State welfare employment initiatives: Lessons from the 1980s

by Judith M. Gueron

Judith M. Gueron is president of the Manpower Demonstration Research Corporation, New York City. MDRC is a private nonprofit corporation that designs, manages, and evaluates social programs aimed at increasing the self-sufficiency of the disadvantaged.

Workfare, reciprocal obligations, parental responsibility, and the need to balance opportunities with mandates have been prominent in the current lexicon of welfare reform, replacing the emphasis on entitlements and incentives familiar from an earlier era. This article discusses why the debate has shifted toward work strategies and summarizes what we know about the feasibility and success of this type of reform. The focus throughout is on women in the Aid to Families with Dependent Children (AFDC) program.

Why work requirements?

The designers of this country's welfare system have continually attempted to reconcile two potentially conflicting objectives: providing adequate support to those among the poor who cannot or should not be expected to work, and encouraging independence and self-support among those who can. The AFDC program has been the center of controversy, at least in part because a dramatic increase in women's participation in the labor force has led to a change in the public's attitude regarding the responsibility of poor women to contribute to the support of their children.

The framers of the Social Security Act sought to protect poor widows from having to leave their children in order to enter the labor market. Although this philosophical basis for AFDC persisted for 35 years, in more recent years the program has generated widespread dissatisfaction. Dissatisfaction, unfortunately, does not define reform, and for almost 20 years this country has sought to restructure AFDC in such a way as to increase recipients' self-sufficiency yet still protect their children.

One approach was to change the rules for determining welfare benefits in order to provide financial incentives for choosing work instead of welfare; that is, to encourage recipients to increase their work effort on a voluntary basis. Extensive research has shown the cost of this strategy and the complex way in which increasing work incentives can actually reduce aggregate work effort by expanding the size of the beneficiary population.[1] While this led to a retreat from lowering AFDC benefit reduction rates (and probably contributed to the 1981 increase in these rates), other less controversial approaches have been used with the same objective of rewarding work. Examples include transitional Medicaid or child care, the earned income tax credit (EITC), and to some extent efforts to increase child support collections.

The other approach, which is the subject of this article, was to shift the emphasis in the AFDC program from an income-conditioned entitlement to a reciprocal obligation, in which getting a welfare check carried with it some requirement to look for and accept a job, or to participate in work experience, education, or training activities in preparation for work. Even though behavioral requirements and the provision of employment services are not new, there has been an increasing emphasis on work mandates and obligations in the 1980s. Under these, the states would have the responsibility to provide the services and supports while recipients would have to use them or risk losing some welfare benefits.

On a very general level, there now exists widespread support for promoting work through this second approach, as seen in the recent proposals of the nation's governors and the American Public Welfare Association, as well as the numerous welfare reform bills introduced in Congress in 1987. Persistent differences in objectives, values, and views of social justice and the causes of poverty have made it difficult, however, to translate broad agreement into a specific proposal. Those who stress reducing dependency, think that jobs at some level are available, and believe that welfare recipients are either unwilling to work or too discouraged to try, for example, tend to favor mandatory requirements and low-cost job placement assistance with workfare required from those who remain on the rolls. Others, who emphasize reducing poverty rather than dependency, point to evidence that welfare recipients want to work and argue that poor people lack the necessary education and skills to obtain jobs which pay enough to assure self-sufficiency at a decent standard of living. People with this second view place less emphasis on mandates and more on the provision of intensive education and training.

Congress expressed a preference for work over welfare in the late 1960s and again in 1971 by requiring all adult AFDC recipients with school-age children to register to participate in a welfare employment program—the Work Incentive (WIN) program—and take jobs, or risk sanctions. Because of limited resources, however, participation was often limited to registration, and the program lost credibility as it failed to meet its operational objective. Further, several state-run demonstrations of alternative mandatory work programs in the 1970s ended up raising more questions than providing answers as states foundered against bureaucratic resistance, legal challenges, and implementation problems.

While large-scale feasibility remained uncertain, some careful studies suggested the promise of employment strategies. The National Supported Work Demonstration showed that structured, transitional, paid work experience could have positive long-term effects for very disadvantaged welfare recipients and be cost-effective for taxpayers, despite initially high costs.[2] Evaluations of job-search assistance indicated that low-cost strategies could also provide lasting benefits to a wide range of recipients.[3] Both studies also showed larger impacts for the more disadvantaged, calling into question the well-intentioned WIN practice of rewarding high placement rates, a practice that encouraged staff to serve those easiest to place.

Although these studies were of voluntary programs, the interest in restructuring AFDC prompted both Presidents Carter and Reagan to support reforms linking benefits with a strengthened obligation to work or accept work-related services. Both administrations sought to move beyond WIN and, by providing some form of "guaranteed" activity, assure that all eligibles would participate. The Carter proposal guaranteed paid public-service jobs as a last resort, while the Reagan plan required universal unpaid "workfare."[4]

Rejecting the Carter proposal as too expensive and the Reagan plan as too controversial, Congress in the Omnibus Budget Reconciliation Act of 1981 (OBRA) gave the states the option to implement workfare and the opportunity to restructure the management of the WIN program. This, in effect, converted WIN into a block grant administered by welfare agencies. States were given more flexibility but very little money.

Reviewing the situation in 1981, an informed person would have asked a number of questions about the impact of OBRA: Would the states respond? And if so, how? Could a participation mandate be successfully imposed? Would workfare emerge as the dominant strategy? Would the new initiatives help or hurt welfare recipients? Who would benefit the most and the least? Would employment programs save or cost money?

Research conducted during the 1980s has provided answers to a number of these questions. These answers have led to the widely shared view that in most circumstances work programs for welfare recipients are productive investments. This explains, in part, why employment programs were a key element of every 1987 welfare reform proposal. Important questions remain unanswered, however, and they will be discussed at the end of this article.

What and how can we learn?

Before turning to what has been learned, several caveats are in order. First, lessons from the early 1980s are limited by the types of initiatives states have implemented. Despite the rhetoric on work mandates, funding was extremely limited. WIN, the major source of operating funds for welfare employment programs, became a target for annual budget cutting, with funds falling 70 percent between 1981 and 1987, even more in constant dollars.

Second, real world research does not occur in a vacuum. Welfare work programs operate against a backdrop of extensive alternative voluntary employment and educational services provided by institutions as diverse as community colleges, Job Training Partnership Act (JTPA) providers, and the Employment Service. Evaluations can measure the incremental impact of adding a welfare employment program, not the underlying effect of this broader network of services.

Third, one cannot evaluate a welfare employment program simply by observing program participants. People frequently take jobs, get married, or move off welfare without special work mandates or program assistance. As a result, operating data on job placements or case closures can show what people are doing, but not how much of it results from a work program. Determining program effects requires some estimate of what would have happened to recipients in the absence of the program. The research discussed here comes from the few states where careful estimates were possible because welfare applicants or recipients were randomly assigned to a mandatory program or a control group excused from program requirements. Both groups were tracked over time, and differences in their behavior provide estimates of program effects. Unfortunately, similiar information is not available for other states, including some with major initiatives.

Finally, the results reported here—for example, average costs and impacts—are presented "per experimental." Experimentals can appropriately include applicants whose grants are subsequently not approved or women who never actively participate, since these individuals can be affected by the program mandate. It is important, however, not to confuse numbers averaged across broad groups of people involved in a mandatory program—all new applicants or large groups of recipients—with measurements from other studies, such as average costs or impacts per participant.

What has been learned?

Although studies by the General Accounting Office and the Urban Institute broadly describe state welfare employment initiatives during the 1980s, an MDRC study in eight states (funded by the Ford Foundation and those states) provides most of what we know about program participation, impacts, and net costs.[5] This article relies primarily on the MDRC evaluation because the results are particularly rigorous and the states are generally representative of national variations in local conditions, AFDC grant levels, and administrative arrangements as well as the scale and programmatic approaches implemented during this period. Results are available for six areas: the urban centers of San Diego, Baltimore, and Cook County (including Chicago), and multicounty areas in Arkansas, Virginia, and West Virginia.[6]

The response of the states

The states faced a number of questions in redesigning the WIN program:

- Should programs be mandatory or voluntary?
- Should programs offer the same to all recipients or tailor services to different groups?
- Should treatments be short and low-cost, or longer and more intensive? If programs are mandatory, should the obligation be of fixed length or ongoing?
- Should limited funds be concentrated on particular subgroups of the caseload, in order to assure more intensive services or requirements, or should they be spread over a wider group?

Given flexibility and very limited funds, states implemented a range of new initiatives, with specific designs reflecting local values and resource constraints. Although there are no consistent national data on participation in program activities, the Urban Institute estimated that job search programs were implemented in areas covering only about 40 percent of the national AFDC caseload and workfare in areas covering only 30 percent.[7] In the six areas MDRC studied, programs were designated mandatory but usually imposed only short-term obligations. Typically, welfare applicants or recipients would be required to look for a job for two to four weeks, often assisted in a job club. If not successful, they might have to work for three months in an unpaid workfare position, after which, if they were still not employed, the obligation would end or some minimal continued job search would be required. This was the pattern in San Diego, Arkansas, Virginia, and Cook County, although these four programs differed substantially in the assistance provided, the extent of sanctions, and the use of workfare. In contrast, the Baltimore program did not impose a fixed sequence or duration of activities, offering instead a choice of job search, unpaid work experience, or a range of educational and training activities. The West Virginia program imposed an ongoing workfare obligation as long as a person was receiving benefits, with the requirement more strictly enforced for men on AFDC-UP than women on AFDC.

Most of the programs stressed placement in any job; the Baltimore staff, however, focused more on obtaining "better" jobs and the West Virginia program stressed the value of work per se, recognizing the difficulty of unsubsidized placement given the extremely high unemployment rate in the state.

With the exception of Arkansas, the six states only imposed a participation requirement on the one-third of the AFDC caseload with school-age children, the traditional WIN-mandatory group. Some further limited implementation to certain subsets of this group or areas of the state. For example, the program in California operated in select counties, and in San Diego was targeted exclusively on new applicants, while the Baltimore program covered only 1,000 people, representing both applicants and recipients faced for the first time with work obligations. In contrast, the Cook County, West Virginia, and Virginia programs were implemented statewide for all WIN-mandatory applicants and recipients.

Program implementation was smoother than in the 1970s demonstrations, suggesting greater bureaucratic support and improved coordination. A possible explanation was that the new flexibility in program design and administrative structure encouraged state and county ownership.

The six states showed an increased ability to administer mandatory participation requirements, at least on the scale and intensity attempted. Even when these requirements were strictly enforced, however, participation rates fell far short of 100 percent. Since requirements were usually not ongoing or universal, monthly rates measuring the share of the caseload actively participating were generally not available.[8] Groups of newly enrolled applicants and/or recipients, however, were tracked to determine the fraction participating over time. Typically, within nine months of registering with the new program, about half of the women had taken part in some activity, and substantial additional numbers had left the welfare rolls and the program. Within nine months of welfare application in San Diego, for example, all but a small proportion—9 percent of the AFDC women—had left welfare, had become employed, were no longer in the program, or had fulfilled all of the program requirements. In some of the other states, the proportion of those still eligible but not reached was as high as 25 percent, indicating less stringent enforcement of the participation requirement.

Across the six states, there was substantial variation in interest and willingness to cut the grants of nonparticipating recipients, although the system was generally not very punitive. The mandate was more strictly enforced in San Diego and Cook County than, for example, in Baltimore or Virginia.

In the states studied, the major activity provided by the program was job search, often in job clubs, with 25 to 50 percent of the experimental group members ever participating; workfare or work experience was a less significant factor, with from 3 to 24 percent participating. Education and training were usually less frequent, with a high of 17 percent participating in program-approved or supported services in Maryland.[9]

Workfare, when used, did not fulfill the predictions of critics or advocates. Surveys with supervisors and participants showed that (1) positions were entry level and provided little skills development, but were not make-work; (2) welfare recipients were productive and provided useful services; (3) participants generally responded positively to their work assignments; and (4) most participants felt that the employers got the better end of the bargain and would have preferred a paid job. These findings suggest that most states did not implement workfare with a punitive intent, which may explain why the majority of participants surveyed viewed the short-term work requirements as fair.

In summary, the six states implemented programs that generally continued the prior WIN emphasis on immediate job placement, adding new resolve to make participation requirements more meaningful. With very limited resources, most programs offered fairly low-cost services and imposed only short-term obligations, although the balance between requirements and services varied. San Diego and Baltimore, which focused on smaller shares of the caseload, spent more on average ($775 and $1,040, respectively, per person in the experimental group—including nonparticipants and people who did not get on welfare—and Baltimore's average included both low- and relatively high-cost services) than the other four states that served all WIN mandatories (where gross costs per experimental ranged from a low of $150 in Cook County to $465 in West Virginia).

Thus, the initiatives implemented in the first half of the 1980s were more incremental than radical and leave unanswered the feasibility or effectiveness of more far-reaching changes in service or obligation. Some of these changes are being attempted, however, in a second generation of initiatives launched in a number of states in the last half of the decade.

Did it make a difference? How do benefits compare to costs?

Tables 1 and 2 summarize the results from the six states.[10] The programs in four of these increased quarterly employment rates by between 3 and 8 percentage points, translating into cumulative earnings gains over the one- to three-year follow-up period of between 8 and 27 percent. For example, during the 15-month follow-up period in San Diego, 61 percent of the people in the "experimental" group—who were supposed to participate in the program—worked at some time, compared to 55 percent of controls, an employment difference of 6 percentage points or an increase of 10 percent. As a result, total earnings per experimental—including nonearners as well as earners, nonparticipants as well as participants—were on average $700 higher during the same period than the $3,102 earned by controls, an increase of 23 percent. Importantly, the three years of follow-up data now available for the very different programs in Baltimore and Arkansas show earnings impacts increasing or holding constant after the first year. The findings also suggest that the Baltimore program, which provided some long-term education and training, led to improvements in job quality (either wages or hours), not just job holding.

In general, these four programs also produced some welfare savings (Table 2), although they were smaller and less consistent than the earnings gains. In San Diego, for example, the average savings over 18 months was $288, reflecting an 8 percent decline from the average $3,697 received by controls. In Arkansas, savings continued through the full 36 months of follow-up.

The findings also show that the most employable people—women who have recently worked—usually do not gain much from program participation. Even without special assistance, many of these women stay on welfare for relatively brief periods. In contrast, women with limited or no recent work history can benefit more significantly from support and assistance. While more of these women remain on welfare even after participating in a work program, their employment rates do increase substantially.[11]

Finally, the findings from two states provide important exceptions. First, the pure workfare program in West Virginia did not lead to increased employment and earnings. Although there are many possible explanations, the most likely one was seen in advance by program planners: In a very rural state with the nation's highest unemployment rate during part of the period studied, the program could reinforce community values, keep job skills from deteriorating, and provide useful public services, but was unlikely to translate this into gains in unsubsidized employment. Second, the program—since replaced—in Cook County led to no statistically significant increase in employment and earnings, although there were small welfare savings. Here, too, there are many possible explanations, including the nature of the program: The least expensive of those studied, it tried to reach the full WIN-mandatory caseload with very limited funds and provided mainly administrative and monitoring functions with little direct service and relatively frequent sanctions. These exceptions provide useful reminders of the importance of labor market conditions and, possibly, of the need to provide at least a certain minimum amount of assistance in order to get any employment results.[12]

An examination of these programs' effects on government budgets showed that, while they required an initial investment, outlays were usually more than offset by projected savings over two to five years. For example, in San Diego, net operating costs (costs for experimentals minus costs for controls) were approximately $630 and led to offsetting five-year savings from increased taxes and reduced AFDC, Medicaid, and other transfer payments of $1,790, for a net gain of $1,130 per experimental. Programs in Arkansas, Virginia, and Cook County also resulted in estimated budget savings, with an approximate breakeven in Maryland and some net costs in West Virginia. In four of the states examined, more than half of the savings went to the federal government, providing a strong rationale for continued federal funding of such programs.

Table 1

Summary of the Impacts on Earnings and Employment of Welfare Employment Programs in Six Areas

Follow-Up Quarter[b]	Estimated Earnings (in current dollars): In Absence of Program[c]	Impact of Program[a]: Dollars	Impact of Program[a]: Percentage	Estimated Percentage Employed: In Absence of Program[d]	Impact of Program[e] (in percentage points)
San Diego, Calif.: Applicants					
Third	$538	$163***	30%***	32.3%	7.8***
Sixth	773	161***	21***	38.1	3.8*
Quarters 2-6	3,102	700***	23***	55.4	5.6***
Baltimore, Md.: Applicants and Recipients					
Third	400	66*	17*	27.4	4.9***
Sixth	566	103**	18**	33.0	5.7***
Ninth	659	118**	18**	37.4	2.1
Quarters 2-12	6,595	1,043***	16***	65.5	4.8***
Arkansas: Applicants and Recipients					
Third	143	47*	33*	13.7	5.1**
Sixth	226	67*	30*	15.8	5.5***
Ninth	250	102**	41**	17.9	6.3***
Quarters 2-12	2,478	676**	27**	36.4	4.5*
Cook County, Ill.: Applicants and Recipients					
Third	354	5	1	20.1	0.7
Sixth	475	21	4	23.4	1.0
Quarters 2-6	1,921	57	3	35.8	1.0
Virginia: Applicants and Recipients					
Third	346	35	10	27.9	3.3**
Fourth	407	46	11	30.5	3.9**
Quarters 2-4	1,038	81	8	40.5	3.3*
West Virginia: Applicants and Recipients					
Third	112	21	19	11.2	−0.3
Sixth	178	−9	−5	13.8	−0.4
Quarters 2-6	712	0	0	22.7	−0.4

Source: MDRC final reports on Cook County, San Diego, Virginia, and West Virginia; supplemental studies on Arkansas and Baltimore.

Notes: These data include zero values for sample members not employed. The estimates are regression-adjusted using ordinary least squares, controlling for prerandom assignment characteristics of sample members.
[a]The impact of the program is the experimental-control difference in earnings.
[b]The length of follow-up after random assignment varied by state. Employment and earnings were measured by calendar quarters. To assure that any preprogram earnings and employment were excluded from the impact estimates, the follow-up period began after the quarter of random assignment.
[c]Earnings of the control group during the indicated period.
[d]Percentage of control group employed at any time during the indicated period.
[e]The impact of the program is the experimental-control difference in the percentage employed.
*Denotes statistical significance at the 10 percent level; ** at the 5 percent level; and *** at the 1 percent level.

Table 2

Summary of the Impacts on AFDC Receipt of Welfare Employment Programs in Six Areas

	Estimated AFDC Payments (in current dollars)			Estimated Percentage Receiving AFDC	
		Impact of Program[a]			
Follow-Up Quarter[b]	In Absence of Program[c]	Dollars	Percentage	In Absence of Program[d]	Impact of Program[e] (in percentage points)
San Diego, Calif.: Applicants					
Third	$653	$-71***	-11%***	56.2%	-4.5**
Sixth	445	-22	-5	36.2	-1.2
Quarters 1-6	3,697	-288**	-8**	84.3	-0.4
Baltimore, Md.: Applicants and Recipients					
Third	597	-2	0	78.3	-0.7
Sixth	532	-12	-2	66.4	-1.5
Ninth	484	-4	0	56.7	-1.6
Quarters 1-12	6,424	-63	-1	95.4	-0.1
Arkansas: Applicants and Recipients					
Third	288	-40***	-14***	63.7	-6.8**
Sixth	242	-46***	-19***	52.5	-8.8***
Ninth	236	-43***	-18***	44.3	-7.6***
Quarters 1-12	2,999	-430***	-14***	79.2	-3.7*
Cook County, Ill.: Applicants and Recipients					
Third	763	-23***	-3***	85.5	-1.6**
Sixth	650	-14	-2	72.7	-1.8*
Quarters 1-6	4,486	-70*	-2*	99.8	-0.1
Virginia: Applicants and Recipients					
Third	478	-30**	-6**	67.5	-1.6
Fourth	430	-20	-5	59.8	-0.1
Quarters 1-4	2,007	-84**	-4**	86.1	-0.1
West Virginia: Applicants and Recipients					
Third	413	-2	0	79.0	-1.0
Sixth	337	-9	-3	63.5	-1.7
Quarters 1-7	2,721	-40	-1	96.0	0.8

Source: See Table 1.

Notes: These data include zero values for sample members not receiving welfare payments. The estimates are regression-adjusted using ordinary least squares, controlling for prerandom assignment characteristics of sample members.

[a]The impact of the program is the experimental-control difference in AFDC payments.

[b]The length of follow-up after random assignment varied by state. AFDC benefits were measured for 3-month periods beginning with the actual month of random assignment. As a result, quarter 1 is included in the follow-up period.

[c]Average AFDC payments to the control group during the indicated period.

[d]Percentage of control group receiving AFDC at any time during the indicated period.

[e]The impact of the program is the experimental-control difference in the percentage receiving AFDC benefits.

*Denotes statistical significance at the 10 percent level; ** at the 5 percent level; and *** at the 1 percent level.

Another way to look at program benefits and costs is from the perspective of welfare recipients targeted for participation. For AFDC women, the projected earnings gains associated with the programs usually exceeded estimated reductions in welfare benefits and losses in other transfer payments, such as Medicaid and food stamps. This was true for San Diego, Baltimore, Arkansas, and Virginia, although it was not true in West Virginia and Cook County.

These results suggest that even the relatively low-cost welfare employment initiatives implemented to date can lead to consistent and measurable increases in income that persist over a substantial period of time. This is particularly impressive in view of the fact that the changes measured were for samples that were representative of large groups in the welfare caseload—e.g., of all AFDC applicants and/or recipients with children aged six or over. This contrasts with the results from most studies, which calculate impacts only for those who actually receive services. In this context, 10 to 30 percent increases in earnings take on added importance, since they are averaged over a wide range of individuals, some of whom gained little or nothing from the program, including those who never got on welfare or received any services, and others who gained more.

The results also imply, however, that our expectations should be modest. Changes occur, but the evidence does not suggest that the programs examined up to now offer an immediate solution to the problems of poverty and dependency. Income and employment do increase but the changes are not dramatic.

Open questions and challenges

The findings from these state initiatives are encouraging, especially considering the inauspicious funding environment in which they were implemented. The modesty of what was attempted, however, suggests that the rhetoric on work mandates has moved beyond what has already been accomplished and that much remains to be learned.

The programs reviewed were directed to no more than a third of the entire AFDC caseload—the WIN-mandatory population—and imposed participation obligations of short duration and limited intensity. They required and assisted welfare recipients to find jobs, but did not usually attempt to improve the quality of those jobs. The programs represented different strategies for using limited funds. Overall, the findings do not point to the superiority of any particular program model or implementation strategy beyond the clear directive not to concentrate services on the most job-ready portion of the caseload.

One important unanswered question is whether more costly, comprehensive programs—for example, providing more extensive remedial education or training, or imposing longer participation obligations—would have greater success. This is a critical issue, since new resources for employment initiatives can be used to extend lower-cost activities to greater numbers of people or more intensive services to some, but rarely will be sufficient to provide universal, comprehensive programs. Several state initiatives—such as Greater Avenues for Independence (GAIN) in California, Employment and Training (ET) Choices in Massachusetts, and Realizing Economic Achievement (REACH) in New Jersey—are currently using or plan to provide a much more extensive range of services or, as in GAIN, to require that there be continuous and active participation for as long as people remain on welfare. To varying degrees, these programs also propose to individualize services, introduce new systems of case management, and complement these services or requirements with greater support for child care. These "second-generation" welfare employment programs may differ fundamentally from the low-cost programs of the early 1980s either in conditioning AFDC receipt on continued work-related activity or expanding the opportunities for self-support.

It will be important to determine the feasibility, cost, and long-term impacts of these programs and to see whether they are able to move a greater number of people out of poverty and off welfare permanently. The persistence of dependency for many—even after job search or short-term workfare—suggests the significance of addressing these issues.

Another question relates to extending work requirements to women with younger children. While some states have experimented with programs for this group, relatively little is known about the results. The evidence of long-term dependency for young, never-married mothers suggests the importance of this issue and the need for careful review of program costs and the adequacy of child care.

Next, while there is substantial information on the impact of these programs, it is unclear whether the results follow from the services provided or the mandates imposed. Although the distinction between mandatory and voluntary is sometimes not that great—since nominally mandatory programs often seek voluntary compliance and nominally voluntary programs sometimes strongly encourage participation—some differences exist and their importance remains uncertain.

Other unanswered questions include whether these programs could be extended to a much greater share of the caseload with the same results, and the extent of in- and post-program displacement of other workers.

Finally, the success of welfare employment programs is tied, to an unknown degree, to large issues in the economy and the benefit structure. For many welfare recipients, realistic jobs offer little or no economic gain over continued dependency, and often carry risks, such as the loss of medical coverage. In practice, mandatory programs can require people to participate, but it is far more difficult to require individuals to get or accept a job offer. While many welfare recipients do take jobs and move off the rolls, the choice for some is probably not an easy one. There are two options to further tip the balance in favor of work: making welfare even less attractive and increasing the rewards of work by, for example, greater collection of child support payments (which would then be available to supplement earnings), expansion of the earned income tax credit, and extending transitional child care and Medicaid.

In conclusion, the continued interest in employment strategies, given the evidence that they offer no panacea, suggests the important political and value issues underlying the current debate. While many questions remain unanswered, the results from recent state initiatives suggest that even though employment mandates can be part of an antipoverty strategy, other reforms would be important complements if the goal is not only to make welfare more politically acceptable, but also to reduce poverty substantially among women and children. ■

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[1]See, for example, Frank Levy, "The Labor Supply of Female Household Heads, or AFDC Work Incentives Don't Work Too Well," *Journal of Human Resources*, 14 (Winter 1979), 76–97.

[2]Robinson G. Hollister, Peter Kemper, and Rebecca A. Maynard, *The National Supported Work Demonstration* (Madison: University of Wisconsin Press, 1984).

[3]Carl Wolfhagen and Barbara Goldman, *Job Search Strategies: Lessons from the Louisville WIN Laboratory Project* (New York: Manpower Demonstration Research Corporation, 1983).

[4]Throughout this article, "workfare" refers to a mandatory work-for-benefits program—using either the Community Work Experience Program or WIN Work Experience approaches—and not the evolving broader definition that encompasses any work-related activity.

[5]See U.S. General Accounting Office, *Work and Welfare: Current AFDC Work Programs and Implications for Federal Policy* (Washington, D.C.: U.S. General Accounting Office, January 1987); Demetra Smith Nightingale and Lynn C. Burbridge, *The Status of State Work-Welfare Programs in 1986: Implications for Welfare Reform* (Washington, D.C.: Urban Institute, July 1987); Judith M. Gueron, *Reforming Welfare with Work* (New York: The Ford Foundation, 1987); and MDRC reports on welfare employment programs in Arkansas, Cook County, Maryland, San Diego, Virginia, and West Virginia.

[6]Studies of voluntary on-the-job training programs in Maine and New Jersey have not yet been completed and are not discussed here.

[7]Nightingale and Burbridge, *The Status of State Work-Welfare Programs*, p. 67.

[8]An exception is West Virginia's workfare program, which showed average monthly participation rates for eligible women of about 20 percent.

[9]In some locations, in addition, a surprising number of experimentals and controls participated on their own in education and training services provided through community colleges and the Job Training Partnership Act system.

[10]The reader is cautioned that differences across states reflect not only the relative effectiveness of the program models, but also variations in the length of follow-up, economic conditions, benefit levels, the characteristics of the women studied, and the services provided to members of the control group.

[11]Recent preliminary findings suggest, however, that relatively low-cost programs may not be effective for the recipients with multiple obstacles to employment, e.g., those who have been on the rolls for many years, have limited skills, large families, and no prior work experience.

[12]A third exception to the positive story is that employment and earnings gains did not result from programs run for AFDC-UP recipients.

Nonwelfare approaches to helping the poor

by Robert I. Lerman

Robert I. Lerman is a professor at the Florence Heller Graduate School for Advanced Studies in Social Welfare, Brandeis University. This article is extracted from his paper "The Costs and Income Gains of Non-Welfare Approaches to Helping the Poor," presented at the meetings of the Society for Government Economists, American Economic Association, Chicago, Illinois, December 28, 1987.

The renewed interest in reforming welfare

The country is inching toward welfare reforms that are only partly on the right track. High poverty rates among children, growing concern over teenage pregnancy and illegitimacy, continuing dissatisfaction with the welfare system, and the increasing visibility of an urban *underclass* have heightened the urgency of dealing with welfare and poverty problems. The popular media have portrayed this underclass as young men fathering and abandoning their children, abusing drugs, and working in illegal jobs or not at all, and young women as having illegitimate children as teenagers and becoming long-term welfare dependents. With the increasing isolation of the black urban poor, large numbers of black children are growing up in neighborhoods where gang violence dominates and where welfare payments and illicit income are more important than jobs.[1]

A consensus has reemerged that the welfare system is at least partly responsible for welfare dependency, child poverty, and the underclass. In response to this consensus, politicians and citizen groups have created commissions to study existing programs and to develop proposals for restructuring the welfare system, and several states have begun implementing welfare and child support reforms. Although the proposals and state programs differ, they generally stress reducing rather than expanding welfare, increasing the employment of recipients, widening the flexibility of states to experiment with new approaches, and strengthening the enforcement of child support obligations.

None view poverty merely as a problem of too little income and not even the most liberal proposal calls for a national guaranteed income program. Yet, while the directions now