

Welfare and the Poorest of the Poor

PETER EDELMAN

Next year, welfare as we now know it is slated to come before Congress for reauthorization. By “welfare” I mean federally financed cash assistance to low-income mothers (and occasionally fathers) with children. Welfare as we used to know it was the program called Aid to Families with Dependent Children, in effect from 1935 to 1996. It was hardly generous (as well as being otherwise flawed), but it nonetheless succumbed in 1996 to three decades of conservative attack. The allegation was that it had created undue numbers of long-term recipients; it had fostered welfare dependency. The program was replaced by Temporary Assistance to Needy Families (TANF), which made it much harder to obtain assistance and imposed stringent time limits.

A Brief History

As a federal policy, welfare has gone through four stages, with some basic features remaining constant throughout. The level of benefits has always been left to the states, and in some states is barely more than 10 percent of poverty line income. Even in the most generous states, welfare (including food stamps, which became a significant factor in the 1970s) has never gotten people out of poverty. Everywhere, the adults in the program have been mainly women of working age and, disproportionately, women of color. These features of “welfare” have evoked a political and popular enmity that seems rooted in misogyny and racism—even though the official conservative critique (joined by some liberals) focuses on the importance of work and self-sufficiency.

During stage one, which lasted until the 1960s, the states had almost unfettered discretion to help people they found deserving and turn away those they thought unde-

serving. Especially in the South, racial discrimination was rampant, and in many states welfare workers based their decisions on facts they dug up about women’s sexual relationships.

Stage two saw the welfare rolls rise sharply and become blacker and browner. An active welfare rights movement interacted with a new cadre of federally financed legal services lawyers and newly receptive federal courts to force welfare officials in many (but not all) states to grant benefits (however minimal) to large numbers of people who had previously been turned away or discouraged from applying. In 1968, the U.S. Supreme Court decided (in the first case it had ever taken on the subject) that the 1935 New Deal statute created a legal right to help—an “entitlement,” the word that became an epithet in the debates of the 1990s. The benefit level was still up to the states, but they could not turn away anyone whom the federal statute defined as eligible for assistance.

Not surprisingly, stage three was not long in coming. Beginning in the late 1960s, conservatives began a war against welfare that went on until the 1996 law was enacted. The underlying politics was largely racial, capped and epitomized by Ronald Reagan’s apocryphal “welfare queen.” Helping to sustain the attack was the fact that over this period it remained relatively easy to obtain welfare because of the judicial decisions of the 1960s and the changed attitude of many welfare administrators. Nor was there ever a serious effort to help recipients obtain education and training, and to find and keep jobs, which would have kept the number of people on welfare in check. The consequent size of the rolls gave ammunition to the conservatives.

All this led to stage four, which began with Governor Bill Clinton running for president on a platform of ending “welfare as we know it.” Whatever his intention, the phrase opened the

door to a radically conservative approach from the newly muscular and emboldened Republican-controlled Congress. Running for re-election in 1996, but also believing in the merits of TANF, Clinton signed the welfare reform bill into law.

Temporary Assistance to Needy Families (TANF)

The meta-message of the TANF legislation was that states had to pare their welfare rolls. The primary tool given them was the repeal of the legal entitlement to benefits and the transformation of the legal framework into a block grant. A block grant is flexible and can be used for good or ill. States had no obligation to help anyone and could, for example, impose time limits far shorter than the new five-year ceiling on a family's eligibility for federally financed assistance. Many did that. But states also had the flexibility to reframe their programs in positive ways, with individualized pathways to work and continuing help for people who had a good reason—providing care for an elderly relative, say—to stay out of the job market. Some accepted the invitation to move in a positive direction.

Nonetheless, the main message was to downsize the rolls, and downsize they did. The palpable result thirteen years later is the virtual disappearance in many states of cash assistance for low-income mothers with children, with caseloads going down by well over 90 percent. Overall, the rolls shrank from 14.3 million mothers (and a few fathers) and children in 1994 to under four million in 2007. In 1995, nine million of the 14.5 million children then poor were in families that received welfare. By 2006, only four million of the 12.8 million poor children were in families getting TANF. That the gap bespeaks a failure to respond to legitimate need seems obvious.

These are the techniques of radical reduction: shut the front door almost completely; staff the back door with the equivalent of a tough nightclub bouncer; and, in between, hassle applicants to the point where they just give up and go away.

At the front door many states just say no, evoking memories of the pre-1960s period, when unbridled discretion ruled. Some cloak

the turndown with the euphemism of “diversion,” which means, “You look able-bodied. Go out and look for a job.”

At the back door there is sanctioning—kicking people off the rolls because they were late to a work assignment (no excuses for sick children, late buses, or car breakdowns) or didn't show up for an appointment at the welfare office (no excuses for failure to receive notice of an appointment or inability to understand English). In some states multiple infractions of this sort can result, legally, in lifetime disqualification.

In between there are requirements to bring an entire dossier of documents in order to navigate the application maze, intrusive questions about the applicant's private life, assignments to demeaning work programs that sometimes ask people to work without necessary protective equipment, regular and irregular summonses to come in for redetermination of eligibility, and much more. Many needy people refuse to undergo the indignities associated with asking for help.

Since the current recession began, it has become even more obvious that TANF is not responsive to the real level of need. The number of people receiving food stamps, to which there is a statutory right, now exceeds thirty-three million, while the number receiving TANF has remained stuck at around four million. The numbers have increased somewhat in some states in recent months, but even a 25 percent average increase nationwide would bring the total caseload up to something like five million. And there are states where an eligibility administrator will routinely approve an application for food stamps and just as routinely turn away the same person's application for TANF. A sideshow barker might say, “Step right up, step right up. Only a nickel to see the incredible shrinking TANF program.”

Focusing on the Poorest of the Poor

We cannot look at welfare in isolation. We need to ask why there is such a huge gap between top and bottom in this wealthy country and why there are so many people at the bottom. We need to ask why so many people with steady work don't make enough money to pay for basic living costs—which are in fact much

higher than the unrealistic measure we call the poverty line.

But we especially need to look at people at the very bottom and to understand that a disproportionate number of these are children who, whatever the sins or failings of their parents, deserve a decent chance to succeed. And even more fundamentally, we need to ask why there is so much hostility toward a group of people who, if we provided a modicum of assistance, at a cost that is not astronomical, could at least avoid the very worst of conditions.

Some numbers: ninety million, thirty-seven million, fifteen million.

Ninety million is the number of people—30 percent of the population—who have incomes below twice the poverty line, or below about \$35,000 for a family of three. These people are not “poor,” but much research shows that this is the minimum income they need to pay their bills and go to a doctor if they have to without worrying about what other necessities they will have to forgo. (And this is true even if they have insurance, what with deductibles and coinsurance.) These ninety million present critically important policy issues that are not being addressed fully.

Thirty-seven million is the number of people who were poor in 2007 (the last year for which we have data) by the flawed definition we use to measure poverty in America—around \$17,000 for a family of three and \$21,000-plus for a family of four. Try to live on those incomes anywhere in this country—unless your home is abnormally inexpensive and you can grow your own food. No doubt the thirty-seven million figure increased substantially in 2008 (the numbers for the previous year are released around Labor Day) and will go up even more in 2009. Predictions are that the number of people living in poverty in 2009 will be forty-five to fifty million. That should be very troubling.

Even so, fifteen million is the number I want to emphasize here. That is the number of people who live in “extreme poverty,” who have incomes below half the poverty line or below about \$8,500 for a family of three. This group represents about 5 percent of the population, a shockingly high proportion in my estimation,

and it rose by about three million during the current decade. That so many people have such low incomes is testimony to our evident belief that there should be no basic income floor in American society.

I stress those in extreme poverty as a critical facet of our policy discussion because of the large number of former welfare recipients, women with their children, who have ended up with neither welfare nor a job, and also have not obtained disability benefits, gotten married or moved in with a partner, or been helped by an extended family. These women and children may comprise as many as two million people and are clearly a major ingredient in the increase in extreme poverty during the current decade. I call them “out out out”—out of welfare, out of work, and out of any other major source of legal support.

My purpose in the remainder of this essay is to discuss some of the components of a better welfare policy, with special emphasis on the “out out out” group, and to examine as well the question of an income floor for the most destitute of our people.

TANF in 2010

No one should suppose that the advent of President Barack Obama and large (but hardly overwhelming) Democratic majorities in Congress will result in completely revamping the block grant TANF framework. Welfare has never been popular. TANF took the public’s hostility toward welfare off the front burner (at a considerable cost), but it is only dormant. Even in today’s changed political world, bold ideas for cash assistance to the lowest income people in our nation would be met with ideological resistance. There is no doubt that President Obama is strongly committed to taking action to reduce poverty. The Recovery Act passed earlier this year contains an amazing array of direct and indirect help for low-income people, probably the largest set of antipoverty measures ever enacted in Washington in a single piece of legislation. It is truly spectacular, but it is also true that much of the aid is legislated only for the next two years and will require further action to be made permanent.

What we should have and what we can reasonably hope to get in the world of welfare

are two different things. My ideal framework would feature a minimum benefit (which could vary regionally based on the cost of living) and a clear connection between income support and work (based mainly on incentives rather than penalties). It should also be possible for a relatively small number of people, who are not legally disabled but have good reasons not to be in the job market, to receive cash assistance without an expectation that they will work outside the home. My framework would include good child care, continuing health coverage, relevant education and training, and strong support services to help new workers succeed in the workplace.

There are four sets of families to be served by a thoughtful cash assistance policy: (1) those with heads (single mothers, typically) who need temporary help in getting back on their feet due to a family breakup or who, during a recession, have exhausted unemployment insurance and may be out of work for an indefinite period; (2) those in which parents have low-income jobs, whether part-time or seasonal, and need an income supplement beyond the little or nothing they receive from the Earned Income Tax Credit; (3) those where an adult member can work outside the home but needs help while she gets appropriate education or training; and (4) those where the parents are not in a position to work because they live too far from available jobs, are caring for chronically ill children or elderly relatives, or have personal problems that make them functionally but not legally disabled and not good candidates for work.

The first group is for the most part noncontroversial, although there are states where even people who are clearly in what is only a temporary bad patch are turned away. The second group should, again, not be a subject of great controversy, but many who apply for help are not helped. Worse, people who have gotten a modest welfare check to supplement low-wage work may discover later on that the check, small as it was, counted against their time limit. With regard to the third group, TANF policy has actually gotten worse. One lesson of the 1996 law is that there are people with multiple barriers to succeeding in the workplace

who can nonetheless succeed if they get more individualized attention. The 2006 reauthorization of the law went in the other direction, mandating more stringent work requirements that make no allowance for the extra assistance some women need in order to get and hold a job. The fourth group is obviously the most controversial, since the whole design of the TANF law is unfriendly to the idea that there are people who should be permitted to continue indefinitely to receive cash assistance. But this idea, while it would not apply to a huge number of people, is critically important if we are going to create basic protection for the poorest of the poor.

How much change in TANF can we expect? Of course TANF is not the only relevant policy. There are other programs that have a positive effect on extreme poverty. Food stamps, various refundable tax credits, help with child care, health coverage, and housing vouchers are just a few. Expanding each of these is not only intrinsically valuable but also has an in-kind effect in adding to income. All operate synergistically with welfare policy.

But our focus here is on TANF itself. The broad challenge is to transform it into an antipoverty program that dovetails with the rest of a living-income strategy—one whose emphasis is on helping people find and keep jobs and that is also committed to a decent safety net for those who need it.

Funding Federal funding for TANF has been flat since 1996, so by now the \$16.5 billion annual appropriation has lost more than a sixth of its purchasing power. Nor has federal child care spending, already far from meeting the needs of those eligible, kept pace. Increased funding will not by itself help the lowest-income people among the poor, but it will create a better environment for advocacy and action at the state and local level.

Performance Measures and Waivers It is difficult for federal law and policy to change the attitudes of individual workers in welfare offices and the culture of state and local welfare agencies, but there may be innovative and practicable ways for the federal government to incentivize state initiatives that would make a difference. One step would be to legislate performance measures instead of the current system of work participation requirements for

those now on the rolls. We should ask not only about the size of the caseload but also about how many people have achieved stable and sustainable employment and how many have escaped poverty. And we might offer waivers of existing work participation and other requirements to states that produce plans that promise to do better with these last two goals.

Reweaving the Safety Net Much can be done through a change in the messages going to the states from Washington. There is a provision that allows states to exempt 20 percent of their caseload from the five-year federal time limit, but many states do not use it even though it would cost them nothing to do so. The states that have time limits of less than five years are also leaving federal money on the table. Another provision allows states to keep child-only cases (in which the mother's needs are not factored into the benefit) on the rolls indefinitely, but many states do not use it even though it is financed fully by the federal government.

All these policies would reduce the number of people who end up in extreme poverty because they have no cash assistance and also no job. Utilizing these options would require the states to make choices about how they use their federal allotment, which is an important reason why increased federal funding and increased allotments are needed. Ample research exists about the number of people who have been driven into extreme poverty by the triple whammy of losing welfare, being unable to find work, and having no other source of support. Federal leadership would influence some positive steps by the states.

There are also important legislative steps that would improve TANF, especially as it relates to the lowest-income families:

- Regulate state behavior so as to tell outlier states that certain policies are unacceptable. We should outlaw lifetime full-family sanctions and require states to make a face-to-face inquiry into a person's individual circumstances before imposing a sanction. The purpose of a sanctioning policy, if we are going to have one, should be to help people come into compliance, not simply to reduce the rolls.

- Outlaw lifetime time limits shorter than five years.

- Require that the time clock on benefits not run during periods when people with a job receive a TANF benefit. Encouraging the states to use TANF as a wage supplement would help very low-income people cobble together (with food stamps and other bits and pieces) a somewhat more livable income.

- Mandate that the time clock not run and that work requirements not be imposed with regard to women caring for chronically ill children or aged and infirm relatives—and also for women in high school or college or in some other approved postsecondary or other job training program.

- Make legal immigrants eligible for TANF and other means-tested federal programs upon their arrival in the country, instead of requiring them to wait five years (and even then leaving the decision to the states).

- Mandate that states collecting child support on behalf of a TANF recipient give the entire payment to the children for whose benefit it has been paid.

Other Measures to Reduce Extreme Poverty

Beyond TANF, it remains vital to do a much better job of reaching all of those who are eligible for various benefits—especially food stamps and Medicaid—and do not seek them. The failure to extend the safety net to everyone who is currently eligible heightens the incidence of extreme poverty.

Food stamps by themselves provide a family of four that has no income with about \$6,000. This is the only national income floor that we have, minimal as it is (it should be recalled that the poverty line for a family of four is in excess of \$21,000). Housing vouchers are an important benefit, but reach only one in four who qualify. Waiting lists are typically multi-year ordeals. Child care would help too, but federally funded assistance reaches only one in seven of those who are eligible.

Beyond continuing to improve the adequacy and reach of food stamps, housing vouchers,

and child care, it is time to make the federal Child Tax Credit available to every family all the way down to those with no income. The threshold for receiving the CTC was lowered to \$3,000 in President Obama's Recovery Act, which means that families with children will begin receiving a 15 cent refundable tax credit for each dollar earned over \$3,000. This benefit is work-based, so it is of no use to people who have no work at all, but for people with sporadic or part-time work, it is quite important. However, the \$3,000 threshold expires in two years, and further legislation will be needed to keep it at that level or the threshold will rise to about \$12,000. Maintaining the threshold at \$3,000 is extremely important, and reducing it to zero would be even better.

Creating an Income Floor for Families The presence and recent growth of extreme poverty in the United States is a national disgrace. Significant progress in eliminating it would come from creating a national income floor comprising food stamps, the Child Tax Credit, Medicaid, expanded funding of housing vouchers, and a larger investment in child care and Head Start. Steps to reverse the ways in which the TANF program exacerbates extreme poverty and to restore cash assistance to its proper role as part of a safety net for the lowest-income families would at the very least rescind the currently operative idea that public policies that actually worsen and perpetuate poverty are acceptable.

Peter Edelman is a professor of law at Georgetown Law Center and was assistant secretary for planning and evaluation at the Department of Health and Human Services in the Clinton administration.

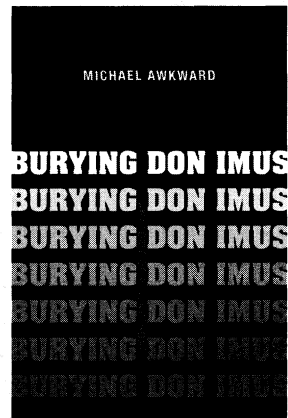
ARE YOU MOVING?

Please notify us one month in advance of your change of address. Notify us via our Web site (www.dissentmagazine.org) or send both old and new addresses to

DISSENT
c/o The Sheridan Press,
Attn: Penn Press Journals
P.O. Box 465, Hanover, PA 17331
Phone: 717-632-3535,
ask for subscriber services.
Fax: 717-633-8920.
Email: pubsvc@tsp.sheridan.com.

RACIAL SCAPEGOAT

What the furor surrounding Don Imus shows us about unresolved race relations in the United States.



\$24.95 • HARDCOVER • 224 PAGES

"Burying Don Imus: Anatomy of a Scapegoat is not only the book America needed. It is the book America didn't know it needed. . . . I cannot recommend this book highly enough. It is both entertaining and illuminating."

—Debra Dickerson

MINNESOTA

UNIVERSITY OF MINNESOTA PRESS
Available at better bookstores or to order
call 800-621-2736 www.upress.umn.edu