not eligible for the services of the Division of Vocational Rehabilitation, or needs or would benefit from special individualized services in order to be able to maintain steady employment after participation in the program, or that any of the other family members require or would benefit from educational services or vocational training, then the designated

representative shall include in the family plan a requirement that the participant, or the other family members, as appropriate, receive special services in addition to the other services provided to the participant pursuant to this act.

The designated representative shall then arrange for the provision of these services. These special services may include: individual counseling; family counseling; parental skill training and development; providing information about child care options; individualized job training services; substance abuse counseling and treatment; individualized remedial educational or tutorial services for the participant or other family members based upon the assessment of the family's educational needs.

The new law requires the Human Services Commissioner to establish a program office in each of the three counties with the largest number of recipients, to be designated as a family resource center. The center shall provide all program enrollment and case management services, including counseling and health-related, social, educational and vocational needs assessment services, to program participants and their families in a single setting within the county, in order to facilitate their access to these services.

The Family Development Initiative also calls for the establishment of a planning council in each county to determine the most effective way to organize and administer the program in that county. The planning council shall include between 13 and 15 members and include, at a minimum, the director of the program in each county; the director of the county welfare agency; a member of the board of freeholders; a representative of the county human services advisory council; a representative of the local private industry council, a representative of a child care agency in the county; a representative of the local community college; a representative of the county vocational school; a representative of private business or industry in that county; two AFDC recipients of aid to families with dependent children residing in that county; a representative of the commissioner; and a representative each of the Division of Youth and Family Services and the Division of Medical Assistance and Health Services.

The council will develop a program implementation plan for the county to ensure that training and education services provided reflect local needs and resources and that supportive services provided to program participants utilize existing local arrangements wherever possible.

The plan will also designate a county agency to coordinate services provided by the program.

Counties will be reimbursed by the state for 100% of the reasonable costs associated with administration of the program and program services which are not reimbursed by the federal government.

The protection afforded AFDC recipients is a major disincentive to public assistance recipients who are considering employment. While the federal government has recognized the relationship between medical coverage and successful employment initiatives through its policy of allowing limited extensions of Medicaid to former AFDC recipients who lose eligibility for both programs as a result of employment, only 12% of those entering employment receive Medicaid extensions for more than four months because of the strict income eligibility requirements.

A person who becomes ineligible for financial assistance under the AFDC program, due to earnings from, or increased hours of, employment, or receipt of benefits under the "unemployment compensation law," is eligible to continue receiving Medicaid benefits pursuant 24 consecutive months, commencing with the month in which eligibility for AFDC ceases.

The new law finally directs the Human Services commissioner, in consultation with the Commissioners of Health, Labor, Education, Commerce and Economic Development, and Transportation and the Chancellor of Higher Education, to report to the Governor and the Legislature no later than three years after the law's effective date and annually thereafter, on the effectiveness of the program in meeting its objectives.

In order for New Jersey's new welfare program to really work, the people who stand to benefit the most by it must have access to its services. The best way to gain access is by having information.

One of the reform laws (C. 524/A-4701, puts that information in people's hands. This legislation establishes a toll-free hotline through which anyone with a question about the myriad of social service programs and their eligibility can get answers.

The measure directs the Commissioner of Human Services, in consultation with the Commissioners of Community Affairs, Health and Labor, to establish and maintain a 24-hour comprehensive social services toll-free telephone hotline. The hotline service shall use a computerized Statewide social services data bank to be developed by the Department of Human Services.

The service will receive and respond to calls from persons seeking information and referrals concerning agencies and programs which provide various social services, including but not limited to:

child care, child abuse emergency response, job skills training, services for victims of domestic violence, alcohol and drug abuse, home health care, senior citizen programs, rental assistance, services for persons with developmental disabilities, mental health programs, emergency shelter assistance, family planning, legal services, assistance for runaways and services for the deaf and hearing impaired, as well as information about public assistance, Medicaid, Pharmaceutical Assistance to the Aged and Disabled, Lifeline, Hearing Aid Assistance for the Aged and Disabled, food stamps and home energy assistance.

The new hotline will serve to consolidate and expand the information and referral resources currently available through a number of other State hotlines.

Another component of my package, disallowing increased AFDC benefits to adult recipients who have additional children, is also about responsibility. It suggests that individuals on welfare can make responsible decisions.

Life is about decisions, and decisions often revolve around the family.

A middle-class wage earner does not go to his boss to say, "I'm having another child, so I'm entitled to a raise."

The wage earner works extra hours, gets a part-time job or adjusts the family budget to compensate for the new arrival. There is nothing wrong with instilling this responsible, work

ethic value in poor people as they become better educated, better skilled and self-sufficient.

Mister Chairman, I know that this component of my plan has generated a spirited debate. But let me emphasize here that the debate has focused principally on the first part of a two-part law. This law (C. 526/A-4703) also changes welfare rules to allow adult recipients to collect their full benefits while earning an income equal to 50 percent of their grant in order to support the new arrival. The alternative is for government to hand out an additional 64-dollars per month for the additional child. To earn that paltry income, a recipient would have to work a half an hour per day for a month at minimum wage.

The welfare recipients, who will be educated and trained for placement into skilled private sector jobs, can do much better than 64-dollars a month.

The final major component of this package will create a new council to take a close look at the communities and neighborhoods in which many recipients live.

This body, the Council on Community Restoration, will recommend to state government leaders how to target resources to improve, redevelop, and rehabilitate urban neighborhoods. While we must forge greater unity in the family unit, it is equally important to improve the physical environment surrounding the family.

Specifically, this law (C. 528/A-4705) establishes a 21-member body to advise the Governor with respect to the allocation, coordination and prioritization of resources for community restoration projects. The council would include the following the following members: the Commissioners of Education, Human Services, Community Affairs, Commerce, Energy and Economic Development, Labor, Health, and Transportation, the Attorney General; a representative of the Economic Development Authority; a representative from the Health Care Finance Authority; a representative from the Housing and Mortgage Finance Authority; five members from the private sector representing nonprofit organizations and professional service providers, and four members of the general public, to be appointed by the Governor with the advice and consent of the Senate, to serve staggered three-year terms; and a director, to be appointed by and to serve at the pleasure of the Governor.

The council will target certain neighborhoods as demonstration projects for new community development. These demonstration projects will include infrastructure improvement and expansion, facility rehabilitation and renovation, economic development, and neighborhood revitalization.

Mister Chairman, New Jersey's new welfare law is founded upon four fundamental principals: Family, responsibility, education and opportunity.

It represents a holistic approach in dealing with the welfare family and empowers people with real tools -- dignity, self-sufficiency and confidence -- to reverse the vicious cycle of poverty and welfare dependency.

Thank you for the time and opportunity to share my plan for defeating poverty. I hope that it can become part of the dialogue here in Washington where I know all of you are committed to fighting this battle on a national scale.

COMMENTS FOR ASSEMBLYMAN
WAYNE R. BRYANT
A-4700-05 BILL SIGNING
JANUARY 21, 1992

When I came to the Work Group in early 1991, it was on the anniversary of the day an assassin's bullet ended the life of our country's most visionary civil rights leader, Doctor Martin Luther King, Junior. At that time, I found a group of people here who personified Reverend King's dream of equality, opportunity and empowerment.

I chose that day and this setting to convey that Dr. King's legacy was alive and well in the hearts and minds individuals determined not to let poverty defeat them. I also chose this setting because it exemplified my goal of changing a welfare system that entrapped these women and many others in a life of hopelessness and despair.

I am back here again today because Governor Florio and my colleagues in the Legislature have brought us to the threshold of attaining this goal. Today, one day after were celebrated the birth of Reverend King, we are about to celebrate the creation of a new path to self-sufficiency and empowerment.

The path I speak of runs directly through the heart of family.

For most of us, the family serves as a reservoir of inner strength; a foundation for achievement.

But, for those on welfare, the nuclear family is under siege. Our system separates husbands from wives and children from parents. As a result, the fragmented welfare family offers no stability and no refuge from adversity.

It's time to put the family back together again.

The six-bill legislative package being signed today begins this process by shifting the focus of public assistance from the recipient alone to the recipient's entire family.

One bill sharpens this focus by revising rules to the Aid to Families of Dependent Children Program to permit full benefits to families where both the mother and father are present in the home.

The bill, A-4704, does away with employment restrictions on eligibility so that a modest job a parent finds does not result in the end of a benefits lifeline for needy families.

Another bill, A-4703, also addresses family unity and self-sufficiency by allowing parents to earn extra income to support another birth in their family -- without jeopardizing their eligibility for welfare benefits.

The family unit will be challenged and required to attain educational goals and new vocational skills, an initiative contained in the third bill and cornerstone of my package.

This bill, A-4700, replaces the REACH program with the Family Development Program. It will be offered in the three counties with the largest AFDC caseloads, and will bring recipients and their families under an umbrella of self-sufficiency.

Its goals are to ensure that every member of that family either has a high school diploma or a vocational skill.

And, with that education and skill, parents, sons and daughters will be prepped, primed and then placed into good jobs at good wages.

The health, social and educational needs of the family will be evaluated and addressed under my legislation so that self-reliance and dignity, instead of poverty and dependence, are passed on from generation to generation.

This will be carried out through a provision requiring the state to craft and monitor an assistance program tailored to an individual family's status.

As part of this family plan, recipients and their families would be required to meet the terms of a contract for assistance. And if a recipient or family member breeches that contract by failing to attend school, he or she would risk a 20 percent reduction in benefits.

Marriage, family life and self-sufficiency are all moral and sound traditions. They also embody the objectives of my fourth bill.

This bill would allow children receiving welfare benefits to continue receiving them, provided that their family's income does not exceed the eligibility standard, which is 150-percent of the federal poverty level.

Commonly referred to as the step-parent bill, this measure provides incentives for welfare mothers to re-marry, bringing father figures into the home and pulling the family unit back together.

In order for New Jersey's new welfare program to really work, the people who stand to benefit the most by it must have access to its services. The best way to gain access is by having information.

My fifth bill, A-4701, puts that information in people's hands. This legislation establishes a toll-free hotline through which anyone with a question about the myriad of social service programs and their eligibility can get answers.

The sixth and final bill of this package, A-4705, will create a new council that would take a close look at the communities and neighborhood in which many recipients live.

This body, the council on Community Restoration, will advise the governor how to target resources to improve, redevelop, and rehabilitate urban neighborhoods. While we must forge greater unity in the family unit, it is also important for us to improve the physical environment surrounding the family.

Ladies and gentlemen, this program marks a new beginning for thousands of New Jerseyans. It will instill hope for the hopeless and help for the helpless.

It takes a system that feeds the hungry with a fish each day a replaces it with a new system that teaches the hungry how to fish so that they can feed themselves for a lifetime.

As we continue our celebration of Doctor Martin Luther King's birthday, we can say that we are a giant step closer to fulfilling his dream today. Again, thank you Governor Florio for having the vision and the courage to take that step.

A-4700Aca Bryant/Pascrell

"Family Development Act"
Introduced: April 15, 1991

DESCRIPTION:

The measure provides for the establishment of a "Family Development Initiative" (FDI) which seeks to make families self-sufficient and viable, wherein they are able to sustain themselves without public assistance.

The bill provides for the following items:

Section 1. Contains the title of the Act.

Section 2. Declares that the current welfare system (REACH) is not properly training and educating persons to become productive members of society.

Section 3. Defines various terms included in the bill.

Section 4. States the objective of the Act is to identify full-time employment in the private sector, while ensuring family members receive training, education, health services, and other such services as required to help persons become self-sufficient.

The initiative shall be established in the three counties with largest number of welfare recipients during the first two years that the program operates. In the next two years, the initiative shall be phased in the remaining counties of the State. As the FDI is phased in, the REACH program shall be phased out.

Section 5. Mandates that a recipient whose youngest child is two years old or older must participate in education, training, or employment-related activities. A recipient whose child is less than two years of age must participate in counseling, vocational assessment and the development of a family plan. However, for these recipients participation in education, training, or employment activities is voluntary.

The commissioner may exempt persons from the program if they are: elderly, caretakers, handicapped, employed, or unsuitable for services.

Section 6. Provides that a recipient who fails to enroll and or participate in the FDI activities shall be subject to a reduction in benefits of at least 20%, or be deemed ineligible for benefits for a period of at least 90 days. If a recipient continues to refuse to enroll and participate in FDI activities without good cause, the person in question may have their benefits terminated.

Requires the Commissioner of Human Services to work with the Commissioners of Education and the Chancellor of Higher Education to develop rules and regulations concerning the education and vocational training classes.

Section 7. Requires a recipient to work with a designated program representative/case manager to develop a family plan. The plan shall include a written contract, which must be written in English or Spanish, according to the participant's needs, specifying the mutual obligation of the participant and their family members.

The services available in accordance with the plan shall include employment development/placement, remedial education, English as a Second Language, on-the-job-training and skill training.

The Department of Commerce shall develop private sector employment opportunities in each county to place recipients once they have completed training and/or education.

The Department of Human Services and the Department of Higher Education shall develop a scholarship program to assist participants enrolling in post-secondary vocational training.

In accordance with the family plan, supportive services shall be made available to the recipients as required. The services shall include:

- day care-voucher system
- transportation-allowance/subsidy
- health care-Medicaid will be extended up to two years after a recipient is deemed financially ineligible.

The commissioner may exempt a participant or a member of the participants family from the requirement to obtain a high school diploma or equivalency degree, provided that the person: secures employment, is actively seeking gainful employment or is enrolled in job training. The case manager will review the participant's case on a quarterly basis to determine and monitor the progress of the participant in his/her employment, job search or job training.

Provides that the Commissioner of Commerce and Economic development and Labor and the private industry councils will develop a program to recruit private sector employers.

Provides that scholarships for higher education available through EOF and other State student assistance programs shall be available to the participants, within the limits of the program.

Section 8. Requires a program representative/case manager to conduct a needs assessment on the recipient's family members including health, social, education, vocational, etc., in preparation for developing a family plan. If problems are determined which impede a person from maintaining gainful employment, a referral shall be made to secure special services which may include counseling, family therapy, parental skill training/development, job training, education, tutoring, substance abuse counseling, health screening, etc.

Section 9. Mandates the commissioner to establish a training program for staff to accommodate the purposes of the act, effective immediately.

Section 10. Establishes a program office in each of the three counties with the largest number of recipients, where the program will be implemented. These facilities shall be designated as family resource centers. The center will provide enrollment and case management services.

Section 11. Provides for the reorganization/coordination of services between the various State departments, the private sector, non-profit organizations, and other such organizations which may provide services to the participants.

Section 12. Mandates the Commissioner of Human Services to establish a planning council in each county to determine the most effective means by which to implement the FDI. The council shall consist of 13-15 persons.

The bill mandates the inclusion of the following members:

FDI Program Director	Director, County Welfare Agency
Member, Bd of Freeholders	Rep., private sector
Two AFDC Recipients	Rep., Comm. of Human Services
Rep., Private Ind. Council	Rep., child care agency
Rep., local community college	Rep., county vocational school
Rep., county human services advisory council	Rep., DYFS

Section 13. Requires the Department of Human Services to reimburse counties for 100% of the costs associated with the FDI which is not eligible for federal reimbursement.

Section 14. Eliminates the REACH program and mandates the enrollment of persons receiving public assistance in the FDI and utilize its health-related, social, educational and vocational services. It provides for a 20% reduction of a grant for a 90 day period for failure to enroll or participate in the FDI except for good cause. Benefits may be terminated if the person continues to fail to enroll or participate in the FDI without good cause.

Section 15. Repeals the REACH program.

Section 16. Repeals the REACH program.

Section 17. Expands Medicaid coverage for two years for persons enrolling on AFDC after receiving unemployment compensation or disability benefits.

Section 18. Mandates the Departments of Human Services, Health, Labor, Education, Commerce and Higher Education shall report to the Legislature and Governor three years after the effective date and annually thereafter on the effectiveness on the program with an recommendations or proposed changes.

Transfers \$10 million from grants-in-aid for the REACH program to fund the FDI.

Section 19. Provides that the Department of Human Services should adopt rules and regulations to carry out the Act.

Section 20. Provides that the Act takes effect on the 90th day after the effective date. The Commissioner may undertake those actions prior to the effective date to implement certain provisions of the Act.

The effective date is July 1, 1992.

PURPOSE:

The program establishes education as the cornerstone of the FDI, augmented by a variety of other essential services which enable persons to lead independent and productive lives. The measure replaces the REACH program, which has failed to reform the welfare system, reduce the public assistance roles or promote self-sufficiency.

LEGISLATIVE HISTORY:

This is new legislation.

FISCAL IMPACT:

The measure transfers \$10 million from the REACH program to fund the Family Development Initiative.

A-4701Aca Bryant/Duch

An act concerning the social services information hotline.
Introduced: April 15, 1991

DESCRIPTION:

The measure establishes a 24-hour toll-free telephone hotline which shall receive and respond to inquiries concerning agencies and programs offering services in the areas of child care, child abuse emergency response, job skills training, services for victims of domestic violence, alcohol and drug abuse, home health care, senior citizen programs, rental assistance, services for persons with developmental disabilities, mental health programs, emergency shelter assistance, family planning, legal services, assistance for runaways, and services for the deaf and hearing impaired, and information about all governmental assistance or subsidy programs.

The Commissioners of Human Services, Health, Labor and Community Affairs will work cooperatively to consolidate existing State hotline telephone services to eliminate duplication of effort.

The effective date is July 1, 1992.

PURPOSE:

The measure seeks to develop a comprehensive bank of referral sources currently existing in the various departments of State government, in order to provide persons accessing the hotline with a multitude of available services.

LEGISLATIVE HISTORY:

This is new legislation.

FISCAL IMPACT:

The Department of Human Services estimates that the cost of coordinating the State hotline system would be \$173,000.

A-4702Aca Bryant/Scerni

An act concerning AFDC eligibility for certain family members.
Introduced: April 15, 1991.

DESCRIPTION:

The measure also referred to as the "Step parents bill", requires the Department of Human Services to revise its rules and regulations to clarify if an AFDC recipient marries a person who is not the natural parent of the recipient's children, the recipient will be deemed ineligible for benefits if the household income exceeds the State eligibility standards. The recipient's natural children may however qualify for benefits according to a sliding scale (to be developed by the Department of Human Services) if the total family income does not exceed 175% of the poverty level (family of four-\$13,400).

The effective date is July 1, 1992.

PURPOSE:

The measure seeks to remove the barriers to marriage amongst AFDC recipients by promoting the institution of marriage and family life, without penalizing the children eligible for AFDC.

LEGISLATIVE HISTORY:

This is new legislation.

FISCAL IMPACT:

To accommodate the goal of the "Step parents bill", would cost the State \$3.9 million.

A-4703Aca Bryant

An act concerning the limitation of AFDC benefits.
Introduced: April 15, 1991

DESCRIPTION:

The measure revises the rules and regulations of the Department of Human Services to eliminate the provision which increases the benefits of a welfare recipient in the event that an additional child is born into the family, or during the period when persons have been deemed ineligible for benefits for failing to meet eligibility requirements.

A-4703 does provide that a recipient will receive an AFDC grant increment in the event that the amount of the grant is increased for all program participants.

Families which have additional children once enrolled in AFDC will be entitled to an increased income disregard which can be achieved via gainful employment in an amount not to exceed 50% of the monthly grant.

The effective date is July 1, 1992.

PURPOSE:

The measure seeks to discourage AFDC recipients from having additional children while enrolled on public assistance and encourages recipients to be self-sufficient and earn the funds necessary to sustain the family through gainful employment.

LEGISLATIVE HISTORY:

This is new legislation.

FISCAL IMPACT:

The bill does not appropriate State funds.

A-4704Aca Bryant/Baker

An act concerning AFDC benefits for two-parent families.
Introduced: April 15, 1991

DESCRIPTION:

Requires the Department of Human Services to revise rules and regulations regarding the AFDC program to permit the full payment of benefits to a family in which the parents are married, reside in the same household and whose income does not exceed State guidelines. Restrictions shall not be place on the employment of either parent.

The effective date is July 1, 1992.

PURPOSE:

The measure seeks to promote family stability and self-sufficiency. The provisions contained in A-4704 serve as an attempt to remove the penalties applying to working poor families. According to existing law, intact families receiving assistance through the AFDC-N grant are subject to a 30% reduction in the monthly grant (a family of four receiving \$488 per month would face a loss of \$163 under the existing rules). This provision serves as a disincentive for the nuclear family. As an economic necessity, family disintegration results as a means by which to maintain the full monthly AFDC benefit.

LEGISLATIVE HISTORY:

This is new legislation.

FISCAL IMPACT:

According to the Department of Human Services, the cost to the State resulting from this effort would be \$3.3 million.

A-4705Aca Bryant/Batten

An act establishing the "Council on Community Restoration".
Introduced: April 15, 1991

DESCRIPTION:

The measure creates a twenty-one (21) person Council on community Restoration to advise the Governor on the coordination and prioritization of resources to promote community restoration and economic development projects.

The Council consists of the following persons:

Commissioner of Education	Comm. of Human Services
Commissioner of Commerce	Attorney General
Commissioner of Labor	Comm. of Energy
Comm. of Community Affairs	Comm. of Health
Commissioner of Transportation	
Representative of the Economic Development Authority	
Representative of the Health Care Finance Authority	
Representative of the Housing and Mortgage Finance Authority	
Five members from the private sector representing nonprofit organizations and professional service providers	
Four members of the general public.	

The members are appointed by the Governor to serve staggered three-year terms and a director will serve at the pleasure of the Governor.

PURPOSE:

The Council would identify specific neighborhoods for community development projects, which will include, but not be limited to facility rehabilitation development, and neighborhood revitalization.

LEGISLATIVE HISTORY:

This is new legislation.

FISCAL IMPACT:

The measure does not appropriate State funds.

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Representative of the Economic Development Authority	
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Five members from the private sector representing nonprofit organizations and professional service providers	
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PURPOSE:

The Council would identify specific neighborhoods for community development projects, which will include, but not be limited to facility rehabilitation development, and neighborhood revitalization.

LEGISLATIVE HISTORY:

This is new legislation.

FISCAL IMPACT:

The measure does not appropriate State funds.

PREPARED STATEMENT OF JIM FLORIO

Thank you for allowing me to come here and talk about something my State is doing to try to put a stop to the dangerous and counterproductive web of dependency and poverty that, unfortunately, our welfare system has become.

And that is the essence of what our Family Development Act in New Jersey is all about. It breaks free of stale thinking. And yet it's really a return to some old, common-sense values.

It's time we stopped selling the poor short. It's time we recognized that poor people have the same hopes, aspirations, and abilities as anyone else. They just need a chance. What they don't need is a cradle-to-grave system that treats them like children and gives them absolutely no credit for being able to make decisions on the same rational basis as everyone else.

Yes, our reforms are controversial. As one of my predecessors as Governor of New Jersey—Woodrow Wilson—once said, the best way to make enemies is to make changes. But change has to come. We all know the welfare system today is morally bankrupt. Its mission was to help people get back on their feet—and it failed.

The linchpin of our new system is that it enhances, rather than destroys, the ability of a family unit to provide the nurturing, support, and examples by which young people learn and grow. At the same time, it requires a higher commitment to training and education, so that today's welfare recipient can be tomorrow's productive worker.

Let me take a few moments to explain how it works.

First, we're tying benefits to a requirement that the recipient makes progress toward a high school equivalency diploma, or gets meaningful job training. We're not doing that in the abstract; we're making sure the training is offered, that the education is offered, and that we expand daycare's ability to care of youngsters while their mothers get this help.

Second, we've broken down some of welfare's barriers to the nuclear family. We're getting rid of the benefit cut that used to come when welfare recipients married. And we're allowing mothers who work to earn a higher than ever level of outside income—without cutting their welfare benefit.

A couple of questions are frequently raised about these reforms. One asks what good it does to train people if there are no jobs. That's a fair question. But it overlooks the fact that in New Jersey we are investing billions of dollars in improving our transportation system, and rebuilding the infrastructure of our cities. Working with the private sector, we're doing a lot to make sure that when this brutal national recession finally lifts, our economy can grow and expand.

There's another part of answering that question, too, and it's something the critics overlook. If you don't train someone, just because there doesn't happen to be a job for them at the moment, then how will they be ready when there IS a job? It is far better to be ready for an opportunity that hasn't yet arrived, than it is to be totally unprepared when opportunity comes.

Finally, a lot of people have focused on the fact that our new law says we will not give additional benefits to women who give birth to additional children. Well, all of us have to make decisions in life. And those decisions invariably revolve around money. When a working-poor or a middle class family is expecting a new arrival, they know they can't go to their employer and say, "We're having another child so give us a pay raise." No, they make their child-bearing decisions based on their income, and on how they can stretch those dollars to support the whole family.

It's called being responsible for the consequences of one's actions. We put an end to the myth that, somehow, poor people can't make responsible decisions. It's interesting to note that in the press coverage to date, many welfare mothers support these changes. They want to be treated with the same dignity and respect as anyone else.

We're looking forward to moving ahead in New Jersey, and setting an example for the rest of the Nation to follow. We feel we've made a good step in that direction. I'd be happy to answer any questions you may have, but first I'd like to introduce Assemblyman Wayne Bryant who has, for over 10 years, worked on the development of this comprehensive welfare reform package.

Mr. Bryant represents one of the poorest cities in this Nation, Camden, New Jersey. He sees first hand the destructive, morally bankrupt welfare system and how it destroys families and robs our children of hope for the future. Through his brave leadership on this issue, we have an opportunity in New Jersey to break the cycle of dependency and replace it with family values, work ethic, and a program where government is the catalyst for change, not a new form of economic and social bondage.

FORUM

► OPINION

The dubious new attack on welfare

By Robert Greenstein and Edward Lazere
Special to The Bee

IN UNVEILING his welfare proposals last month, Gov. Pete Wilson portrayed Aid to Families with Dependent Children as a Pac-Man that will eat up gobs of the state budget in the coming decade unless sharply cut back. He warned that without deep welfare cuts, the state would be forced to take such actions as restricting access to its university system and releasing dangerous felons from prisons.

Politicians traditionally warn of dire consequences if their policies are not followed. But the Wilson administration's effort to promote its welfare ballot initiative — a measure containing what are probably the deepest reductions a state has ever made in programs for the poor — transgresses the normal bounds of political packaging. The

Robert Greenstein, a former administrator of the Food and Nutrition Service in the U.S. Department of Agriculture, is the founder and director of the Center on Budget and Policy Priorities, a non-profit Washington Research organization that analyzes data and policy issues affecting low and moderate-income Americans. Edward Lazere is a research analyst at the center.

administration's pitch is based on serious distortions of caseload and spending trends, as well as on misleading portrayals of the initiative and its potential to alter the behavior of welfare recipients.

SOME ASPECTS of the initiative are well known: a 10-percent benefit cut followed by an additional 15-percent reduction for most recipients after six months on AFDC; lower benefits for new state residents; denial of

additional benefits for recipients who have another child, a \$50 bonus for teen parents who stay in school and a \$50 penalty for poor school attendance. Other aspects of the lengthy ballot initiative, however, have not made it into an administration speech or press release. These include elimination of all AFDC cash assistance for poor women pregnant with their first child, reductions each year after 1996 in state cash aid for the elderly, blind and disabled poor; and substantial Medi-Cal cutbacks for tens of thousands of low-income elderly and disabled people with high medical bills. (The latter will automatically result from lowering welfare benefit levels, since the eligibility of non-welfare recipients for Medi-Cal is based on those levels.)

Still, the most striking part of the administration's effort to promote its initiative is its stunning forecast of disaster for the state's education and corrections systems if welfare isn't slashed. AFDC constitutes just 7 percent of the state's general fund budget. How can such a program pose so grave a threat?

The answer lies in the claims of a welfare explosion. The governor notes that welfare rolls are currently growing at four times the rate of the state's population, and he assumes this trend will largely continue to the year 2000. Although the ratio of the number of taxpayers to the number of AFDC recipients was between six-to-one and seven-to-one in both 1980 and 1990, the administration claims it will nose-dive to less than three-to-one by 2000. The governor says this will happen in part because

the state's high benefits make it a welfare magnet.

WHAT DO the data really show? There is no dispute that welfare rolls in California have risen dramatically since 1989. But this is neither surprising nor unique to California. Nor does it mean they will continue to rise rapidly for the next decade. The rapid increases appear primarily due to the recession — now the longest economic downturn since

‘The (Wilson) administration’s pitch is based on serious distortions of caseload and spending trends, as well as on misleading portrayals of the initiative and its potential to alter the behavior of welfare recipients.’

SUBMITTED BY ROBERT GREENSTEIN

the end of World War II — and should subside when the economy brightens. Consider the following:

A recent analysis by the nonpartisan Congressional Budget Office found that nationally all of the "growth spurts" in AFDC since 1973 have occurred around periods of economic decline.

Indeed, while the Wilson administration paints California's AFDC program as different from that of most other states, its recent AFDC growth parallels that for the rest of the nation. In 1990, the most recent year for which data are available, the rate of increase in the California AFDC program was no greater than that for the West as a whole and about the same as for the Northeast and South.

A national perspective also shoots down the notion that California is a potential welfare magnet. Of the 50 states, California's population grew fourth fastest in 1990 and its unemployed population grew eighth fastest. But the state's AFDC rolls grew at only the 21st fastest rate. During this period, four Western states whose benefits are roughly half of California's — Arizona, Nevada, New Mexico and Idaho — experienced greater rates of AFDC growth than California.

The administration counters that California's rapid welfare increases began in 1988, before the recession hit, and that the current rate of increase dwarfs that of the early-1980s recession. These rejoinders, however, are unconvincing. AFDC rolls grew slowly during the early 1980s because the

recession of that period coincided with deep federal cuts that knocked about half a million families off AFDC nationwide. And the state's own data show that California welfare rolls did not begin rising sharply until halfway through 1989, when the economy began to weaken. That was the same time welfare rolls began rising nationally.

It is true that prior to the current recession, welfare rolls in California were growing faster than in the nation as a whole. But there are a number of unsurprising reasons for this, the most compelling being that, during this period, California's overall population grew at a faster rate than the national population. Indeed, in four of the five years from 1984 through 1988, between the last and the current recessions, California's welfare rolls grew *more slowly* than the state population.

In short, the administration's prediction of a welfare explosion throughout the 1990s is neither plausible nor credible, unless one assumes the recession will never end. Such a forecast violates basic standards of statistical and fiscal analysis. The forecasts of California's bipartisan Commission on State Finance and of the Legislative Analyst's Office stand on much firmer ground. Both of these indicate that the rate of AFDC caseload growth in California will

decline substantially when the recession ends.

This has profound implications for the dire predictions about AFDC costs gobbling up the state budget. AFDC costs as a proportion of the state budget are likely to hold steady or even decline, rather than explode. Not only should the rate of AFDC caseload growth be much slower after the recession, but AFDC benefit levels will be frozen (no automatic cost-of-living increases) until 1996 as a result of last year's budget decisions. The Commission on State Finance projects that over the next decade, AFDC costs will grow more slowly than overall state expenditures and will drop from 7.3 percent of the state budget this year to 7.0 percent 10 years from now.

THE ADMINISTRATION'S one-sided portrayal of explosive welfare growth is, unfortunately, accompanied by a one-dimensional picture of the state's AFDC benefit levels. The administration says California's benefits are the fourth highest in the nation. It fails to mention, however, that California has the highest housing costs of any state, with the possible exception of Massachusetts. Six of the 12 major metropolitan areas in the nation with the highest rental costs are in California. Also, California ranks dead last among the 50 states in the percentage of AFDC families that receive rental assistance from any federal, state or local housing program. Only 11 percent of California's AFDC families receive such

aid, compared to 24 percent of AFDC families in the nation as a whole and 44 percent in high-rent Massachusetts.

Since rent is the largest component of an AFDC family's budget, comparing state AFDC benefit levels without taking housing costs or housing subsidies into account produces a distorted picture.

Also disturbing is the glibness with which the administration predicts its cuts will cause positive changes in recipients' behavior. There is little evidence to support these claims.

The proposals most clearly related to behavioral questions, such as those affecting teen parents or new arrivals, affect only a small percentage of the caseload. According to the state Department of Social Services, just 1 percent of AFDC families include a mother on assistance who is under 18 years of age. Only 7 percent of all recipients moved to California within the past year.

By contrast, the proposed 10-percent benefit cut and the additional 15-percent cut after six months would affect most AFDC families and account for most of the budget savings. And there is much reason to believe the behavioral effects of these proposals would be more harmful than beneficial.

California AFDC families already face difficulty finding affordable housing. Three-fifths live in areas of the state where the entire AFDC grant is less than the Fair Market Rent, the rental standard for a modest apartment used by federal low-income housing pro-

grams. Many families deal with this problem by finding cheaper housing in dangerous, crime-ridden neighborhoods or by moving to parts of the state where housing costs are lower. The Legislative Analyst's Office has reported just such a shift in the AFDC population toward lower-cost areas of the state — the Central Valley and other rural areas. In the 1980s, prior to the recession, these areas accounted for 41 percent of AFDC caseload growth even though they include just 14 percent of the state's population.

A 25-percent cut in the AIDC grants of most recipients — on top of a likely 20-percent loss in purchasing power by 1996, as a result of last summer's budget agreement — would drive more AFDC families to undesirable urban-neighborhoods. This would likely increase chances these families would become enmeshed in poverty

for a longer period. Studies in Chicago suggest that moving poor families out of these areas, not pushing them back in, helps to reduce welfare dependency and shrink the underclass.

IN ADDITION, the Legislative Analyst's Office reports that the lower cost rural areas of the state to which the AFDC population has been shifting have higher-than-average unemployment levels. When AFDC families migrate to these areas, the LAO has noted, "they may be confronted with fewer job opportunities, thereby making it more likely that they will remain on aid for a longer period of time. This would also have the effect of increasing the state's welfare dependency rate."

The proposal to cut benefits an additional 15 percent after six months on the program seems especially ill advised. It implies that

those on the program after six months are likely to become long-term dependents. But state data show otherwise. Most families that ever receive AFDC use it for only a temporary period — following a divorce or separation, a cut-off of child support, the loss of a job or the birth of a child, for examples. More than half of the families who enter the California AFDC program leave the rolls within two years. (According to the administration, only 15 percent are on welfare for longer than eight years.)

At the six-month point, however, many families may still need aid. It often takes longer than that to get back on their feet. If aid is slashed after six months, and a family is forced to move to a dangerous or high-unemployment area — or even become homeless — the family's ability to get off welfare in another year or so may be seriously jeopardized.

The administration's response seems to be that simply cutting benefits and making families poorer will spur them to work more. Perhaps, but if hundreds of thousands of Californians with more education, skills and job experience are unemployed and can't find work, how will welfare families accomplish this task?

To be sure, there is little hard evidence the proposal would have the adverse effects outlined here. But the governor has even less evidence for his claims of positive behavioral change. Heavy-handed government efforts at social engineering often have unintended effects that confound the politicians who propose them. The potential

risks to the health and development of more than 1.5 million California children — an important part of the state's future work force — argue strongly that, if anything, these ideas should be tested in limited demonstration projects before being implemented on a broad scale.

FINALLY, THE governor's initiative misses more promising opportunities to promote self-sufficiency among welfare recipients. Research over the past decade shows that welfare employment and training programs can be very successful. Participants in a demonstration program of this type in San Diego, for example, had higher earnings and were more likely to leave welfare than a comparable group of non-participants. A similar project conducted at the Center for Employment Training in San Jose has been particularly effective in increasing employment and earnings among welfare recipients.

In addition, strengthening the state's child support enforcement system — which is now the third weakest in the nation — could allow a reduction in welfare benefits without hurting poor families, because more absent fathers would be paying instead.

California's budget problems are real. And welfare programs need reform. But these problems must be addressed with a level head and with efforts that will be in the long-term interests of all Californians. The Wilson initiative fails on both counts.

Percentage growth in AFDC caseload

California	3.0%	6.9% ↓	9.7%
The West	2.8%	6.8%	9.6%
The South	2.6%	8.7%	10.4%
The Northeast	-1.5%	3.5%	8.4%
The Midwest	-1.8%	1.7% ↓	4.7%
Nationwide	0.6%	3.3%	8.4%
	1988	1989	1990

Source: Congressional Budget Office

Bar graphic

PREPARED STATEMENT OF A. SIDNEY JOHNSON III

Mr. Chairman, thank you for the opportunity to testify today on the status of welfare restructuring in the States and the impact the recession has had—is having—on the agencies and the individuals we represent. I am A. Sidney Johnson III, executive director of the American Public Welfare Association. As you know, Mr. Chairman, APWA is a nonprofit bipartisan organization representing all 50 State human service departments, 800 local public welfare agencies and 5000 individuals concerned with social welfare policy and practice.

Let me begin by mentioning two dates of critical importance to the human service agencies APWA represents and the individuals and families they serve. The first date is October 13, 1988. I'm certain you remember it well—you were there in the Rose Garden, as was I. On that autumn day President Reagan signed into law the Family Support Act of 1988, drafted, negotiated, and shepherded through the U.S. Senate by you. Since its date of enactment every State has put into place a Job Opportunities and Basic Skills Training Program mandating efforts toward self-sufficiency on the part of families receiving aid to families with dependent children. The law required—and States are implementing—comprehensive education, training, and employment activities required on the part of AFDC families, focusing strongly on basic education and skills training. The law also strengthened child support enforcement and provided transitional medical assistance and child care for families leaving the welfare rolls for employment—all designed to promote self-sufficiency and independence from welfare for poor American families with children.

I underscore the goals and requirements of the Family Support Act today because of my concern that some—in the press, the public, and even policymakers—may have lost sight of those goals. We've lost sight of the fact that the law was a result of hard work and strong consensus—consensus from the right and left, both major political parties, both chambers of the Congress, and both the legislative and executive branches of government. The consensus had been reached to change what was historically an income maintenance system into a system that promotes self-sufficiency—a process by which welfare families could escape dependency and become gainfully employed, tax paying citizens. That law is on the books, Mr. Chairman, and the States we represent are implementing that law, in good faith and with continued commitment to its goals. While the program remains in its infancy—some of the law's provisions have not yet taken effect—States are making progress. Every time a community holds a JOBS graduation ceremony marking the entry of former recipients into the job force, that is a success. Not only for the individuals and their families but for the public and the policy-making process itself.

The second date I want to mention is July 1989—just 9 short months after the Family Support Act became law and only 3 months before the law's major provisions took effect. That month marked the start-up of the JOBS program in 15 States. It also marked the start of record growth in need for public assistance under the AFDC program—a full year before the economy officially entered the recession.

The national recession has been neither short or mild for those we represent and the people they serve. Nearly 8.9 million Americans were unemployed in December. That number, Mr. Chairman, is the equivalent of half the citizens of the State of New York. The high level of unemployment and the upward climb in AFDC and food stamp caseloads reflect the grim context within which States have implemented the Family Support Act. Agencies have seen a doubling—in some instances a tripling—in the workload of front-line caseworkers trying to meet the needs of the families they see. Welfare costs of the States have soared by nearly \$1.7 billion since July 1989. Total State Medicaid spending in the last year was nearly \$31 billion, an increase of 20 percent.

From July 1989 through November 1991—the last month for which data are available—each and every month has brought new record numbers of families needing AFDC. That rate of growth, Mr. Chairman, is 2,000 children per day added to the AFDC rolls nationwide. Today nearly one American child in seven needs the support of our major family assistance program. One American in ten now receives assistance from the food stamp program—it, too, has been setting caseload records virtually every month for two years.

A recent CBO study on AFDC caseload increases concludes that the recession has been the primary cause of this caseload growth. Many of the families new to AFDC are casualties of the recession with strong work histories—as many as 85% of the new recipients in one county study had been working. The recession and the high numbers of unemployed who have exhausted the unemployment benefits or were never eligible in the first place are the primary reasons for the recent surge in caseload growth.

There are other underlying demographic changes that may be contributing to the caseload growth and these, too, are serious concerns. Now 14 percent of American children under 18 are receiving AFDC—a marked rise from 2 years ago. Several groups that are at greater than average risk of welfare dependency—including young, never-married mothers—are increasing as population cohorts. These are factors that merit our concern and consideration, along with the dire economic status of States and localities.

This recession has crippled the fiscal capacity of States. At the same time that it has caused unprecedented increases in caseloads—and unprecedented costs to States—it has caused a dramatic reduction in State tax revenue needed to fund State services.

According to the National Association of State Budget Officers, the fiscal conditions of the States continued to weaken throughout 1991. Many States are in the worst economic straits since the Depression. Twenty-six States raised more than \$10 billion in new revenue in fiscal 1991 to maintain current programs; 29 States were forced to cut their State budget in mid-year because of revenue short-falls. In total, States have raised revenues \$25 billion and cut more than \$10.2 billion in the last 2 years. Medicaid is the single fastest-growing item in most State budgets, caused by rising health care costs and Federal mandates. As many as 15 States, again according to NASBO, have eliminated any raises for State workers in 1992.

Mr. Chairman, States are struggling to meet the pressing needs. Nevertheless, State spending for the JOBS program in fiscal 1991 was nearly \$400 million—this in spite of the fact that 17 States are not expected to be operating the program on a Statewide basis until October of this year. And, in fiscal 1992, the administration estimates that States will draw-down \$725 million of the \$1 billion allocation of Federal funds bringing the total estimated funding for JOBS to nearly \$1.2 billion. More than 500,000 individuals nationally are participating in JOBS on an average monthly basis. That's nearly one person in four among the nonexempt AFDC population participating in the program.

These figures, Mr. Chairman underscore the fact that even during this recession States are committed to the Family Support Act and JOBS. This is an enduring commitment to self-sufficiency; to using public funds for a greater public good—to try to assure that children born into poverty today will have an opportunity to become productive self-sufficient citizens.

Mr. Chairman, as I know you are aware, some of the State human service agencies we represent have over the last year—largely because of the recession—found themselves implementing policy changes that have cut back services and benefits, primarily in the non-federally-funded general assistance program but also in some cases in the AFDC program. Those are not easy decisions to reach; they are painful decisions to effect. I am not here to assess the actions taken by individual States; what I would like to stress is that the context within which those actions have occurred—the national economic recession—has contributed in large measure to these actions.

We have all heard and read a great deal about the welfare policy initiatives underway in various States. Some are governors' initiatives; others emanate from State legislatures. One thing nearly all of these proposals and packages have in common, Mr. Chairman, is this: in purpose, they are consistent with the goals and intents of the Family Support Act. They seek to promote individual and family self-sufficiency. They seek to embody, as the JOBS program has sought to do, a social contract between the welfare recipient and the State in terms of mutual obligations. Disagreements arise over whether some of the proposals represent a tilt in the balance over which partner in the social contract should carry the brunt of the responsibility for achieving that self-sufficiency.

Our Nation's economic policy has clearly not kept government's side of the social contract that undergirds the JOBS program—job opportunities for those who graduate from our training programs simply do not exist today. In considering new policies, as my colleague Doug Besharov pointed out recently in *The Washington Post*, we need to make certain that well-intentioned change does not bring unintended consequences.

When we came before this committee 4 years ago urging action to reform the Nation's welfare system one of the points we stressed repeatedly was the inadequacy of current welfare benefits. At that time the value of the average family's AFDC benefits had dropped some 33% over 17 years; now the value has declined by 42% over 21 years. You cautioned us at that time that there simply was not the political will in the United States Congress to address the need for a rational system of benefits for poor children that would reflect real living costs. Trying to build a case for adequate benefit levels at the State level is no less easy, Mr. Chairman, particularly in light of State budget problems. Yes a number of States have cut benefits, but 11

States actually increased benefits in 1991. State officials are working very hard to try to maintain some semblance of a safety net. I question whether there has been the same kind of commitment at the Federal level.

I have followed with great interest the introduction of several economic stimulus packages in the Congress that include direct, one-time only aid to States and localities. The director of the nonpartisan Congressional Budget Office, Robert Reischauer, told the Senate Budget Committee that direct assistance to States and localities is one of very few policy options that could have a positive immediate impact on the overall economy. While APWA has not taken any official stands on these specific proposals, it is clear that a direct infusion of Federal assistance would be beneficial for the poor families devastated by the recession. At the very least, such assistance would likely forestall the need for any further programmatic or benefit reductions, and on that score I would urge you and this committee to seriously consider the proposals.

In closing, Mr. Chairman, there is one thing I would like to emphasize that is painful to admit: although welfare reform is well underway in the States, *no one knows it's out there*. I talk with reporters on occasion; they ask what I think about work requirements for welfare recipients. I respond that we supported the Family Support Act and then for the next 10 minutes I explain that this legislation was enacted in 1988; that it contains work requirements; it promotes self-sufficiency; and it's there, being implemented, and having some measure of success. But it is invisible.

We clearly need to do a better job of telling that story, and Mr. Chairman, you have been and you are this program's best advocate. I urge you to continue to work with your colleagues and with us, to find ways to enable States to continue to support the Family Support Act, to actively champion legislation that will provide an immediate economic stimulus to States and communities.

No job training and education program can work effectively in a recession when job markets are severely restricted, and the Family Support Act is no exception. Despite the best efforts of its supporters, this landmark legislation is struggling in a terrible economic environment. The most critical element to strengthen the ability of States to fulfill the goals of the Family Support Act is an economic policy that supports those efforts.

Thank you for the opportunity to testify today. I would be happy to answer any questions.

PREPARED STATEMENT OF SENATOR BOB KASTEN

Mr. Chairman, thank you for the opportunity to testify before this committee regarding "Recent State Welfare Reform Plans."

Wisconsin has been working to reform the welfare system by moving away from an entitlement strategy toward one of mutual obligation between government and the persons receiving assistance. One of the key components of Wisconsin's welfare reform initiative is Learnfare.

Learnfare was implemented in 1988 to promote regular school attendance for AFDC teens 50 they will complete high school and avoid a life of welfare dependency. It was the FIRST experiment of its kind to link school attendance with welfare benefits.

Last week Senator Nickles and I offered an amendment to the Education Bill that would have made it easier for other States to follow Wisconsin's example. Right now, they have to endure a costly and time-consuming process of seeking Federal permission.

We have an obligation to our children and to their future. What's wrong with providing incentives to encourage a child to go to school? How can a child enhance his/her educational opportunity, if he does not attend school? *Education is a must*, attending school is a MUST!!

Wisconsin is "Doing the Right thing" in helping to keep children in school. In the first year of the Learnfare program, 36% of the Learnfare population who were truant in the prior semester, immediately corrected their attendance problems and were *never* sanctioned. In January of 1990, 9 percent (9%) of welfare families were sanctioned and in December only 2.1% were sanctioned. That means that 97.9% were in SCHOOL. These statistics provide solid testimony that the program is *working*.

Learnfare is a program that just makes *common sense*. It is based on the simple premise that education starts at home—with the parents. Parents are responsible for their children, including ensuring that they attend school regularly. It took Wis-

consin more than a year to obtain a Federal waiver from the Department of Health and Human Services to implement this innovative program.

We need States like Wisconsin testing new programs that can be used on the Federal level. We can't continue to let the bureaucratic clearance process bring innovative ideas to a screeching halt. *Parental involvement*—not government interference—is the most important step to ensuring education and welfare reform.

Mr. Chairman, you might also be interested in a recent poll taken by the Wisconsin Policy Research Institute. In response to the question: "Do you approve or disapprove of the idea that welfare recipients should lose some of their benefits if their children drop out of school or are absent more than a preset number of days per year?" 80.7% approved. Clearly, many Wisconsin residents also agree that Learnfare makes good sense.

When you talk about welfare reform, Wisconsin could very easily be a blueprint for the Nation in its welfare reform initiatives. Under the direction and leadership of Governor Tommy Thompson, Wisconsin has taken giant steps in implementing innovative approaches to help families transition off of welfare and remain permanently self sufficient.

In 1987, Wisconsin implemented the Work Experience and Job Training Program, which provides education and training to AFDC recipients. To help parents transition off of assistance once they find employment, in March 1989, they implemented a modification to the AFDC and began providing 12 months of Medical Assistance benefits to all families who leave AFDC because of employment. Since 1987 they have also provided transitional child care to these families.

Wisconsin is also a leader in implementing enhancements to the child support system, to ensure that absent parents also contribute to the support of their children. In October 1991, Wisconsin implemented a demonstration project to remove the final disincentive to work for two-parent households. As a result of the State's pro-active approach to helping families escape poverty, the caseloads in Wisconsin have declined significantly over the past 5 years—while most other States have seen drastic increases.

Wisconsin is moving ahead, against the odds, and trying to stimulate welfare reform. The goal in Wisconsin has been to remove the obstacles to work inherent in the old system—and instead offer people the support they need to become self-sufficient.

We must save children from the enslavement and dependency of welfare. I believe this committee is on the right track in confronting these problems. I look forward to working with this committee as Congress prepares for its debate on welfare reform.

PREPARED STATEMENT OF LAWRENCE M. MEAD

My name is Lawrence M. Mead. I am an Associate Professor of Politics at New York University. I have been studying welfare and poverty for almost twenty years. I appreciate the chance to participate in these hearings. I intend to describe the recent state-level welfare proposals, suggest the policy reasoning and the politics behind them, consider the likely impacts, and finally suggest how federal policymakers should respond.

THE RECENT STATE PROPOSALS

In recent months, governors and leading politicians in several states have proposed changes in local welfare policy that sound far reaching. These have received extensive coverage in the press. Indeed, I have spent much of the last two months responding to questions from journalists about what is going on. While proposals by Governor Wilson of California and State Senator Wayne Bryant of New Jersey have received the most attention, similar plans or policy changes have also appeared in Maryland, Wisconsin, Ohio, and other states. This is a national movement.

It is important to note that most of the proposals remain just that. Whether they will be adopted, let alone implemented, is in question. In most cases, the plans could not be implemented without waivers of normal federal AFDC policy from Washington.

If one may generalize across the states, these proposals include the following main elements:

1. Cuts in benefits: The California proposals include a 10 percent across-the-board reduction in AFDC benefits, and Michigan and Massachusetts have curtailed general assistance.
2. Workfare: Several states propose to reward recipients who participate in welfare employment programs with higher benefits and or to penalize those who do not participate.
3. Learnfare: Several states propose to require that welfare adults, particularly teen mothers, stay in school, on pain of a reduction in their benefits. Wisconsin, in addition, requires that welfare parents keep their children in school.
4. Child limitation: The California and New Jersey plans seek to limit the size of welfare families by denying welfare mothers additional benefits if they have further children while on the rolls.
5. Marriage promotion: Economic incentives are proposed to encourage welfare mothers to marry. For example, the mothers could keep more of their current welfare benefits than is now permitted.
6. Other restraints: Other stipulations tied to benefits are that mothers secure health care for their children and that teen mothers continue to live with their parents.

THE POLICY RATIONALE

Why are the states contemplating such changes? Press accounts give little indication of the rationale. Indeed, I and a couple of my associates are currently trying to plan a conference in order to find out more about the reasoning. Here is some informed speculation.

First, the new control policies are probably a spin-off from workfare.¹ Work programs tied to workfare are widely viewed as effective, so states are imagining other programs of the same kind. If recipients can be made to work or prepare for work as a condition of aid, maybe they can also be made to stay in school and manage their home lives more responsibly.

Second, states are trying to extend controls from public forms of behavior to more private ones. Rather than just require that recipients work or stay in school, the new policies attempt to shape their personal lives. The reasoning apparently is that family life among the poor is too important, and too troubled, to be left to the poor themselves. Society has an interest in whether children are well prepared for adulthood, and it must do something forceful to protect that interest.

Third, the new policies represent a repudiation of voluntary methods. Experts still dispute whether workfare programs should be voluntary or mandatory, but the proposed policies are all mandatory, in the sense that some sanction attaches to behaving in other than orthodox ways. The states are reacting to the fact that voluntary social programs have failed to halt the violence, child abuse, and school and employment problems in low-income areas. Merely to offer people new benefits or services does not cause them to live more constructive lives, or does so only marginally. That failure is the underlying reason why local leaders now want to "get tough."

Some of the measures appear to offer choices. Recipients may either work and receive more aid, or not work and receive less, for example. But this is deceptive. Compared, say, to the work incentives that existed in AFDC between 1967 and 1981, the new policies are much more directive. Much more clearly, the clients are being told how to act. The incentive is mainly a way of stating that direction. The real motivating force is public authority.

The welfare proposals are only part of a new movement toward controlling the lives of the poor that has been called the "new paternalism." Not only in welfare, but in schools, clinics, and homeless shelters, programs are asserting more authority over the way the chronic poor live than they used to. The traditional idea that caregivers ought to be unjudging toward their clients is giving way to a more directive posture. The reason is simply that direction is one thing that today's seriously poor clearly need. Merely to dole out benefits is simply not enough to deal with their problems, which today are due as much to disorder as material need.²

THE POLITICAL MOTIVATION

The politics behind the proposals is even more interesting than the policy reasoning, and a good deal clearer. One obvious motivation is to save money. The states, as much as Washington, are having trouble balancing their budgets. One way to cut spending is to trim welfare.

The economy motive, however, is not uppermost. The California proposals are the only ones that call for an across-the-board cut in AFDC benefits. The emphasis is much more on *using* the benefit system to influence the lives of the recipients. Some of the proposals, indeed, would cost more money, at least initially. California would pay extra money to teen parents who stayed in school, and Ohio is already doing so.

¹ I use "workfare" here to mean welfare employment programs with a range of options, including private-sector employment and training, not simply unpaid work in government jobs.

² Lawrence M. Mead, *The New Politics of Poverty: The Nonworking Poor in America* (New York: Basic Books, 1992), ch. 8. This book is now in press and should become available in March.

Such ideas represent a sharp shift from the economic discourse that normally surrounds social policy in Washington. When federal politicians discuss helping the poor, the debate is all about "doing more" for the poor versus "doing less." Liberals typically want to spend more money on new services and benefits, while conservatives resist. The argument is about the *scale* of antipoverty effort. It taps into the great partisan dispute over the proper role of government in society that goes back to the New Deal or before. The new proposals, however, change the *character* of government much more than its *scale*. The aim is to get the recipients to *do* something more to help themselves *in return* for welfare. If they do, then welfare becomes more self-respecting. A new social contract is realized, in that the recipients satisfy more of the common expectations of citizenship in return for rights.³ Changing the economic cost of welfare is secondary.

This approach reflects the public's attitudes about welfare and poverty, which are very different from those normally expressed in Washington. Ordinary Americans are much more disturbed by the "abuses" they perceive in welfare than by the cost of the system, which after all is much less than that of social insurance. They want to "clean up" welfare, above all by reducing fraud and waste and by causing the adult recipients to work and keep their families together. Unlike professional conservatives, they seldom question the principle of helping the poor. They do not want to reduce benefits as such. A majority of voters criticized Ronald Reagan for the cuts he made in social programs, even while they shared his skepticism that government knows how to overcome poverty.⁴

Ordinary Americans want to be generous to the poor, but also demanding. Those stances tend to be seen as alternatives, even opposites, in Washington. Whoever wants to help the poor eschews any demands on them, and whoever does make demands means to deny government's responsibility to the poor. However, the voters know that, in raising children, parents and teachers have to combine support with direction every day. They do not see why government cannot do the same in managing the lives for which it has responsibility.

The political mystery is why such beliefs played little role in federal antipoverty policy until recently. The federal argument about scale of benefits simply does not satisfy the public demand to combine support with structure, and this is true whether spending is high or low. The first time popular attitudes seriously broke through the Beltway and were recognized in federal policy came in 1988, with passage of the Family Support Act (FSA), whose main purpose is to strengthen welfare work programs.

Not by accident, the welfare movement began at the local level, not in Washington. States seized on the new latitude given them by OBRA in 1981 to develop tougher work programs. It was the favorable evaluation of these that laid the basis for FSA. The new proposals may repeat that cycle. During the Great Society, innovation in social policy sprang from Washington, and localities then implemented programs under federal regulation and funding. Today, the direction of influence has reversed, with localities innovating and Washington reacting.

Thus, the politics of these proposals appears to mix old-style conservatism and a newer version. There is a desire to reduce the welfare rolls and save money, but above all there is an urge to change

³ Lawrence M. Mead, Beyond Entitlement: The Social Obligations of Citizenship (New York: Free Press, 1986), ch. 10-11.

⁴ I.A. Lewis and William Schneider, "Hard Times: The Public on Poverty," Public Opinion, vol. 8, no. 3 (June/July 1985), pp. 2-7, 59-60.

lives within the welfare system, by using the suasions that welfare provides. The first impulse might be called small-government conservatism, the second big-government conservatism. The latter is the stronger, and this fact alone is an important development in American social politics.

LIKELY IMPACTS

It is too soon to know the effects of the new policies. Most have not been fully approved, let alone implemented, and even those that have been have not been evaluated. For this and political reasons, Congress should respond cautiously.

Advocated for the poor will claim that the benefit cuts are punitive, bound to cause suffering among the poor. I think it is premature to conclude that. The cuts so far has been discriminating. California is the only state with a proposal to cut AFDC benefits generally, and it is a high-benefit state. Michigan has abolished general assistance (GA), but the recipients--mostly single men--are a class whom federal welfare policy regards as employable. No doubt there are some former GA recipients who cannot support themselves due to disabilities, but they should be eligible for SSI or Disability insurance. No one wants to reduce income for the vulnerable, but it is unrealistic, and even unfair, to hold the poor entirely harmless when local budgeters have to struggle with hard times.

Whether the behavioral policies will have good effects, or any effects, is uncertain. Workfare is a well-supported policy because we have good evaluation studies and a long policy history to suggest what these programs can achieve. Welfare employment programs raise employment and earnings, and reduce dependency, by enough to help the recipients and save money for government. They have even more potential, I think, to increase the sheer activity of the dependent in helping themselves.⁵ To secure greater support for the poor, raising work effort is even more important than reducing welfare rolls. We can probably assume that learnfare will have comparable effects on increasing attendance in school, though I know of no research yet that shows this rigorously.

We have no such studies of measures to promote marriage or limit childbearing. I doubt the effects will be as large or as positive as for workfare. Family behavior probably is less subject to outside suasion of any kind than employment and education are. Whether there is any effect at all will depend on how vigorously the new policies are implemented. The behavior of the dependent responds more sharply to the demands of welfare administrators than economic incentives. If caseworkers support the new standards and communicate them forcefully to clients, behavior should show some response; otherwise not.

There will probably be more resistance from the clients than in the case of workfare. Most dependent adults accept the work test in principle, which is one reason workfare programs are popular with the majority of clients.⁶ Even nonworkers recognize that society has a legitimate interest in their

⁵ Lawrence M. Mead, "The Potential for Work Enforcement: A Study of WIN," *Journal of Policy Analysis and Management*, vol. 7, no. 2 (Winter 1988), pp. 264-88; idem, "Should Workfare Be Mandatory? What Research Says," *Journal of Policy Analysis and Management*, vol. 9, no. 3 (Summer 1990), pp. 400-4.

⁶ Judith M. Gueron, *Reforming Welfare With Work* (New York: Ford Foundation, 1987), p. 20.

going to work.⁷ They will be less accepting of intervention in their family lives, which they, like other Americans, regard as a protected realm. Voluntary training and service programs have found it harder to change the sexual behavior of teen mothers than to interest them in work.⁸

There is fear that the new policies may produce unintended consequences. If recipients are told to keep their children in school on pain of welfare cuts, then truant children may acquire economic power over their parents. If welfare mothers get no more money if they have more children, the incidence of abortion on welfare may rise.⁹ One should bear in mind that the incidence is already high--a major reason why the size of welfare families has fallen sharply in the last twenty years.

On the other hand, it is hard to say that these policies should not be tried. If efforts to change lives through benefits alone have failed, then more directive policies become unavoidable. The new paternalism is not a pleasant policy, but it is preferable to the alternative, which is continued destructiveness in poor communities. Paternalism is not a hopeful policy. It is more like the counsel of despair. My counsel is to proceed, and watch closely.

THE FEDERAL RESPONSE

How should the Congress respond to these developments? Should it encourage or oppose them? The immediate issue is the waivers, under section 1115 of the Social Security Act, that most of the proposals require from the Department of Health and Human Services before they could be implemented. Should this committee attempt to influence whether those waivers are given?

It is easy to see why Congress might get involved. The new proposals are unquestionably conservative, though, as I have argued, not in a way opposed to aiding the poor. The current Administration is conservative and Republican; the majority in Congress is much more liberal and Democratic. The new proposals are more far-reaching and controversial than most of those for which waiver authority has been asked in the past. Some Democratic legislators at the state level have already spoken out against them, and they are likely to find a hearing on Capitol Hill.

Some believe Congress must intervene, on the view that the proposals violate the concordat that, implicitly, lay behind the Family Support Act. The agreement was that liberals would accept expanded work requirements if conservatives would agree to fund them along with support services such as child and health care. Perhaps the benefit cuts and the new paternalism violate that understanding, since they seem to express a much more punitive stance toward the poor.

My advice, nevertheless, is not to intervene. If the Administration grants waivers, let them go forward, and monitor the results. There is a serious policy argument for so doing. Most likely, there will be little result, and what there is may be favorable. The risk that it will be unfavorable is, I feel, acceptable. It would be foolish to obstruct an experiment that--at least potentially--could be constructive for federal policy, as the workfare movement was a decade ago.

⁷ Joel F. Handler and Ellen Jane Hollingworth, The "Deserving Poor": A Study of Welfare Administration (New York: Academic Press, 1971), p. 84.

⁸ Denise F. Polit et al., The Challenge of Serving Teenage Mothers: Lessons from Project Redirection (New York: Manpower Demonstration Research Corporation, October 1988).

⁹ Douglas J. Besharov, "Cautions For the New Paternalism," Washington Post, January 5, 1992, p. C7.

There is a political argument too. It is possible that Congress could block the experiments and eventually get public concurrence. According to surveys, the voters are impatient with welfare mainly because of the fraud they perceive on the rolls and low work levels among the recipients, not because of family behavior.¹⁰ As the debate over abortion and divorce shows, the public is not of one mind about family issues; it is divided and distressed. There is a clear-cut majority for work and education requirements, but probably not for efforts to promote marriage and family limitation.

On the other hand, the Bryant proposals did not pass the New Jersey legislature overwhelmingly because they were unpopular. Democrats in the California legislature have opposed the Wilson proposals, but the governor plans to submit them to a referendum in the fall, and preliminary indications are that he will win. It appears that many Americans are prepared to control even the family practices of the poor, on the view that these are among the "abuses" they dislike in welfare.

To resist the waivers would, I think, undercut the consensus behind workfare even more than not doing so. Workfare, after all, was the beginning of the new paternalism, and is still its most developed aspect. Through the new proposals, local publics are saying, in effect, that directive policies have not been tough enough to date. Liberals have been too ready to interpret workfare in permissive terms, as yet another service or benefit for the poor. The voters do not yet question the idea that the poor deserve support; in that vital sense the consensus holds. But they want the obligation that corresponds to support to be more definite. They want more assurance that the dependent will really change their behavior in constructive ways.

If Congress resists waivers, it risks an explosion that would undermine much more than the Family Support Act. It could lead to steps much more punitive than anything seen to date. So far, benefit cuts have not been uppermost. They could become so, if local leaders are denied more humane approaches to reducing the rolls. Some states may even contemplate withdrawing from AFDC, to free themselves from federal restraints. They would then be free to operate family welfare the way they do general assistance--typically with low benefits and tough, exclusionary work policies.

Congress should not underestimate the anger that welfare causes today. I am, frankly, surprised at the prominence the issue has attained even in the midst of a recession. The reason is not only that some states are trying to balance budgets by cutting welfare. It is also that the voters, very naturally, feel less generous toward the poor when they themselves are struggling. In "hard times," the "abuses" in welfare become insupportable.

I need hardly add that a controversy over welfare could be fatal to Democratic hopes in the upcoming presidential election. Democrats have lately pressed economic issues such as the recession and health care to their advantage. A battle over welfare would shift attention back to the disorders of American cities, questions where the majority is definitely conservative. Dependency already bid fair to become the "Willie Horton" issue of 1992.

¹⁰ See, for instance, Keith Melville and John Doble, The Public's Perspective on Social Welfare Reform (New York: Public Agenda Foundation, January 1988), pp. 2-23.

PREPARED STATEMENT OF RICHARD P. NATHAN¹

THE ANSWER TO THE \$64 QUESTION—NO!

Legislation authored by the New Jersey Assembly's Majority Leader Wayne Bryant and recently signed by Governor Jim Florio would eliminate additional payments to welfare mothers who bear more children. This new law is shooting at a popular and safe target. Children on welfare can't return the fire. The available research suggests New Jersey's marksmanship won't achieve much, if any, welfare savings. Moreover, the possible liabilities from a misfire are many and serious.

Nationwide, the Aid to Families with Dependent Children (AFDC) program made up only 3.4 percent of spending by States in 1991. Sinking more innocent children deeper into poverty won't help solve a bigger problem: producing productive adults.

This new policy would amount to a savings of about \$2 a day for each additional child a mother had. This approach will not deal with the basic societal problems that produce welfare needs. This \$64 a month will buy baby food, diapers, and an article or two of clothing.

Yes, we should require the heads of welfare families to work, and help them do so. This is the delicate balance of the JOBS program enacted in 1988 and now being implemented in all the States. The JOBS bill has carrots (child care, training, education) and sticks (a work requirement). This is the right road to be on for welfare reform. New Jersey's REACH program was one of the first in the nation to achieve this mutual-obligation balance. It is a fair carrot-and-stick balance: The obligation on the State to provide job related services, and the obligation on welfare family heads to search for and accept a job. The right long-run answer is to get mothers, not babies, off welfare!

New Jersey's proposal does have some good carrots for community restoration, job training, and a social-services hot line. These are positive ideas aimed at fostering self-sufficiency.

However, I must say I worry that we keep passing new welfare reforms and forgetting them as soon as the ink is dry. We should implement JOBS. The Nelson A. Rockefeller Institute of Government is conducting a 10-State study on exactly this subject. The research supported by the Pew Charitable Trusts and the U.S. Departments of Health and Human Services and Labor is co-directed by professors Jan Hagen and Irene Lurie of the Rockefeller College of Public Affairs and Policy. Their first report will be issued very soon.

The problem of the new New Jersey law is not with the carrots; it is with the stick. The \$64 question is whether we should penalize babies once they are born for having a mother the legislature is angry at. We should not do this.

New Jersey politicians have been kicked for a tax increase. They want something to kick back. In this case, it is welfare babies. For a largely symbolic move, it is just not worth it. It sends the wrong message to people who have been down long enough—in some cases, all their lives. It is unlikely to prevent welfare mothers from having more babies, and it would take away desperately needed support from the babies who most need help.

¹ Richard P. Nathan is director of the Nelson A. Rockefeller Institute of Government in Albany, N.Y.

Welfare Thinking Turns Tough

By Richard P. Nathan

Social policy is at a frightening turning point. David Duke's racist spirit threatens to bury Franklin Roosevelt's liberal spirit once and for all. Social policy, especially welfare policy, has indeed varied in the 1970's, 80's and the first two years of the 90's. In the 70's, Richard Nixon, while playing down his domestic activism, was a big spender in what was an ebullient period for social policy, largely extending the upbeat ideas of Lyndon Johnson's Great Society. Mr. Nixon proposed a family assistance plan rooted in the idea of a so-called negative income tax, which Congress nearly passed. Under this plan, poor people would have kept more of each dollar earned than they would have under the Aid to Families With Dependent Children program, which it was intended to replace. As the old adage has it, there are two ways to help needy people: give them a fish (money) or teach them to fish (job training, education and so on). The idea of the negative income tax was to give them fish. But this emphasis was based on economists'

Resurrect Reagan's workfare.

simplicistic thinking. Incentives alone are insufficient; people also need skills to win and keep jobs.

In the 80's, Ronald Reagan favored workfare. As Governor, he advanced this idea in his 1971 California Welfare Reform Act, which was enacted but in a more liberal form. As President, he advanced a similar "teach them to fish" approach in the 1981 Omnibus Budget Act, which Congress liberalized. The basic idea of the resulting law was that we need to help poor people get jobs by providing educa-

Richard P. Nathan is director of the Nelson A. Rockefeller Institute of Government.

tion, training, child care, transportation aid and job counseling. In the 80's, Illinois, Arizona and nine other states successfully tested work-welfare.

Mr. Reagan signed the Family Support Act of 1988, written by Senator Daniel Patrick Moynihan and Representative Thomas J. Downey, both New York Democrats. This was a liberal version of the teach-people-to-fish idea. The act requires all states to adopt balanced work and welfare plans — exactly the right idea, even though carrying them out is difficult in these hard times.

In the 90's, reflecting David Duke's negativism, welfare policy is becoming mean and harsh.

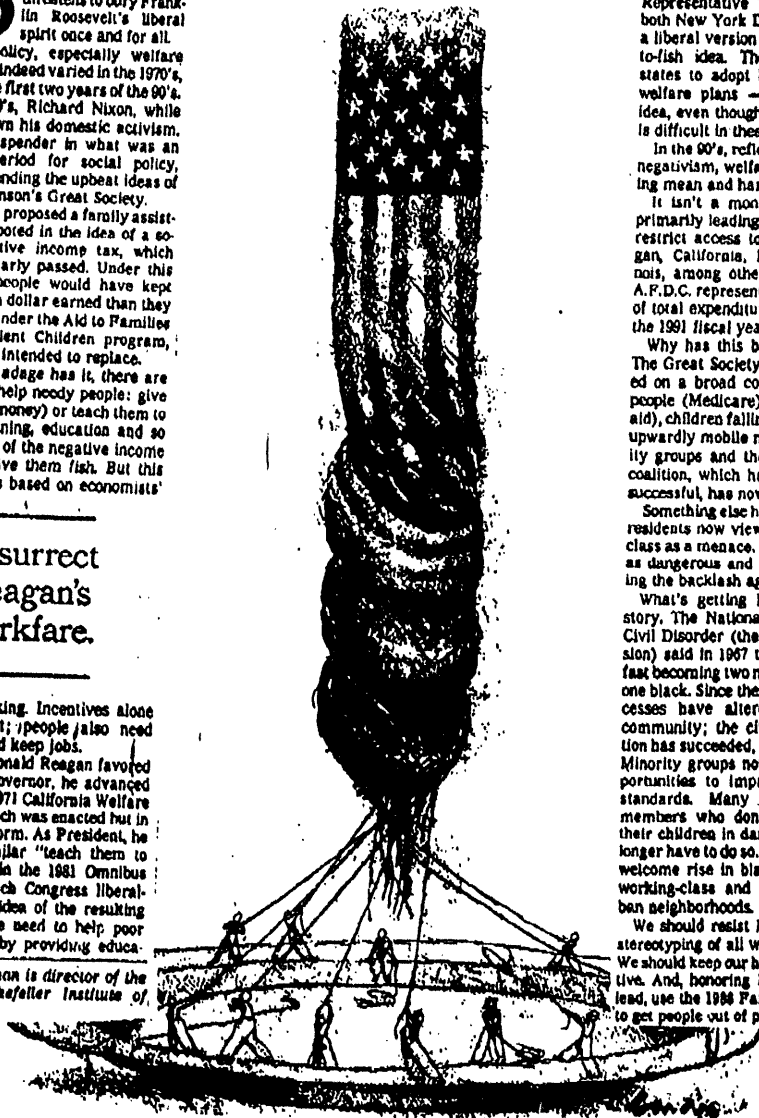
It isn't a money squeeze that is primarily leading to the new rules to restrict access to welfare in Michigan, California, Maryland and Illinois, among other states. After all, A.F.D.C. represented only 1.4 percent of total expenditures by all states in the 1991 fiscal year.

Why has this backlash occurred? The Great Society's success depended on a broad coalition to help old people (Medicare), the sick (Medicaid), children falling behind in school, upwardly mobile members of minority groups and the rural poor. This coalition, which had been strikingly successful, has now run out of gas.

Something else has changed. Urban residents now view the small underclass as a menace. This group, feared as dangerous and antisocial, is fueling the backlash against welfare.

What's getting lost is a success story. The National Commission on Civil Disorder (the Kerner Commission) said in 1967 that America was fast becoming two nations: one white, one black. Since then, civil rights successes have altered the minority community; the civil rights revolution has succeeded, not fully but a lot. Minority groups now have more opportunities to improve their living standards. Many minority group members who don't want to raise their children in dangerous areas no longer have to do so. There has been a welcome rise in black and Hispanic working-class and middle-class urban neighborhoods.

We should resist Mr. Duke's mean stereotyping of all welfare recipients. We should keep our historical perspective. And, honoring Ronald Reagan's lead, use the 1988 Family Support Act to get people out of poverty. □



Poverty status.—About 40 percent of those who ended AFDC spells were poor after their exit. About 52 percent of those whose AFDC eligibility ended because they no longer had an eligible child were poor in the following year. For those who earned their way off AFDC, about 32 percent were poor in the year after their welfare spell; their poverty reflected the sub-poverty gross income eligibility limits of AFDC in many States.

TABLE 36.—EVENTS ASSOCIATED WITH THE BEGINNINGS AND ENDINGS OF AFDC SPELLS

Beginnings	Percent	Endings	Percent
Divorce/separation.....	45	Marriage	35
Childless, unmarried woman becomes a female head with children.	30	Children leave parental home ...	11
Earnings of female head fell	12	Earnings of female head increased.	21
Earnings of others in family fell....	3	Earnings of others in family increased.	5
Other income fell	1	Transfer income increased.....	14
Other (including unidentified)	9	Other (including unidentified) ..	14
All	100	All	100

Sources: "Beginnings": Bane and Ellwood (1983), p. 18, using PSID data. "Endings": Ellwood (1985), p. 46, using PSID data.

PREPARED STATEMENT OF SENATOR DANIEL PATRICK MOYNIHAN

Welfare is back in the news. It has returned on a wave of public anger that is pushing it onto center stage in this year's presidential campaign. As Lawrence Mead said recently, welfare threatens to become the "Willie Horton issue of 1992." American voters looking for a target for their resentments are settling on welfare mothers and children.

Across the Nation, welfare benefits are being cut. While the reductions have been concentrated in eight States (Michigan, Massachusetts, California, Maryland, Ohio, Illinois, Maine, and the District of Columbia), other jurisdictions are also considering reductions. And of course these latest cuts come on top of the benefit erosion of the last 25 years, during which time AFDC payments declined by 40 percent in real terms because States failed to keep their benefits up with inflation (while some of that was offset by food stamp increases, total benefits still declined significantly).

In some States, the focus is on "behavior modification." This concept is central to welfare reform whose main objective, after all, is to modify recipient behavior so as to encourage self-sufficiency. But the new proposals go much further, seeking to promote a whole range of desired behaviors—such as preventing the birth of additional children, for instance. The Department of Health and Human Services will soon have to decide whether to grant waivers for such initiatives.

In 1988, the Congress passed the Family Support Act. After 20 years we had finally come on a consensus in dealing with this issue. The dependent poor were to be given the services they needed to become self-sufficient—education, job training, day care, transportation. In return, they would be required to work, or obtain the necessary training so that they could move into a job—on pain of losing their benefits. There was a balance here that most people could support. Participation was mandatory, but government had to supply the necessary services. The final vote in the Senate was 97-1.

True, the timing was terrible. The recession reduced the States' ability to finance the new services required under the Act, while causing caseloads to explode. In the

last 2 years, the numbers of AFDC cases grew by 20 percent. In this environment, it was hard (also too soon) to determine whether the Family Support Act was working. All that was visible was increasing caseloads. And rising public anger.

Our goal today is to find out whether the consensus embodied in the Family Support Act has collapsed, and if so, why. Is there new information available now that we did not have 3 years ago? Is something new going on out there? Are new policies needed to respond to these new circumstances? That is what we hope our witnesses will tell us.

PREPARED STATEMENT OF SENATOR DON NICKLES

Mr. Chairman, distinguished members of the committee, I truly appreciate the opportunity to testify before you today on the necessity of breaking the cycle of generational poverty that plagues our Nation's poor.

Early last December, I had the opportunity to spend some time at the Sooner Haven Apartments in Oklahoma City. This public housing project on the Eastside of Oklahoma City is like the thousands of low-income housing projects throughout the nation that are stricken by crime, illiteracy, and welfare dependency. Throughout my time there, I witnessed the plight of those who have fallen through the cracks of our educational system. I met school-age children who were not in school. I heard chilling stories of drug deals and gang violence. I saw families in their third and sadly fourth generation of poverty. It was following this visit that I decided that steps must be taken to combat poverty by promoting responsibility and self-sufficiency as opposed to welfare dependency.

To conquer this cycle requires accountability and caring among family members. There is no government program that can substitute for this influence. We can only offer the tools for families to use. While programs such as that I am proposing today can only encourage positive behavior, it remains up to the family to make it happen.

Once the family accepts its responsibility, the next step toward establishing self-sufficiency comes with education. Children who stay in school are less likely to be unemployed, less likely to turn to a life of crime and less likely to be on welfare than their peers who dropout of school. This is exemplified by the fact that over 60 percent of our Nation's prison population failed to finish the 10th grade; that 30 percent of the dropouts in the class of 1990 were unemployed as opposed to 15 percent of those who graduated; and that on average high school dropouts earn 54% of what graduates earn.

To accomplish true reform, we must give States greater flexibility in enacting laws that will ensure that every child in the country is given the opportunity for an education that they need and deserve. These programs have come to be known as "Learnfare". Other programs such as literacy requirements are also innovative approaches in combating illiteracy among our Nation's poor.

Last week on the Senate Floor, Senator Kasten and I proposed legislation that would have given the States the option of linking AFDC benefits to compulsory school attendance without the need of a complicated, restrictive, and time-consuming Federal waiver. In his state of the Union Address, President Bush addressed the need for a timely review of waiver applications. I believe that this is step in the right direction, but in some cases it does not go far enough. Many programs, like "Learnfare" can not be cookie-cutter copies cut from a Federal mold. States must be given freedom to devise programs that fit the needs of their citizens.

This is a national, bi-partisan issue. The Republican Governor of Wisconsin pioneered the program in 1987. The Democratic Governors of New Jersey and Maryland have proposed progressive welfare plans. In my State of Oklahoma, interest is keen in crafting a new and innovative public assistance program. I will introduce into the record a letter of support for my proposed Learnfare measure from Governor David Walters of the State of Oklahoma. State legislatures from Washington to Florida and California to Massachusetts are considering measures of this nature.

Learnfare programs simply call on adults to be held accountable for their actions, and holds parents responsible for the education of their minor children. In assessing the merit of Learnfare, we must ask what role must parents play to facilitate the educational success of their children. In the final report of The National Commission on Children entitled *Beyond Rhetoric: A New American Agenda for Children and Families* a parent's role in education was outlined as the following:

"For more than two decades, studies have identified family background as the single most important predictor of student achievement. Parents play a critical role in ensuring that their children grow and learn, from birth through adolescence. They also play a critical role in conveying the values, habits, and behavior that promote school success, including good

work habits, respect for learning, honesty, determination, self-reliance, and consideration of others.

Parents are responsible for guiding their children's social and intellectual development, for ensuring that their children enter school ready to learn, and for monitoring and encouraging their academic progress. Parents should view themselves as partners with schools in the education process, reading to young children, monitoring homework, and creating home environments that encourage learning. They should also act as advocates for their children, visiting schools and meeting teachers."

It is my belief that the most fundamental education reform begins at home. No matter how innovative a school or educational program may be, it is useless unless every child has access to it.

We must give States the opportunity to create programs in which both the State and welfare parent have clear responsibilities: the State to provide assistance to parents in reducing welfare dependency and parents and their dependents to participate in public education, training and job search services that will enable them to become more self-sufficient.

States should have the ability to mold Learnfare programs to fit the needs of their State. Learnfare in Oklahoma will and should be different than Learnfare in California. In my opinion, Governors and State Legislatures are quite capable of developing and enacting successful Learnfare programs without micro-management from the Federal government.

The Aid to Families with Dependent Children for the most part pays single parents to parent. These benefits are paid conditioned on the fact there is a school-aged child—living in the home. It is only common sense to require that a parent being paid to parent be held responsible for the education of their children.

Another family I met at the Sooner Haven Apartments, was headed by a welfare mother of seven children who wanted a better life for her kids, but she was caught in this cycle. Employment would have jeopardized her welfare benefits, so she remained unemployed. Ah seven of her children attend school, and she proudly showed me certificates of school achievement that her children had been awarded. She has high aspirations for herself and her children, but she is caught in a system of government supported poverty that must end so that there can be a welfare-free future for her children.

Illiteracy has been shown to be a significant factor in the lives of dysfunctional individuals in our country. No one can function properly, nor contribute to the community's well-being without literacy skills.

Over the past few years, many programs have been adopted aimed at improving literacy among all groups and income levels. Such programs include the JOBS program which require States to offer education services to high school dropouts over twenty who do not demonstrate basic literacy levels. I urge the committee to review existing programs and consider giving States greater flexibility in linking literacy programs to the receipt of public assistance.

In closing, I want to tell you about Emerson School, an alternative high school not far from the Sooner Haven Apartments in Oklahoma City. It is an excellent school aimed at dropout prevention for single mothers. Students at this school are doing the right thing, they are moving in the right direction for themselves and their children. Learnfare will get more people into this most beneficial program. These students should be commended for their desire to fight against a future of government dependence.

Only parents can truly help their children obtain a quality education, and only a quality education can give their children's children what their parents did not have.

Children may only make up 25% of America's population, but they are 100% of our Nation's future. Now is the time to give States the freedom they need to move ahead with innovative programs.



STATE OF OKLAHOMA
WASHINGTON, D.C. OFFICE

DAVID WALTERS
GOVERNOR

DAN COONEY
DIRECTOR

January 28, 1992

The Honorable Don Nickles
U.S. Senate
7 J Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Nickles:

I am writing in support of your amendment to S. 2, the "Neighborhood Schools Improvement Act" which allows states the flexibility needed to implement innovative education and welfare reforms without onerous and cumbersome regulatory barriers.

The objectives of the "Learnfare" program which your amendment addresses are commendable. Unfortunately, it has been difficult for states to implement such creative programs due to an intransigent bureaucracy. I applaud your efforts on behalf of states' regulatory relief in order to benefit Oklahoma citizens dependent on state and federal assistance.

The link between the lack of an education and poverty has been clearly demonstrated. If we can break the cycle of despair and welfare dependency through compulsory education then we can honestly say our economic recovery has begun.

Sincerely,

David Walters