

# Poverty politics and policy

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In 1992, “ending welfare as we know it” was an important theme in Bill Clinton’s presidential campaign.<sup>1</sup> It polled well, and was consistent with other aspects of the New Democrat agenda including “making work pay” and “reinventing government.” Candidate Clinton talked a good deal about welfare in the context of an approach to poverty that emphasized work and responsibility.

In May 2008, when Hillary Clinton and Barack Obama were neck and neck for the Democratic nomination, neither of their campaign issues Web sites mentioned welfare. Both had issue papers on poverty, Clinton’s a sub-topic under the broad issue of “Strengthening the Middle Class,” Obama’s one of 20 issue areas. John McCain, the Republican nominee, included neither poverty nor welfare in his list of important issues, though he did have an economic plan that included proposals directed at the struggling middle class. He began his general election campaign with a “poverty tour,” but abandoned that strategy quickly. Barack Obama’s campaign and post-election rhetoric focused on the middle class and working families.

Much has happened in politics and policy around poverty and welfare after, and to some extent because of, Clinton’s 1992 campaign agenda. In this article, I address three questions:

- What changed in policy, practice, and the lives of the poor?
- What changed, if anything, in public opinion and the political context around poverty and welfare?
- What are the prospects and the best political strategies for improvement in the lives of the poor going forward from 2009?

## What changed in policy, practice, and the lives of the poor?

### The end of welfare

Welfare as we know it has indeed ended. The importance and magnitude of this change cannot be overemphasized. The number of recipients of AFDC/TANF fell by 68 percent between 1994 and 2006 and constant dollar spending on AFDC/TANF fell by 48 percent over the same period.<sup>2</sup> These are dramatic changes. A survey conducted by *The New York Times* in early 2009 suggested that even the recession of

2008 led to only miniscule increases in caseloads between 2007 and 2008.<sup>3</sup>

In claiming that “welfare as we know it” has ended, I have defined “welfare” as cash assistance received through AFDC or TANF. I believe that this is the correct way to characterize what candidate Clinton and the voters who supported him were determined to reform. But it is worth noting that the Food Stamp Program as we know it has not ended. Food stamp receipt declined quite dramatically after welfare reform, but has been rising since about 2000 and is now above its 1996 level.<sup>4</sup> It appears that potential recipients are making the distinction between welfare and food stamps, and are applying for and receiving food stamps even as they have been removed or deterred from cash assistance. The Food and Nutrition Service certainly makes the distinction.<sup>5</sup>

### The structure and operation of poverty policy

A second big change, running in parallel with the first, is that the structure of antipoverty policy shifted quite dramatically, away from AFDC/TANF toward supports for work. The most impressive change is the increase in the number of recipients of the Earned Income Tax Credit (EITC) from 19 million in 1994 to 22.8 million in 2005, and in spending on the EITC from \$29.5 billion to \$45 billion over the same period.<sup>6</sup> Child care assistance spending has also increased. In addition, 30 percent of the households receiving food stamps in 2006 reported earned income, up from 19 percent in 1990, moving food stamps more toward a work support program.<sup>7</sup> Spending for work supports now dwarfs spending for cash and food assistance for the nonelderly.

An important implication of this change is that the operation of poverty programs has shifted somewhat to differently conceptualized welfare offices, to different government agencies, and to nongovernmental organizations (NGOs). State and county welfare departments now play a smaller and a different role. Welfare offices in many states are also different places than they used to be. In some states, welfare bureaucracies have been reinvented or at least renamed as temporary assistance, work-oriented operations.<sup>8</sup> In some places they have been merged with workforce development agencies, which deal with employment and training programs more generally. This seems to have been accompanied by a change in the culture of the agencies toward a much greater emphasis on working and moving toward independence.<sup>9</sup>

The increasingly large and diverse networks of providers of offering services have also changed the ways in which the poor interact with government programs. Child care assistance appears to be administered by the states through a variety of agencies including state social services agencies, education departments, and independent child care agencies.<sup>10</sup> Child care is provided by a wide variety of private and nonprofit organizations, some schools, and a few government providers.

Work-related services, including job search, placement, and job training, are increasingly delivered by broader networks of providers, both for-profit and nonprofit, including faith-based organizations. The role of faith-based service providers is much discussed. The 1996 welfare reform legislation included provisions for “charitable choice,” which were meant to increase the opportunity for religious organizations to apply for and receive state and federal grants for providing services such as job placement and training, mentoring, and child care. The Bush administration established a well-publicized office of faith-based and community initiatives in the White House, and similarly named offices within a number of federal agencies. Grant and contract funding to these organizations increased modestly. But the changes should not be exaggerated—in 2004, only 8 percent of Health and Human Services grant funds went to faith-based organizations.<sup>11</sup>

These are all important if not exactly earth-shattering changes in the organizational landscape through which the poor interact with public programs. They are part of a changed landscape of organizational culture and capacity that may have implications for what is possible in the future.

### **The lives of the poor**

In fall 1996, after President Clinton signed the welfare reform bill, three senior officials in the Department of Health and Human Services, including myself, resigned in protest.<sup>12</sup> We believed that the abolishment of the entitlement to assistance, the five-year hard time limit, and the block granting of funds would increase poverty among children to an unacceptable degree. Our belief was shared by Senator Daniel Patrick Moynihan, who predicted on the Senate floor that passage of the bill would lead to “children sleeping on grates.”<sup>13</sup> It was supported by a study done by the Urban Institute, which estimated that one million children would be thrown into poverty if welfare reform was enacted.<sup>14</sup>

Our predictions were wrong, at least for the period between 1996 and the December 2007 beginning of a severe recession. The overall poverty rate fell between 1994 and 2001 from 14.5 percent to 11.3 percent. The poverty rate for children in female-headed families, the group mostly likely to be affected by welfare reform, fell from 53 percent in 1994 to 38 percent in 2001.<sup>15</sup> This is not a heart-warming number, to be sure, but it is certainly not an increase in poverty. In 2007, after the economic downturn had begun, the poverty rate for children in female-headed families was 43 percent, still well below the 1994 number.

A minor academic industry has developed around trying to explain both the changes in poverty and the changes in caseloads during the 1990s and early 2000s. The general consensus is that a combination of a very good economy, expansion of work supports, and welfare reform all contributed. Whatever the explanation, though, it seems clear that poverty rates went down, not up, after welfare reform, though they still remain distressingly high.

It is also clear that the income sources of the poor have changed. The Congressional Budget Office published a 2007 analysis that shows, consistent with other analyses, that welfare essentially ended, work increased, and the EITC made up for some though by no means all of the decrease in AFDC/TANF.<sup>16</sup> The report also shows that average income for these families went up, consistent with the decline in poverty rates. Here too, the direction of the movement was reassuring, though the income level itself remains too low to provide much satisfaction.

The period between welfare reform and the 2008 recession was characterized by marginal improvements in the material well-being of the poor, almost entirely because of increased earnings, presumably helped by the very good economy of the 1990s. Government has played a lesser role, with the expansion of the EITC not quite making up for the decline of AFDC, even among married-couple families. Large groups among the poor, such as nonelderly individuals living alone, have been largely neglected by policy. These changes in the structure and operation of programs and in the lives of the poor all set the stage for meeting the challenges of poverty in the next decade.

## **What changed in public opinion and the political context?**

### **Public attitudes**

In the years prior to the welfare reform legislation of 1996, the politics around poverty were dominated by rancorous discussion of welfare. Simultaneously with the “end of welfare as we know it,” public concern with welfare fell as well. Welfare hardly shows up when poll respondents in the years around 2007 are asked to name the major issues facing the country or the issues that give them concern about parties or candidates. This is no doubt partly because other issues have become much more salient, but also presumably because of welfare reform and the restructuring of poverty policy.

Attitudes about government help for the needy seem to have become slightly more positive since 1994. An analysis by the Pew Research Center reports increases from 1994 to 2007 in the percentage of poll respondents who agreed: that “it is the responsibility of the government to take care of people who can’t take care of themselves”; that the government should “guarantee food and shelter for all”; and that the government should “help more needy people even if debt increases.”<sup>17</sup>

In contrast, negative stereotypes about the poor and about welfare persist. For example, Joe Soss and Sanford Schram report from their analysis of poll data that a near majority of Americans in the early 2000s agree that “poor people today do not have an incentive to work because they can get government benefits without doing anything in return.”<sup>18</sup> The same Pew analysis quoted above found that 71 percent of respondents in 2007 agreed that “Poor people have become

too dependent on government assistance programs.” The complexity, or confusion, of public attitudes is illustrated by the fact that 63 percent of those who say the poor are too dependent also agree that the government should take care of people who cannot take care of themselves.<sup>19</sup>

These data paint a mixed picture: the disappearance of welfare as a contentious issue; increased approval of government help for the needy; and continued stereotypes (now demonstrably inaccurate) about the dependence of the poor on government handouts.

Poll respondents may interpret the questions they are asked as being about two distinct groups of people. The first is the “poor” who are too dependent on government; these are people who are unwilling to work and who receive “welfare,” a group that is now extremely small. Even for those who don’t work, however, a majority of poll respondents seems to believe that the government has a responsibility to guarantee food and shelter. The second implicit group is “people who can’t care for themselves” or people laid low through no fault of their own by hard economic times: the elderly, the disabled and sick, the unemployed, who deserve government help and ought to get more.

If these distinctions are important and are indeed behind the poll responses, then the findings may be neither as contradictory nor as depressing as they first appear. And they may reflect a public and political climate in which it is possible to build support for recognizing and addressing the problems that are still with us, after the end of welfare as we knew it.

### Political rhetoric

Despite persistent negative public attitudes about the overdependence of the poor on the government, recent nasty talk about welfare by politicians and public officials has been relatively scarce. Constructive talk about poverty has also been scarce. In his State of the Union speeches, George W. Bush used the word “poverty” three times; each time the reference was to poverty in Africa and other developing countries. In his inaugural address, Barack Obama did not speak of poverty, though he did refer to “poor nations.” In their State of the State speeches, most governors barely mention poverty, though they do discuss health care and education at length. It seems fair to conclude that politicians in 2009 do not see a poverty agenda as important politically, either as a potential positive aspect of their campaigns or as something to be attacked—at least not under the label of “poverty.”

### State and local level activity

There has been, however, some interesting recent activity at the state and local levels directed explicitly at poverty alleviation. (It remains to be seen whether these efforts will survive the state budget crises generated by the recession.) A 2008 survey found that twelve states have set up poverty initiatives of one sort or another, and that three additional states have initiatives pending.<sup>20</sup> In eight states, poverty commissions have been set up, and two states have new legislative

caucuses. One state has held a state summit. Five states have established poverty-reduction targets, and four states have issued recommendations.

None of the states with poverty initiatives are large. The states with poverty reduction targets are Connecticut, Delaware, Minnesota, Oregon, and Vermont. The states that have issued recommendations are Alabama, Connecticut, Iowa, and Washington. The state that held a summit is Wisconsin.

In a 2007 survey intended to identify poverty initiatives at the city level, 29 cities (32 percent of those responding) indicated that they had a poverty initiative.<sup>21</sup> Among the most interesting are the initiatives in New York City and Providence, Rhode Island. In New York, the new Center for Economic Opportunity has the mission “to reduce the number of people living in poverty in New York City through the implementation of result-driven and innovative initiatives.”<sup>22</sup> One of their programs is an experimental conditional cash transfer modeled on Mexico’s Oportunidades program—the first such program to be tried in the United States.<sup>23</sup> The Center has also formulated a new poverty measure to be used in tracking poverty and assessing the effectiveness of the new initiatives in NYC.<sup>24</sup>

In Providence, a poverty, work, and opportunity task force issued a report with recommendations that are directed at the city, state, and federal governments and that aim to “help low-wage workers to improve skills and obtain quality jobs; connect youth to jobs and college; make work pay; reduce the high cost of being poor; and prevent poverty in future generations.”<sup>25</sup>

### The current context

The changes described above provide some grounds for modest optimism about the prospects for future progress in improving the lives of the poor. The positive changes include:

- The end of the rancorous welfare debates in the media and in political campaigns;
- A relatively supportive public opinion climate regarding the needy;
- A restructuring of cash assistance policies toward work support and as a result greater consistency with generally held values;
- A restructuring of program operations such that programs for the poor are more integrated into programs for the working class and for families more generally;
- Some activity at the state and local levels that is evidence-based and pragmatic, with the potential for demonstrating that government programs for the poor can be both effective and efficient; and
- Inclusion of expansions of many programs important to the poor in the stimulus and recovery packages of early 2009.

At the same time, other contextual factors potentially limit the prospects for new efforts to address the problems of the substantial number of poor Americans:

- The severe recession that began in December 2007 and which is as of the time of this writing predicted to last several years;
- The impact of the recession on state revenues and spending ability;
- The huge federal budget deficit, dramatically increased by the financial bailouts and stimulus spending, which will at some point limit the ability of any presidential administration, Republican or Democrat, to increase spending on social programs;
- The combination of high and growing economic inequality in America and the increased influence of affluent Americans in politics; and
- The potentially contentious effects of immigration policy on debates about poverty.

## **Possible strategies**

Given this background, I turn now to the more speculative topic of general strategies for addressing the continuing problems related to poverty.

### **Changing language**

Public opinion results suggest that the word “poor” in the U.S. context connotes unwillingness to work and dependence on government. This is an inaccurate description, especially post-welfare reform, of those who are defined as poor in the official measures and by most academics. It is worth asking whether attempting to change public perceptions about the American “poor” is a battle worth having, or whether using different language might be a more productive strategy.

The public appears to be quite sympathetic to “people who can’t take care of themselves,” presumably the elderly, the disabled, the involuntarily unemployed, and perhaps some groups of children. There is public and political support for programs that help struggling working families make ends meet, such as child care and the Earned Income Tax Credit. There is also a surprisingly high level of public support for “guaranteeing food and shelter for all.” Using the language of “people who can’t take care of themselves,” “struggling working families,” and “guaranteeing food and shelter” may make little difference in terms of actual policies, but a big difference in public perception and public support.

### **Recognizing the importance of state, local, and nongovernmental actors**

Because of the constraints of the federal deficit and the nature of American politics in an age of inequality, opportunities for large-scale antipoverty initiatives at the federal level are limited. As noted above, however, considerable antipoverty innovation is going on at the state and local level. Some of

these efforts are in large and challenging environments, and are taking a very practical, evidence-based, problem-solving approach. Because state and local efforts are necessarily directed at locality-specific manifestations of the poverty problem, they are more likely than federal programs to be concrete and innovative. Encouraging these developments is likely to be a promising strategy.

### **Changing specifications of the problem and measures of progress**

The more practical and promising of the current state and local initiatives build on some basic principles of good management. They recognize that for goals to be achieved, the goals have to be specified, time frames must be developed, and those with responsibility for achieving goals must be held accountable with realistic measures of progress. Plans and activities need to be continually updated as evidence is gathered about what is and is not working.

Under these principles, the specification of “poverty” becomes very important, as is recognizing that different definitions may be more appropriate for addressing different issues. Some states have set a goal of a percentage reduction in income poverty, either for children or for the overall population. In some places where hunger is a serious concern, increased food security may be a more appropriate goal than a reduction in income poverty. Different approaches to increasing food security, from expanding Food Stamp participation to educating families about food budgeting, can be developed, tried out, and assessed for their effectiveness. Another specific goal might be increasing the employment rate of young minority men, which has implications for poverty more generally.

Part of the reason that the public is skeptical of a new “War on Poverty” is that they have seen no evidence that such efforts actually work. Making sure that goals are specified appropriately and that both learning and accountability are built into program efforts can help change both the perception and the reality.

### **Recognizing that operational improvements are possible and important**

Policymakers often forget, or never knew, how important operational choices can be in whether programs are seen as useful in people’s lives and whether interactions with programs are experienced as positive or negative. It really does make a difference whether it is easy or hard, pleasant or unpleasant, time-consuming or efficient to apply for, say, Food Stamps, child care, or the EITC. There are many opportunities for improving services and improving the lives of the poor through streamlining application and service delivery processes.

### **A large strategic question: Globalization and poverty beyond our borders**

Globalization—increased trade, freer movements of capital, the growth of increasingly sophisticated and increasingly

competitive industries in China, India, and other developing countries—is thought by some to be exacerbating the plight of the American poor, or at least making it more difficult to address American poverty. There is controversy among experts about the effects of globalization, trade, and immigration on the American poor. Overall, the effects appear to be beneficial for Americans, but there is some evidence that some low-wage workers are hurt by global competition and certainly a perception by some Americans that immigrants and outsourcing are taking “good jobs” away from Americans.

These facts tempt some who worry about the American poor to advocate or at least flirt with protectionist and exclusivist policies. However, these types of policies are unlikely to work. The low cost of goods produced in China, India, and other developing countries has not escaped the attention of American consumers and retailers. The combination of a long porous border and a wage differential of a factor of five or six mean that the U.S. economy exercises an irresistible draw for Mexican workers. Mexican immigrants, both legal and illegal, now make up about 30 percent of the very low-skilled (education less than high school) workforce.

Protectionist and exclusivist impulses are unfortunate for another reason as well: Americans should be and to at least some extent are concerned about poverty in the world, not just in the United States. Interestingly, when the word “poverty” is currently used by public officials or reporters it is as likely, indeed more likely, to refer to Sub-Saharan Africa or other regions of the developing world as to the United States. There is increased interest in world poverty from the World Bank, the United Nations, the G-8, and the governments of many developed countries.

The main reason to avoid increased protectionism, and to continue to reduce our trade barriers, is that exporting to the United States and other industrialized countries has been crucial in fueling development in Asia and will also be crucial for development in Africa, if such is ever to occur. Trade with Mexico, as well as investment in that country, is crucial for addressing poverty in North America.

Suppose North America—Canada, the United States, and Mexico—were one country of 443 million people. Suppose poverty were defined using the current U.S. income poverty line, with regional cost-of-living adjustments. In this world, we would find that about 100 or 110 million people were counted as poor, with about two-thirds of them living below the Rio Grande. We would also find that poverty was much more concentrated geographically than it is in the current United States, with the largest concentrations occurring in the southern states of Mexico.

How would we think about economic and social policy in this world? We would think very hard about how to encourage economic development in areas of concentrated poverty, especially what are now the southern states of Mexico; we would build physical infrastructure and perhaps design in-

centives for firms to locate in those regions. We would think about education, health, and human capital development more generally in all the areas of concentrated poverty. We might focus on how to build decent, but affordable, housing in all of the places where the poor live. We would worry about how best to deliver nutrition assistance to those who need it and how best to structure social insurance and safety net programs to support economic development. We might be less obsessed with whether government programs were creating dependency.

## Conclusions: Changing poverty

The end of welfare has been accompanied by a shift in the income sources of the poor and in the programs and policies through which government assists the poor. At the same time, poverty and poverty policy need changing to address the fact that the incidence of poverty in the United States and more generally in North America and the world remains distressingly high. Poverty policy in the next decade should build on, rather than attempt to reverse, the end of welfare. And perhaps, in this country, it should not be “poverty policy” at all. ■

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<sup>1</sup>This article draws upon “Poverty Politics and Policy,” in *Changing Poverty, Changing Policies*, eds. M. Cancian and S. Danziger (New York: Russell Sage Foundation, 2009).

<sup>2</sup>J. K. Scholz, R. Moffitt, and B. Cowan, “Trends in income support,” in *Changing Poverty*.

<sup>3</sup>Jason DeParle, “Welfare Aid Isn’t Growing as Economy Drops Off,” *The New York Times*, February 2, 2009.

<sup>4</sup>J. K. Scholz, R. Moffitt, and B. Cowan, “Trends in income support.”

<sup>5</sup>In late 2008, the Food Stamp Program was renamed SNAP—Supplemental Nutrition Assistance Program—partly to emphasize the nutrition mission of the program in contrast to the income support mission.

<sup>6</sup>J. K. Scholz, R. Moffitt, and B. Cowan, “Trends in income support.”

<sup>7</sup>Data from the Food and Nutrition Service Web site: <http://www.fns.usda.gov/oane/MENU/Published/FSP/FILES/Participation/2006CharacteristicsSummary.pdf>.

<sup>8</sup>The Web site for the American Public Human Services Association gives the names and links for all human services agencies at the state level: <http://www.aphsa.org/Links/links-state.asp>.

<sup>9</sup>I. Lurie, *At the Front Lines of the Welfare System: A Perspective on the Decline in Welfare Caseloads* (Albany, NY: Rockefeller Institute Press, 2006).

<sup>10</sup>The Web site of the child care bureau at ACF gives information on state child care agencies: <http://nccic.acf.hhs.gov/statedata/dirs/display.cfm?title=ccdf>.

<sup>11</sup>L. M. Montiel and D. J. Wright, *Getting a Piece of the Pie: Federal Grants to Faith-Based Social Service Organizations* The Roundtable on Religion and Social Welfare Policy, Washington, DC.

<sup>12</sup>I was at the time Assistant Secretary for Children and Families. The others who resigned were Peter Edelman, then Assistant Secretary for Planning and Evaluation, and Wendell Primus, Deputy Assistant Secretary.

<sup>13</sup>The speech was reported in *The New York Times*: <http://query.nytimes.com/gst/fullpage.html?res=990CE6D6153EF934A1575AC0A963958260>. Jason DeParle gives the reference to the speech: 104<sup>th</sup> Congress, 1<sup>st</sup> session, Congressional Record 141 (September 6, 1995): S 12705 (DeParle, 2004).

<sup>14</sup>S. Zedlewski, S. J. Clark, E. Meier, and K. Watson, "Potential Effects of Congressional Welfare Reform Legislation on Family Incomes," The Urban Institute, Washington, DC, 1996. It is worth noting that much of the increase in poverty predicted by the Urban Institute analysis resulted from the exclusion of most immigrants from public programs. This aspect of the legislation was changed soon after passage.

<sup>15</sup>Data from historical poverty tables available on the Census Bureau CPS Web site <http://www.census.gov/hhes/www/poverty/histpov/hstpov10.html>.

<sup>16</sup>Congressional Budget Office, *Changes in the Economic Resources of Low-Income Households with Children*, Washington, DC: Congressional Budget Office, May, 2007.

<sup>17</sup>The Pew Research Center for the People and the Press, *Trends in Political Values and Core Attitudes: 1987–2007* (Washington, DC: Pew Research Center, 2007).

<sup>18</sup>J. Soss and S. F. Schram, "A Public Transformed? Welfare Reform as Policy Feedback," *American Political Science Review* 101, No. 1 (2007): 111–127, p. 16.

<sup>19</sup>The Pew Research Center for the People and the Press, *Trends in Political Values and Core Attitudes: 1987–2007*.

<sup>20</sup>J. Levin-Epstein and K. M. Gorzelany, *Seizing the Moment: State Governments and the New Commitment to Reduce Poverty in America*, A Joint Report from the Center for Law and Social Policy and Spotlight on Poverty and Opportunity, Spotlight on Poverty and Opportunity: Washington, DC, 2008. Available online at <http://www.aecf.org/KnowledgeCenter/Publications.aspx?pubguid={B3200B7A-E4E5-4CB4-A917-61E8632993B9}>.

<sup>21</sup>National League of Cities and Institute for Youth, Education and Families, *Combating Poverty: Emerging Strategies from the Nation's Cities* (Washington, DC: National League of Cities, 2007).

<sup>22</sup>NYC Center for Economic Opportunity Web site: <http://www.nyc.gov/html/ceo>. A report issued in 2007 on their activities is available at [http://www.nyc.gov/html/ceo/downloads/pdf/ceo\\_2007\\_report\\_small.pdf](http://www.nyc.gov/html/ceo/downloads/pdf/ceo_2007_report_small.pdf).

<sup>23</sup>A description of New York's conditional cash transfer program is available at [http://www.nyc.gov/html/ceo/html/programs/opportunity\\_nyc.shtml](http://www.nyc.gov/html/ceo/html/programs/opportunity_nyc.shtml).

<sup>24</sup>The mayor's press release on the new poverty measure is available at <http://nyc.gov/html/om/html/2008b/pr271-08.html>.

<sup>25</sup>Poverty, Work and Opportunity Task Force, *Pathways to Opportunity: Building Prosperity in Providence*, Providence City Government, 2007.