Chapter 2
The Reagan Administration and Public Assistance

2.1 Overview

This chapter examines changes in public assistance throughout the 1980s. Section 2.2 discusses the theoretical and empirical underpinnings of the ideological attacks on the welfare state advanced by social scientists and political pundits for whom the Aid to Families with Dependent Children (AFDC) program had come to represent the limits of government beneficence. Legislative changes throughout the 1980s are presented in light of policy objectives and values. Section 2.3 highlights key aspects of the Omnibus Budget Reconciliation Act (OBRA) of 1981 that opened the way for welfare and work-related demonstration projects. Section 2.4 examines the emergence of the Congressional consensus linking welfare to work. Section 2.5 discusses passage of the Family Support Act (FSA) of 1988 (P.L. 100-485), which cemented the link between welfare and work and whose provisions are also presented. Section 2.6 highlights the continued attacks on the welfare state in general and the AFDC program in particular during the George H.W. Bush administration, setting the stage for the overhaul of AFDC during the Clinton administration, the subject of Chap. 3.

2.2 The Welfare State Under Siege: Theoretical and Empirical Underpinnings

The election of Ronald Reagan in 1980 signified a growing disillusion about the role of government in the economy and society (Caputo, 1994) and a more sustained challenge to the income maintenance function of the US welfare state (Hamilton, 1984). The "stagflation" of the 1970s called into question the viability of the US welfare state as it weakened the faith of policymakers both in the achievement of full employment and in Keynesian demand management which had guided policy strategies since the 1940s (Goldberg, Harvey, & Ginsberg, 2007). In regard to poverty, the Reagan election provided "a political wedge for antiwelfare punditry about the values and behavior of poor persons, particularly

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unmarried mothers and noncustodial fathers who failed to pay child support" (Caputo, 2008, p. 1038). The theoretical and empirical underpinnings of the welfare debates throughout the 1980s were presented in publications targeted toward the general public by such political pundits and academic scholars as Martin Anderson (1978), George Gilder (1981), Charles Murray (1984), Garfinkel and McLanahan (1986), Lawrence Mead (1986), and David Ellwood (1988) among others (Deprez, 2002). Antiwelfare scholars such as Murray (1984) and Mead (1986), argued respectively that public assistance for able-bodied nonworking persons was a moral hazard encouraging sloth and illegitimacy and that, to the extent AFDC was to be retained, it should have stronger work requirements. Promoting the idea of a work-ethic state, Mickey Kaus (1986) proposed that all single mothers ought to work all the time to provide for their families. Although he took issue with Kaus about the reasonableness of such a pro-work proposal, even the sympathetic welfare supporter economist David Ellwood (1986, 1988), who would serve on President Bill Clinton's welfare task force from 1993 to 1995, sought to turn AFDC into a transitional support program designed to promote short-term financial, educational, and social support so that AFDC would be more like a stepping stone into the labor market (Caputo, 2008; Haskins, 2006).

President Reagan (Woolley & Peters, n.d. a) starkly characterized the antiwelfare, government-is-the-problem approach to welfare reform in his February 15, 1986 radio address to the nation:

> We're in danger of creating a permanent culture of poverty as inescapable as any chain or bond; a second and separate America, an America of lost dreams and stunted lives. The irony is that misguided welfare programs instituted in the name of compassion have actually helped turn a shrinking problem into a national tragedy. From the 1950s on, poverty in America was declining. American society, an opportunity society, was doing its wonders. Economic growth was providing a ladder for millions to climb up out of poverty and into prosperity. In 1964 the famous War on Poverty was declared and a funny thing happened. Poverty, as measured by dependency, stopped shrinking and then actually began to grow worse. I guess you could say, poverty won the war. Poverty won in part because instead of helping the poor, government programs ruptured the bonds holding poor families together.
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> Perhaps the most insidious effect of welfare is its usurpation of the role of provider. In States where payments are highest, for instance, public assistance for a single mother can amount to much more than the usable income of a minimum wage job. In other words, it can pay for her to quit work. Many families are eligible for substantially higher benefits when the father is not present. What must it do to a man to know that his own children will be better off if he is never legally recognized as their father? Under existing welfare rules, a teenage girl who becomes pregnant can make herself eligible for welfare benefits that will set her up in an apartment of her own, provide medical care, and feed and clothe her. She only has to fulfill one condition – not marry or identify the father.
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> Obviously something is desperately wrong with our welfare system. With only about half of what is now spent on welfare, we could give enough money to every impoverished man, woman, and child to lift them above the poverty line. Instead, we spend vast amounts on a system that perpetuates poverty. But the waste of money pales before the sinful waste of human potential – the squandering of so many millions of hopes and dreams.

President Reagan iterated similar sentiments a year later when he told the nation that he asked the nation's governors to join him at the White House to discuss the prospect of reforming the welfare system (Woolley & Peters, n.d. b). From the outset, the Reagan administration and Congress wasted little time in shifting public policy from welfare to work, beginning a process that by 1996 would in effect eliminate government responsibility in directly increasing the quantity of paid work and of unconditional or ongoing social welfare payments and would make the low end of the labor market the sole means of support for poor persons and their families (Mulvale, 2002).

2.3 The Omnibus Budget Reconciliation Act of 1981

Passage of the OBRA of 1981 (P.L. 97-35) signaled the shift. OBRA permitted states to convert the Work Incentive (WIN) program into a block grant administered by welfare agencies and to use workfare as a component of state programs. Under the Reagan administration, two sets of work programs were implemented: (a) WIN and (b) the OBRA experiments (Handler & Hasenfeld, 1991). Although OBRA gave states the flexibility to shape the federally mandated and bureaucratic AFDC program, they had less money to do so. WIN, the major federal funding source for these programs, became the target for annual budget cuts, with funding falling 70% between 1981 and 1987 in nominal dollars (Gueron, 1990). Responses were mixed: as the scale of work programs declined, fewer people and areas of the country were covered. Two studies (Nightingale & Burbridge, 1987, as cited in Gueron, 1990, p. 87; U.S. General Accounting Office, 1987) showed that in 1986, 37 states operated some form of job search assistance or workfare, the most common activities; however, these were implemented in areas covering about 40% and 30%, respectively, of the national AFDC caseload. The absence of reliable and consistent data precluded estimates of the percentage of caseload participation in these programs, as well as cost-effectiveness or impact on employment or welfare dependence. The inconsistent attempts by states to measure workfare effectiveness were noted in the popular press (Williams & Dennis, 1986). In 1987, 40 states operated workfare programs (Goldberg & Collins, 2001).

2.3.1 Implementation of Workfare Demonstration Programs Prior to Passage of the Family Support Act of 1988 (P.L. 100-485)

Implementation of workfare varied considerably by state under OBRA. In Alabama, for example, workfare attached to AFDC was optional at the county level, operating in three counties in 1986; whereas, in South Dakota the AFDC workfare component operated statewide only in the WIN Demonstration Project. In West Virginia, the mandatory AFDC workfare component operated statewide. States had the option to offer AFDC to two-parent families whose principal earner was unemployed, but only about half the states did so. AFDC participants were automatically eligible for education and training under the Job Training and Partnership Act (JTPA), but scarce funds restricted enrollment (Caputo, 1989).

Two notable contrasting innovative programs were (a) ET, the Employment and Training Program in Massachusetts and (b) GAIN, the Greater Avenues for Independence Program in California. These programs provided different solutions to the moral ambiguity of welfare and work.

With voluntary participation, ET reduced the ambiguity; whereas, with its carrot-and-stick approach, GAIN heightened it. ET symbolically departed from WIN by viewing AFDC recipients as potential customers to be attracted in part through an active marketing campaign and with higher levels of committed resources for support services; such as, child and health care. State appropriations went from about \$200,000 for WIN in 1980 to about \$18 million for ET in 1985, to \$68 million for ET in 1988. ET participation rates were unusually high, with 67% of all adults on AFDC participating in 1987, 44% of these obtaining jobs with a mean starting wage of \$5.70 per hour, and 49% of those who found jobs staying off welfare. Critics accused ET of "creaming"; that is, of selecting the most motivated and job-ready recipients.

GAIN required all eligible AFDC recipients to participate in the program until they were employed or off AFDC. Registration was mandatory for all AFDC-UP recipients and for AFDC recipients whose youngest children were 3 years old or older. GAIN operated with a complex logic that entailed a progression from basic education to job search, and for those failing to obtain employment, to further assessment, vocational training, and possibly work experience. All too often however, unevenly interrupted welfare spells precluded such an orderly progression. With 60% of registrants barely literate, GAIN became a massive educational program rather than a jobs program. Its uneven implementation throughout the state complicated any assessments for effectiveness, although its ability to provide services in large counties; such as, Los Angeles was limited to 10% of eligible GAIN participants. The absence of any control groups made it impossible to assess effectiveness for either ET or for GAIN (Handler & Hasenfeld, 1991; Williams & Dennis, 1986). Nonetheless, GAIN with its mandatory work requirements rather than ET with its voluntary participation served as the model for welfare reform efforts culminating in the FSA of 1988 (P.L. 100-485) and again in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA, P.L. 104-193; Peck, 2001).

2.3.2 MDRC and Assessment of Workfare Programs Prior to the Family Support Act of 1988

Despite state-by-state variation, OBRA provided the opportunity to elevate the role of empirical research in the policy development process. MDRC, originally known as the Manpower Demonstration Research Corporation, designed a rigorous set of experiments in several types of work programs for AFDC recipients in nine states, with over 30,000 individuals randomly assigned to experimental and control groups (Gueron & Nathan, 1985). These experimental programs ranged from the mandatory Community Work Experience Program (CWEP) in West Virginia to a voluntary on-the-job training program in New Jersey (Gueron & Pauly, 1991).

Gueron (1990) noted that the programs lead to consistent and measurable increases in employment and earnings, and also to some welfare savings. Women who were first-time applicants and who had recent work history did not gain from these programs. Women with no work experience showed significant gains. Long-term welfare recipients with no recent employment showed no consistent gains (Handler & Hasenfeld, 1991). On the whole Gueron (1990) admonished, results from the experimental studies suggested caution about what could be expected from similar types of reforms that had been enacted as part of the FSA of 1988 (P.L. 100-485), namely, that "these programs do not offer an immediate cure for poverty or dependence. Their impacts are modest; many people remain dependent; and those who move off welfare remain poor" (p. 95).

As Rogers-Dillon (2004) noted, the modest findings of these experiments did not create the political will to overhaul the AFDC program, nor did they transform policymaking per se. The experiments did produce technical knowledge that helped the successive wave of waiver demonstration projects in the 1990s learn about program success and failure. Results per se, however, were less important to welfare reform than the institutional existence or presence of what was to become in the 1990s "shadow" experiments (Brodkin & Kaufman, 2000). Thus, waivers were to shape welfare reform by allowing entrepreneur governors; such as, Tommy Thompson of Wisconsin, to push the envelope of social policy (a) by expanding acceptable options like time limits, (b) by providing an umbrella of social science experimentation to test competing policy options and determine what works, and (c) by creating a mechanism for centralizing and supporting welfare experts, administrators, and staff sympathetic to reform efforts pursued in each state. The way was thereby prepared for devolving or returning public assistance for families with children to the states (Rogers-Dillon, 2004, p. 164).

2.4 Cementing the Link Between Welfare Reform and Work

2.4.1 The Emerging Consensus

For the first time during his administration, President Reagan explicitly placed welfare reform on the national agenda in the 1986 State of the Union Address (Woolley & Peters, n.d. c). With a liberating rhetorical flourish, he put the matter this way:

> After hundreds of billions of dollars in poverty programs, the plight of the poor grows more painful. But the waste in dollars and cents pales before the most tragic loss: the sinful waste of human spirit and potential. We can ignore this terrible truth no longer. As Franklin Roosevelt warned 51 years ago, standing before this Chamber, he said, "Welfare is a narcotic, a subtle destroyer of the human spirit." And we must now escape the spider's web of dependency…
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> Tonight I am charging the White House Domestic Council to present me by December 1, 1986, an evaluation of programs and a strategy for immediate action to meet the financial, educational, social, and safety concerns of poor people. I'm talking about real and lasting emancipation, because the success of welfare should be judged by how many of its recipients become independent of welfare.

Despite the emancipative rhetoric, the Reagan administration and the welfare task force envisioned a less comprehensive overhaul of the system than those proposed by the Nixon and Carter administrations. Instead, the vision entailed federal initiation of "… widespread, long-term experiments in welfare policy through state-sponsored and community-based demonstration projects…" and federal approval of waivers to allow states and communities to experiment (Rom, 1989). As the Reagan administration was set to send its legislative proposal for welfare reform to Congress, President Reagan iterated his plan to turn responsibility for designing welfare programs over to the states in an effort to shore up welfare families. To the nation's governors, he expressed his administration's sentiments this way, which is worth quoting in full given its antiintellectual stance (Woolley & Peters, n.d. d):

> On the subject of welfare reform: Tomorrow we'll be sending our legislative proposal to Congress, to start that long and convoluted process by which we hope to get true reform started. Our goal is to establish a process that allows States and communities to implement their own antipoverty ideas based on their own unique experiences. States and communities are in the best position to find solutions to welfare dependency. In fact, a number of you already have used the limited independence that you now have to improve your welfare systems. Dozens more of you've demonstrated that you're eager to pursue new ideas and fresh strategies.
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> I'm also convinced that for any plan to work, it must be based on the advice of experts – not the ones in the universities and the think tanks, whose expert advice helped create the current welfare crisis, but the real experts: people like a lady named Kimi Gray, a one-time welfare mother with five children. We had her here in the White House the other day, and she told us about how she had gotten herself off of welfare and sent her five children to college. Not only that but she went on to become the driving force behind the Kenilworth Parkside Resident Management Association, taking over the management of these housing projects. And when she started out, she says that Kenilworth Parkside was referred to as "the end of nowhere, the part of the city that's been forgotten." But through the resident management concept, welfare recidivism was reduced from 85 percent to 22 percent and teenage pregnancy was cut by 50 percent. Crime in the neighborhood fell, and new businesses started up.
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> And how did she do it? Well, her work echoes what every other true expert about welfare knows, what everyone who's had success getting people off of welfare, rather than on, will tell you. "Our philosophy," she said, "is that the only way we could save our community was by saving our families." And how did they do that? Well, here are her words: "By

> returning respect and responsibility and pride back to the fathers of our community." There, spoken with the eloquence that comes from experience, is the fundamental truth about the difference between dependency and self-sufficiency: It hinges on the family. The fundamental principle that must guide all our efforts at reform is that anything we do, any change we make, must strengthen, support, and give encouragement to the family. We must do all we can to ensure that the family is a safe haven for its children, a source of strength and security for all its members.
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> And let me make a related point: In some cases day care may be a necessity, but it can never replace the love and care of the parents themselves. We've always been a nation that's drawn its strength from the values of family life. If America hopes to enter the twenty-first century united and free, we must once again make a wholesale, conscious commitment to strengthening and protecting those basic family values and the strong, stable families from which they spring. I know you all recently received my letter on welfare reform. And I know that you're as dissatisfied with the present system as we are. And many of you've thought long and hard about what needs to be done. Well, that's why we're anxious to hear what ideas your task force, headed by Governor Mike Castle, has to offer. And all of you, individually, have made great strides. We need your ideas, but not just your ideas. I'm asking each of you to help get our legislation through Congress. And I'm asking each of you, then, to use your new freedom to try new approaches in your State so that we can work together to make welfare work better.

In the 99th and 100th sessions of Congress, in 1986 and 1987, respectively, a consensus emerged linking welfare reform to work that had eluded the Nixon and Carter administrations (Deprez, 2002). Part of what drove that consensus was public and scholarly preoccupations with and debates about the status of the American family in general, particularly in regard to increasing numbers of divorces, of never-married single-headed households with children, and of older first-time marriages (Hacker 1979, 1982a).

The welfare consensus encompassed three main points (Goldberg & Collins, 2001). First, family breakdown and inadequate inner-city educational systems were generating a permanently dependent "underclass," whose nature and extent received popular as well as scholarly attention throughout the 1980s and early 1990s (Auletta, 1982; Hacker, 1982b; Jencks & Peterson, 1991; Katz, 1993). Second, reform should be based on reciprocal responsibilities between government and welfare recipients. Third, states should be given greater discretion over certain aspects of welfare policy.

The 100th session of Congress focused on three major bills: (a) the *Family Security Act of 1987* (S. 1511) introduced by Senator Moynihan (D-NY) and cosponsored by 56 members of the Senate, (b) the *Family Welfare Reform Act of 1987* (H.R. 1720) introduced by Representative Harold Ford (D-TN) along with amendments by the Committee on Education and Labor and the Committee on Energy and Commerce, and (c) the *Welfare Independence Act of 1987*, the Republican alternative for welfare reform introduced concomitantly by Senator Robert Dole (R-KS) (S. 1655) and by Representative Robert Michel (R-IL) (H.R. 3200). Despite differences in some specifics, each bill linked welfare reform to work. The FSA of 1988 (P.L. 100-485) cemented this link.

While reaffirming the income maintenance function of social welfare provisioning in general and retaining the entitlement nature of the AFDC program in particular, FSA placed a premium on employment with little regard to adequacy of income and it ignored the plight of the millions of working poor persons unlike the Nixon administration's FAP and the Carter administration's PBJI (Caputo, 1989). The emphasis, advocated by Ellwood (1988) to the extent reasonably possible, was to convert AFDC from a payment program with a supplementary jobs component into a jobs program with supplemental components; such as, child care support, children's allowances, and an expanded Earned Income Tax Credit (EITC) program with higher level and more gradual phase-out amounts for each additional child beyond the allotted two.

2.4.2 The Empirical Base Underpinning the Consensus

The consensus around FSA encompassed the common perception that AFDC was a failure, with too many recipients making dependency a career – nearly one in eight families with children at home were on the welfare rolls vis-à-vis one in thirty-three households in 1960 (Hacker, 1988). In a major study of welfare dynamics relying on data from the Panel Study of Income Dynamics (PSID) Bane and Ellwood (1983 as cited in Haskins, 2006 and in Institute for Research on Poverty, 1984) showed that of welfare recipients at any given time 60–65% would eventually be on the rolls for 8 years or more. Bane and Ellwood (1986) subsequently corroborated these findings when they differentiated those who had completed spells from those in the midst of a spell at any given time: 55.8% of spell completers had spell lengths of 8 years or more. Even though most persons beginning a new spell of welfare receipt (60.3%) were likely to leave the welfare rolls within 2 years, long-term dependency fueled the welfare reform debates (Haskins, 2006). In addition, the composition of AFDC families by marital status had changed since the failure to pass FAP, from 31.5% whose fathers were not married to mothers in 1973 to 52.6% in 1986. Paraphrasing Ellwood (1988), one columnist (Lewin, 1988, p. 6) summed up public sentiment this way: "Everybody hates welfare: the poor people who get it, the taxpayers who underwrite it and the politicians and bureaucrats who are constantly tinkering with it."

However, countering stereotypes, about one quarter of AFDC parents received assistance 5 or more years and fewer than 10% for over a decade (Hacker, 1988, Table A). Also, most single mothers were not on welfare and between 55% and 60% combined parenthood with work. Of approximately 6.3 million women who headed households with children under 18 years old in 1986, nearly one fourth made $20,000 or more and an additional 27% made between $10,000 and $20,000 (Hacker, 1988, Table B). So many self-supporting single mothers bolstered the view that the rest should.

2.5 The Family Support Act of 1988

2.5.1 Provisions of FSA

2.5.1.1 Title I of FSA: Child Support

Calling it "real welfare reform" (Woolley & Peters, n.d. e), President Reagan signed FSA (P.L. 100-485) on October 13, 1988 as welfare expenses approached $16.7 billion, up from $11.5 billion in 1980, with about 11 million AFDC recipients annually throughout the decade (Committee on Ways and Means, 1994). FSA had six titles (The Family Support Act of 1988, 1988–1989; U.S. House, 1988, as cited in Mink & Solinger, 2003, pp. 523–532). Title I addressed child support and establishment of paternity. It required immediate wage withholding for all new child support orders issued on or after January 1, 1994 (Caputo, 2008). It also required withholding of child support payments from noncustodial parents' wages upon issuance or modification of a child support order for families receiving services under part D of Title VII of the Social Security Act. Parties in a contested paternity case had to submit to genetic tests upon the request of a party in such cases. States that did not have automated data processing and information retrieval systems in effect had to have such systems operational by October 1, 1995. This title was in part driven by adverse trends; such as, decreasing percentages of child support awards for all women (e.g., from 45.1% in 1978 to 42.8% in 1981) and of women with their own children younger than 21 years of age (from a high of 61.3% in 1985 to 57.7% in 1989), the low rate of child support payments for never married women (e.g., 14.3% in 1981), and an increase of unmarried mothers eligible for support (19% in 1978 to 30.0% in 1989) (Caputo, 1996).

2.5.1.2 Title II of FSA: Creation of the JOBS Program

Title II, the centerpiece of FSA, required all states to implement workfare programs, that is, to establish fully operational job opportunities and basic skills training programs (JOBS) or welfare-to-work initiatives, by October 1992. All mothers whose youngest children were 3 years old or older, about 40% of all AFDC mothers, were required to participate in JOBS. Title II authorized states to institute a work supplementation program under which state reserves sums that would otherwise be payable to JOBS participants as AFDC benefits would be used instead to subsidize jobs for such participation. Title II also authorized any state to establish a CWEP (Caputo, 2008; U.S. House, 1988, as cited in Mink & Solinger, 2003, pp. 525–528). In his remarks on signing FSA, President Reagan reminded the nation that in 1971, as Governor of California, he put into law a work-for-welfare requirement called Community Work Experience, similar to the one in the legislation (Woolley & Peters, n.d. f). Title II of FSA was predicated on the assumption that the job training programs, particularly under JTPA, were adequate to the task and that the job market could absorb persons who were successfully trained and sufficiently educated (Caputo, 1989).

2.5.1.3 Remaining Provisions Regarding Child Care, AFDC-UP, Retaining the Entitlement Nature of AFDC, and Funding of Demonstration Projects

Title III of FSA directed states to guarantee child care services to AFDC families to the extent such services were necessary for a family member's employment or participation in an education and training activity which had state approval. States were required to continue a family's Medicaid eligibility for 6 months in the event that the family lost AFDC eligibility under specified circumstances. As of September 26, 1988, Title III also required states with AFDC-UP programs to continue to operate them without a time limitation. It excluded from determination of need and eligibility for AFDC cash payments the first $90 of earned income per month, earned income credits (EITC) payable to the family under the IRS code, and up to $175 per month per child for child care costs after other disregard provisions were applied (up to $200 per month for a child under age two). Title IV retained the entitlement aspects of AFDC, requiring states to provide AFDC benefits to every family which meets AFDC need standards and whose children are deprived of paternal support due to unemployment of its principal earner. States were permitted to limit the number of months for which a family may receive benefits under the unemployed parents (AFDC-UP) program, if they had provisions to assist such parents in preparing for and obtaining employment. Title V made demonstration project funds available to assess the impact of JOBS participation on reducing school dropouts, encouraging skill development, and avoiding sole reliance on AFDC payments among other things. Title VI located administrative authority to the Assistant Secretary for Family Support within the Department of Health and Human Services and made States responsible for ensuring that program benefits were integrated and that AFDC applicants and recipients were encouraged, assisted, and required to cooperate in establishing paternity and enforcing child support obligations (Caputo, 2008; U.S. House, 1988, as cited in Mink & Solinger, 2003, pp. 528–532).

2.5.2 Critique of the Family Support Act of 1988

Critical of the political consensus around FSA, activist scholar Mimi Abramovitz (1988) noted the absence of a national minimum benefit which thereby enabled states to continue setting AFDC benefit levels whose real values had dropped by 31% between 1970 and 1985. In 1988, the maximum combined AFDC and Food Stamp benefits failed to bring a family of three in any state up to the federal poverty line, and in 39 states these benefits failed to reach 75% of the poverty thresholds. In addition, the employment provisions were less than satisfactory: Rather than mandating states to provide education, training and job placement programs as initially proposed, such services were optional. States were only required to provide the least costly job search, basic education, and workfare programs rather than the more expensive skill-building education and training services. Abramovitz contended that FSA hurt rather than helped poor adults and their families. Declining standards of living were forcing increased numbers of middle-class women and mothers with young children into the labor market. Further, welfare mothers were more likely to fill part-time jobs and earn less than the $7,000 annual minimum wage. They were a potential source of cheap labor whose prospective wages would be insufficient to enable women to avoid abusive marriages or insecure jobs. The ranks of the working poor had increased by 50% between 1978 and 1985, and FSA would only add to that. Abramovitz also rebutted public and professional opinion about welfare dependency: Most daughters of welfare mothers did not end up on welfare and most welfare mothers left the rolls within 2 years. She recoiled against the transformation of AFDC into an employment program based on a contractual arrangement. This only furthered the Reagan administration's goal of eroding principles that supported the welfare state by undercutting the societal obligation to provide cash assistance. "A contract between parties as unequal as a welfare mother and the state," Abramovitz contended, "effectively weakens the protections against economic insecurity and loss of social rights that the welfare state, at least in theory, arose to provide" (p. 240).

2.6 Public Assistance Under Siege During the G.H.W. Bush Administration

While encouraging states to experiment by applying for waivers from FSA strictures, President George H.W. Bush in his State of the Union address referred to the welfare program as "a narcotic" and a "subtle destroyer" of one's spirit and he noted that welfare was "never meant to be a lifestyle." It was time "to help reform the welfare system" (Woolley & Peters, n.d. f). Through increased use of state waivers, which doubled from 5 to 10 between 1988 and 1990 and to about 20 by 1993, the G.H.W. Bush administration set the stage for opening the floodgates of welfare reform, increasing the scope, diversity, and complexity of related efforts (Boehnen & Corbett, 1996; Fein, 1994). In addition to increases in state waivers, the number of component changes also increased from two or three during the Reagan and G.H.W. Bush administrations to eight or more during the Clinton administration. In response to the proliferation of state requests for and actions to restructure their AFDC programs, welfare policy was taken up by the Senate Finance Subcommittee on Social Security and Family Policy, called on February 3, 1992 by Senator Daniel Patrick Moynihan (D-NY), who had been a chief architect of FAP during the Nixon administration and of FSA during the Reagan administration (The New Paternalism, 1992). Throughout 1992 in a variety of addresses President G.H.W. Bush singled out Wisconsin, Maryland, New Jersey, Michigan, and Virginia as innovative laboratories his administration had approved for waivers.

New Jersey's Family Development Initiative was notable in part, for example, because additional cash benefits were disallowed to women on welfare who gave birth to another child, explicitly in the name of responsible parenting (Bryant, 1992). In defense of this innovative stricture, known as the family-cap provision, Governor James Florio (1992) argued that welfare families should be deemed as responsible and held as accountable as nonwelfare families, noting that working families "make childbearing decisions based on their incomes and on how they stretch their dollars to support the whole family." That is, working families were responsible for the consequences of their actions and the expectation was that welfare families would be likewise. As Governor Florio declared, New Jersey's welfare reforms were putting "an end to the myth that poor people cannot make responsible decisions." The family cap component of the project received national attention after 2 months when based on implementation experience, the birth rate of welfare recipients dropped by 16%; subsequently, the early results were revised downward so that differences between experimental and control groups vanished (Boehnen & Corbett, 1996). Governor Florio also boasted about the education and training components of New Jersey's welfare reforms, which expanded the State's commitment to day care provisions and enabled working welfare parents to keep more of their earnings (Bryant, 1992). Most significantly, Governor Florio directly addressed the question of the merits of job training requirements if jobs were not available, an issue often raised by those stressing structural causes of poverty and calling for public service job creation. "If we do not train people just because there are no jobs for them at the moment," Governor Florio (1992) responded, "then how will they be ready when there are jobs? Being ready for an opportunity that has not yet arrived is better than being totally unprepared when opportunity does come."

During the G.H.W. Bush administration, several shortfalls of FSA were becoming increasingly clear. The AFDC participation rate in JOBS was only 11%, due in large part to limited federal funds and insufficient draw downs by states (Offner, 1992). The voluntary self-selection nature of JOBS in many states meant that the requirement to reach out to high-risk groups of young parents, long-term welfare recipients, and families about to "age out" or lose AFDC eligibility as their children turned 18 years old was not met. About half of the JOBS participants chose some form of education to meet work-related requirements, while "workfare" or community work experience drew only 3% of participants. The "20-hour" rule presented a problem in the US South, where a monthly benefit of $210 translated into 10 hours of work a week, half of what JOBS required. Many welfare enrollees in low-benefits states did not count as JOBS participants, with many states simply dropping workfare as a result. Other problems with FSA were also noted. Less than 10% of those who got jobs and left AFDC rolls in 1991 received day care services, even though FSA guaranteed them. About 46,000 of an estimated 280,000 children received transitional child care in September 1991.

2.7 Summary

This chapter discussed the antistatist sentiment that undergirded efforts to reduce the role of the federal government in the economy and society in general and in the means-tested public assistance program AFDC in particular. It highlighted the rise of workfare demonstration programs that forged a link between welfare receipt and work, cemented in the Family Support Act of 1988. The chapter reviewed data about AFDC use and about self-supporting single mothers, bolstering the view that the nonworking AFDC recipients should also work. The chapter presented the major provisions of FSA, including creation of the JOBS program and summarized a major critique. It concluded with renewed attacks on the AFDC program and calls for more sustained efforts for nonworking public welfare recipients to get job training and become labor force participants during the G.H.W. Bush administration. The stage was set for renewed efforts for reforming welfare and rewarding work, particularly as increasing numbers of mothers with young children entered the work force, both subject of Chap. 3.

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