Editor’s Note

This issue of Policy Currents is coming to you a few weeks later than originally planned. Perhaps this is just as well. Much has changed in America in the last few weeks. We still do not know with certainty how many people died in the attacks on the World Trade Center and the Pentagon. But we do know that the lives of thousands of families, countless friends, and indeed all Americans were forever changed.

Our expectations about politics and the pressing public policy issues of the day were also fundamentally altered on September 11th. Prior to that date, it appeared that policy debates over the next several months would revolve mainly around the shrinking surplus and a slowing economy. Now those concerns have vanished, and the economy, which before seemed to be merely slowing, now appears on the brink of a full-scale recession. More importantly, the policy space prior to September 11th was dominated by debates over education, environmental protection, the president’s faith-based initiatives, and hints about what now appear to have been fairly modest proposals to reform the military. Today, the policy space is filled with issues of war and threats of additional terrorist attacks, questions about the proper trade-offs between civil liberties and public safety, and proposals to bail out a growing contagion of industries that are suffering as a result of the hit to the nation’s economy.

Among the issues that had only begun to receive some notice prior to the September 11th attacks was the upcoming reauthorization of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 that will be on the legislative calendar during 2002. Not surprisingly, the issue of welfare reform hasn’t yet received any attention in the wake of the attacks. Yet, it will doubtless begin to gain attention as the unemployment rate rises and more families seek welfare assistance.

With this issue of Policy Currents, we begin with what I hope will be a longer running series of articles on welfare and what we in the field of public policy research have learned (or not learned) over the last several years that should inform upcoming debates on welfare reform. If you would be willing to write an article for this series on welfare reform, I would very much like to talk with you.

In this issue, we have two articles that describe the system of welfare that has developed in the years since the 1996 adoption of the PRWORA. The first article, by Mark Rom, offers a basic set of categories for understanding the politics of welfare prior to the 1996 welfare reforms and suggests that the welfare system since 1996 represents a third approach that draws on many of the precepts that were present in the too-often polarized debates leading up to that reform. Rom refers to this third approach as “Opportunity and Responsibility” that combines a commitment to providing assistance to the poor with an equally strong commitment to requiring participation in labor markets.

The second article, by Larry Mead, is a detailed analysis of the multiple aspects of welfare. Mead very usefully...
disentangles the various strands in the debates over welfare and its reform to show the complex set of motivations that were combined in PRWORA. In doing so, he highlights features of welfare reform that too often have gone unremarked, most importantly the extent to which welfare reform in its implementation has drawn from both conservative and liberal principles. In this regard, the article by Mead dovetails quite closely with that of Rom. One of the key issues raised in the Mead article is the question of how much of the decrease in welfare rolls across the country should be attributed to welfare reform itself and how much to other forces at work during the same period, forces that included a superb economy, better child support enforcement, a political climate that disfavored dependency, and more.

In this issue of the newsletter, we also have the final installment of results from the survey of Policy Section members that was conducted during the summer of 2000. In this installment, Brian Shoup discusses the books and articles that section members view as having the largest impact on policy studies. You will notice that the most significant work identified in the survey was also the winner of the Section’s Wildavsky award this year, namely Frank R. Baumgartner and Bryan D. Jones’ *Agendas and Instability in American Politics* (1993).

Finally, let me encourage you to take advantage of the Policy Section’s website at [www.APSAPolicySection.org](http://www.APSAPolicySection.org). One change that you will want to be aware of is that we have created a new bulletin board for posting job announcements. This bulletin board is open to everyone. You do not need a userid or password to access the job announcement board. We are also in the process of adding several back issues of *Policy Currents* to the archive. Within the next several weeks, the archive will be almost complete, with only a handful of missing issues. As always, if you have suggestions or comments about the newsletter or the website, please drop me a note by email at kbickers@indiana.edu or give me a call at 812-855-4198.

Best regards,

Ken Bickers

Associate Professor and Co-Associate Director
IU Workshop in Political Theory and Policy Analysis

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**From Welfare State to Opportunity and Responsibility (OAR), Inc.**

Mark Rom

*Georgetown University, Washington, DC*

The Personal Responsibility and Work Opportunity Act (PRWOA) is widely seen as having “ended welfare as we know it.” But did it begin anything? Not exactly; instead, it was one large step on the broader transformation in American social policy. This transformation might be called “From Welfare State to Opportunity and Responsibility (OAR), Inc.”

**Market Economy and Welfare State**

Who should receive what kind of help from the public, why, when, and how? These fundamental questions about social arrangements have always been the subject of intense political and philosophical debate. Diverse and subtle answers have been given, but two core models – the “Market Economy” and the “Welfare State” – have animated the U.S. experience.

For much of our nation’s history – and still today – the Market Economy model has been the dominant model of how our society should operate. Advocates of the Market Economy contend that (virtually) no one is entitled to (virtually) any benefits from the public (that is, the government). This belief has two central elements. The first element is that free markets provide the optimal creation and distribution of resources. Individuals, operating freely in buying and selling labor and goods, get more of what they want, in the amounts they deserve, than through any other system of production and allocation. Individuals have the incentives to produce in order to obtain their material goals and they have the motivation to buy and sell wisely to maximize their material happiness. The second, corollary, element is that governments inevitably produce inferior economic results when they interfere with these natural economic processes. When the government tries to help the poor by providing them resources (for example, income, food, medical care), this is seen as having the perverse effect of making poverty more desirable. According to this logic, if a person can get something for doing nothing, then nothing is exactly
what persons will do. To the extent that governments can only offer resources to the poor by taking them away from the productive, redistribution is also seen as having the effect of reducing incentives to produce: why would individuals want to work hard if the government takes away the fruits of their labor? From the perspective of the Market Economy, the best government is the one that does not interrupt natural economic processes by taking resources away from those who work hard and giving these resources to those who do not.

The Welfare State answers the questions of “who should receive what kind of help, why, when and how?” much differently. The Welfare State’s proponents assume that all citizens are entitled to receive at least minimally adequate social benefits (such as income, food, medical care, and education, among many other benefits) from the public, that is, the national government. This assumption is based on several elements. First, citizens have inalienable rights. These rights include life, liberty, and the pursuit of happiness, to be sure, but they also include an entitlement to the resources necessary to make these rights real. From this perspective, life, liberty and happiness can only be obtained by a person who is clothed, fed, housed, healthy and educated. Second, it is the duty of the government to provide for the security of the public. Just as security means protection against external military threats, it also means protection against the internal threats of poverty, ignorance, and disease. The government provides this security by ensuring that citizens have the goods necessary to avoid these threats. Indeed, the security provided by the Welfare State is viewed as essential if individuals are to become economically and socially productive citizens. Third, as citizens have equal worth on account of their humanity, the government should distribute resources equitably to citizens across the country. The Welfare State thus emphasizes the distribution of resources by the national government. Those who advocate the Welfare State believe it the duty of the national government to provide all citizens the resources they need to maintain a decent standard of living, and that by doing so the government creates a more harmonious and productive nation.

Both Market Economy and Welfare State have compelling strengths, but also substantial limitations. As a practical matter, most Americans are wary of the government and of welfare, but they do want to help those who need help. Most Americans also believe in capitalism, but they see for themselves that it does not benefit everyone, and that many among us remain poor, sick, and otherwise needy. What most Americans want is a way to assist those who need help in ways that produce independence.

While the debate between advocates of the Market Economy and proponents of the Welfare State has dominated American political discourse for much of the twentieth century, an alternative is emerging that attempts to blend and reconcile Market and State in their roles of creating, allocating and ensuring prosperity for all citizens. This alternative might be called “Opportunity and Responsibility, Inc.” or, for short, OAR, Inc.

OAR, Inc.

OAR, Inc. provides an alternative to Market and State because it recognizes that both models have distinct advantages and imperfections, that neither can be relied upon in entirety to resolve social issues, and that both market and state must be used to resolve these issues. In the view of OAR, Inc., the Market is better than the State at creating affluence; the State is better than the Market at protecting individuals. The State may not be efficient, but it can be fair; the Market may not be equitable, but it can be productive. Instead of choosing among Market and State as ways to organize society, OAR, Inc. attempts to use the best features of each, and to dislodge the worst elements of both. OAR, Inc. seeks to enhance the economic prospects of citizens by making governmental agencies act more like market firms and by using market firms in ways that produce public benefits. OAR, Inc. attempts to use governmental powers to enhance the ability of individuals (especially poor ones) to participate fully, and to compete effectively, in the economy so that they can be secure in their prosperity. OAR, Inc. emphasizes both that the government plays a key role in protecting the weak, but that the government must also insist that individuals become stronger and more self-reliant.

OAR, Inc. differs from the Welfare State by seeking less to ease misery than to transform lives by promoting responsibility, both for the recipients of governmental assistance and for program administrators. To do this, OAR, Inc. seeks to instill a new culture, a new set of expectations for providers and recipients. This new culture will emphasize different values, especially those that value work, responsibility, accountability, and independence. These values should be reflected in behavior, so that citizens and administrators alike act in ways that support the values of OAR, Inc. To ensure that behavior has changed, the focus shifts from process (i.e., following
rules) to results (i.e., accomplishing goals). These results should include, among other items, lower costs to the government and greater self-sufficiency for citizens.

Proponents of OAR, Inc. typically do not believe that the centralized governmental bureaucracies are the organizations most capable of accomplishing these goals, although these advocates do not automatically conclude that private sector firms are more qualified at doing so than governmental agencies. Whether the organization delivering services is public or private is less important to the proponents of OAR, Inc. than how the organization performs to promote the public interest.

OAR, Inc. differs from the Market because its proponents do not trust that the natural workings of the economy will benefit all citizens. Its advocates believe that the State must take an active role in working with citizens – at least those citizens that need assistance – if they are to become, first, economically sufficient and, later, economically self-sufficient. Its defenders contend that governmental intervention does not inevitably fail to improve the situation (or, even, to make problems worse); the State, if designed properly, can be reinvigorated so as to improve its performance in assisting citizens.

OAR, Inc. did not spring up as a fully developed and coherent theoretical model and political program. It had diverse and often conflicting sources. Several sources appear most important. A first came from the generally disappointing economic performance of the American economy from the 1970s through the mid-1990s. During most of these years the economy grew much slower on average than it did in the decades immediately following World War II. Many observers attributed the slow economic growth to the growth of the Welfare State and also suggested that slow economic growth made it difficult to sustain the benefits promised by the Welfare State: welfare was thus the cause of economic difficulties and the victim of these difficulties. When the economy did grow at a satisfactory rate, it had the unsatisfactory consequence of producing greater income inequality (as during the “Reagan Boom” of the 1980s).

A second, related impetus for OAR, Inc. came from the growing fiscal strains of American government. These strains came, in part, from slower economic growth; they also stemmed from larger governmental social welfare obligations. Perhaps more importantly, the fiscal strain on government was caused by tax cutting and revenue restricting policies adopted by the national government and many state governments (Pierson, 1994: 152-53). With (relatively) fewer resources, governments became increasingly preoccupied with delivering services at lower costs.

These situations led increasingly to arguments that the Welfare State was not economically or politically sustainable: it was too costly to support, its impacts on the economy were too deleterious, it was too unpopular. Others focused their criticisms more directly on the social effects of the Welfare State. The most important critiques were that the Welfare State offered rights but did not require responsibilities. As a result, the Welfare State was seen as inducing its recipients into a wide variety of bad behaviors, especially dependence on the government (rather than economically productive work) and illegitimacy; that is, bearing children outside of marriage. The brunt of these arguments was that welfare was producing neither security, prosperity, nor opportunity for those who received it. Welfare recipients were increasingly seen as “locked in” to a cycle of self-defeating behavior.

Most controversies about the Welfare State during the 1980s and 1990s involved how the poor should be treated. Apprehension about those in poverty hardly contained all the questions about the Welfare State, however. The two other big issues related to the elderly, often seen as the biggest beneficiaries of the Welfare State by virtue of the Social Security and Medicare programs, which provide income and health insurance for the elderly and their dependents; and healthcare, the most rapidly growing elements of the Welfare State through the Medicare and Medicaid programs (the latter providing health insurance to the disabled as well as to poor families and the poor elderly).

Virtually all observers agreed that the economic, political and social critiques put pressure on political actors to “do something” about the Welfare State, though they did not themselves provide entirely plausible alternatives concerning what should be done. The status quo had few defenders (indeed, the most controversial welfare program, Aid to Families with Dependent Children, or AFDC, had essentially no defenders), yet liberals were committed to the concept that the government must in some fashion protect the poor. Calls to eliminate public assistance programs altogether (such as Murray, 1984) received much notoriety, but were not seen by most as morally or politically acceptable. While large majorities of the public in the 1990s believed that welfare was seri-
ously flawed, only a miniscule proportion believed that welfare should be scrapped (Morin, 1996: 37).

The view that resonated most with the public, and with the politicians elected by it, was for a “new paternalism” that made governmental assistance conditional upon appropriate behavior by the recipients of the assistance (Mead, 1986; Mead, 1997). The public believed that “Americans attach a simple moral corollary to helping the needy. ‘We will support your efforts to regroup and re-enter the mainstream but, in exchange, we expect you to give something back to the community’” (Morin, 1996: 37). At the same time, there was a growing interest among politicians and policy analysts (if not the general public) in ways to make the larger social programs (e.g., Social Security, Medicare, and Medicaid) provide larger benefits at reduced costs.

Two developments outside the social arena had important implications for the origination of OAR, Inc. The first had to do with the “new public management,” (NPM) often referred to as the “reinventing government” movement (Osborne and Gaebler, 1992). Many observers of traditional public management had become disenchanted with the centralized, command-and-control practices stereotypically employed by governmental agencies. The alternative that was proposed looked to business firms as the appropriate organization model; the proponents of reinventing government hoped to transform governmental agencies into organizations that more closely resembled business firms (or, when possible, to use business firms actually to deliver governmental services). The new public management calls for improved government performance through, among other techniques, streamlining, deregulating, decentralizing, and privatizing as well as through calling for entrepreneurialism within agencies and between the government and the private sector. The reinventing movement focuses less on process and more on results. The NPM has had a substantial impact on the national government (the Clinton administration, for example, embraced many of these goals through its National Performance Review) and also, it appears, on state governments (Barrilleaux, 1999: 108-110).

The second development involved the resurgence of state governments – especially state governors and bureaucracies – as political actors. Through the height of the Welfare State, political power in the United States had flowed away from state and local governments and toward the national government. This flow began to reverse direction in the 1970s, in part as national politicians (especially Presidents Nixon and Reagan) sought to devolve policy authority; later the Supreme Court also became more involved in returning powers to the states (Weber and Brace, 1999: 7-9). Just as importantly, many states elected governors who were talented, ambitious, innovative and determined to exert influence over the policies that affected those living their states (Demetrius, 1999). These governors were influential in seeking additional freedom from the national government to experiment with welfare reform and in using this freedom to experiment. As Georgia Governor Zell Miller put it: “I want more flexibility, I want to run these programs without federal strings” (Pear, 1995).

Together, these economic, social and political conditions led to the emergence of OAR, Inc. The Welfare State, by cushioning citizens from economic pressures, was seen as slowing down economic growth. Conservative politicians, concerned about the growth of the Welfare State (and its impact on the economy), tried to cut welfare spending either directly or by reducing the ability of the government to collect revenues. Still, the public and many politicians were reluctant for the government to simply abandon the poor. The NPM movement called for government agencies to rethink and reform the ways they did business, and to look to business for the models on how to behave. The states became more assertive in their desire, and more confident in their ability, to manage policy problems. OAR, Inc., was the answer that simultaneously responded to all these conditions.

OAR, Inc. is a less developed theoretical concept and a less examined empirical fact than either the Market Economy or the Welfare State. OAR, Inc., does seem to represent three bold experiments in social welfare policy. First, authority over welfare programs is being shifted from the national government to state governments. Second, design and implementation of these programs is being shared between governments and the private and nonprofit sectors. Third, the relationship between the state and its citizens is being recreated: rather than providing benefits to passive and dependent recipients, social welfare programs increasingly require that clients actively seek to empower themselves. These experiments jointly seek to transform our nation’s efforts to relieve social problems from Welfare State and Market Economy to OAR, Inc.

We face several challenges in moving from Welfare State to OAR, Inc. These challenges involve both the relationships between governments and citizens as well as be-
Some states are experimenting with a vengeance. In Wisconsin, leeway to experiment with alternative program forms. Entitlement to income support and provided the states element of state control, PRWOA ended the individual (TANF) program. Though AFDC always had a strong gram to the Temporary Assistance for Needy Families Aid to Families with Dependent Children (AFDC) program, into one that places greater responsibility away from the central government towards more local governments, away from purely public delivery towards public-private partnerships, away from providing benefits to dependents to enhancing capabilities of individuals, ultimately bring better services to those who need them most at less cost and in ways that enhance self-sufficiency? The answers are not yet known. The superiority of OAR, Inc., is based more on theory, ideology, and hope than on proven results. Research findings are, in general, mixed. Moreover, there are almost certainly limits to what OAR, Inc. can deliver.

The American Welfare State was originally conceived as necessary to remedy some of the misery associated with, if not caused by, the Market Economy. Gradually, the Welfare State was seen as essential to the very success of the Market Economy, because Welfare provided fiscal stimulus in times of recession (to help end the downturn) while at the same time it prevented (destitute) workers from rebelling against the Market. Only later did the Welfare State come to be seen as the enemy of the Market Economy (and vice versa). OAR, Inc. may yet play a harmonizing purpose for both models of society. By bringing Market forces into social welfare provision, OAR, Inc. may help make welfare work more effectively to assist the poor while muting political opposition to attempts to do so. By bringing the State into market activities, OAR, Inc. perhaps can show how markets can be used to assist not just the most competitive, but all citizens.

OAR, Inc. and Social Welfare Reform

The ideas behind OAR, Inc. are touching virtually every aspect of social welfare policy in the United States. Proposals to change Social Security, the quintessential Welfare State program, into one that places greater responsibilities on individuals (through some form of privatized savings accounts), are gaining greater respectability. Some programs, such as Medicare and Medicaid, already contain substantial elements of OAR, Inc., in which individuals are free to choose from among private doctors for their medical care. Food stamps, child welfare, public housing, public education…all are engaging in one way or another with OAR, Inc.

But the greatest transformation involves the shift from the Aid to Families with Dependent Children (AFDC) program to the Temporary Assistance for Needy Families (TANF) program. Though AFDC always had a strong element of state control, PRWOA ended the individual entitlement to income support and provided the states great leeway to experiment with alternative program forms. Some states are experimenting with a vengeance. In Wisconsin, TANF has been largely delegated to the counties, and the counties themselves have to bid against private (for-profit and non-profit) providers. Many states are experimenting with “individual development accounts” (IDA) that enable low-income families to build assets while remaining in the program, and recipients are often required to take classes to enhance their ability to accumulate assets. The entire thrust of the program has moved away to providing assistance checks to placing ‘clients’ in private sector jobs.

Will OAR, Inc. prove itself superior to the Welfare State and the Market Economy? Will policies that shift responsibility away from the central government towards more local governments, away from purely public delivery towards public-private partnerships, away from providing benefits to dependents to enhancing capabilities of individuals, ultimately bring better services to those who need them most at less cost and in ways that enhance self-sufficiency? The answers are not yet known. The superiority of OAR, Inc., is based more on theory, ideology, and hope than on proven results. Research findings are, in general, mixed. Moreover, there are almost certainly limits to what OAR, Inc. can deliver.

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Welfare Reform: Meaning and Effects

Lawrence Mead
New York University, NY

Below, I briefly summarize what “welfare” and “welfare reform” mean as political issues in the United States and what the effects of reform have been in recent years. I concentrate mainly on the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, the last and most radical reform to date. I attempt to avoid saying anything controversial, that is anything that well-informed experts would not agree on, whatever their politics.

Welfare

Controversy about “welfare” in American politics has revolved almost entirely around the family aid program formerly called Aid to Families with Dependent Children. AFDC, first established by the Social Security Act of 1935, was renamed Temporary Assistance for Needy Families (TANF) by PRWORA and substantially recast, as explained below. TANF, like AFDC, uses both federal and state funding to provide means-tested aid to needy, mostly single-parent families.

There are other welfare programs in the sense of means-tested aid, such as Food Stamps (coupons for food), Supplemental Security Income (aid for the aged and disabled), Medicaid (health care for welfare recipients and some other poor), and the Earned Income Tax Credit (EITC, wage subsidies for low-income workers), but they have aroused much less controversy.

Welfare Reform

In the broadest sense, “welfare reform” has meant proposals to change AFDC/TANF and the controversy about them. These have been the principal criticisms of the program, and the corresponding recommendations, from both left and right:

- **Low benefits or coverage:** Benefits should be raised or coverage expanded. Welfare now pays an income well below the poverty line. Higher benefits and coverage of two-parent families would raise incomes. Secondarily, work incentives would raise work levels. This was the goal favored by liberal planners in the 1960s and 1970s.1
- **Weak support for work:** Provide benefits to “make work pay.” Welfare deters work by deducting earnings from the grant. Instead, create work incentives by reducing grants by less than earnings. Add work-connected benefits such as health and child care. Provide education and training so that recipients can get jobs good enough to escape poverty. The main position of liberals today.2
- **Excessive dependency:** Welfare should be reduced or eliminated to cut reliance on government and reduce social problems among the poor. Anti-government conservatives trace evils such as unwed pregnancy and joblessness to the ready availability of government aid.3
- **Unwed pregnancy:** Welfare should be reformed to reduce illegitimacy, but without denying aid to the needy. Most welfare mothers are unwed, and these also are the mothers who remain dependent longest. Conservatives argue that welfare could deter such misbehavior better if it were devolved to localities or the private sector.4
- **Nonwork:** Welfare should be reformed to raise work levels among the poor, also without eliminating aid. The initial reason for most poverty among the working-aged, including welfare recipients, is lack of steady employment. To raise work levels requires programs to promote employment among poor adults. Probably the more important conservative reform demand.5
Nonpayment of child support: Improve enforcement. Many single mothers go on welfare for lack of support from absent parents. To improve child support enforcement and assure payments to families might provide many with an alternative to aid.6

Fraud and abuse: Clean up the system. Ineligibility and incorrect grant payments were rife in the 1960s and 1970s, when the welfare rolls grew rapidly. Driven by federal fiscal sanctions, states reduced errors, by the 1990s, to around 6 percent of payments.7

Cost: welfare coverage or benefits should be cut to reduce spending and help balance the budget. This is another theme of anti-government criticism of welfare.

Excessive federal control: Responsibility for welfare should be devolved to states or localities. A further theme of anti-government conservatism. Some of these proposals would maintain federal funding, some eliminate it entirely.8

Serious controversy about welfare first arose in federal politics in the early 1960s. Since then, all the above meanings of reform have had currency at some point. But over time, conservative meanings—those stressing work and child support requirements, limits on aid, and devolution to lower levels of government—have tended to win out. This was partly because American politics as a whole became more conservative after the 1960s. And of the conservative themes, work enforcement has become the most prominent. That was because it is popular, but also because it is more feasible than some other conservative goals. Government has learned how to enforce work, but not how to enforce child support or prevent unwed pregnancy.

Efforts to enforce work in AFDC go back to 1967 but became serious only in the 1980s. Starting in the Reagan Administration, some states gained special permission to run welfare work programs that were more demanding than usually permitted by federal rules. The favorable evaluation of some of these programs by the Manpower Demonstration Research Corporation (MDRC) lent further impetus to the work strategy. In the Family Support Act (FSA) of 1988, Congress toughened and expanded these programs. The majority of welfare mothers were still exempted, however, and those that did participate more often went into education or training than into available, usually low-paid jobs.

Welfare Politics

Politicians tend to polarize over welfare, with liberals favoring higher benefits or coverage while conservatives favor restrictions or tougher work tests.9 The public, in contrast, divides more inwardly than outwardly. The voters are largely agreed about welfare, but what they want is complex. They strongly oppose the unreformed aid system, largely because most of the adult recipients appear to them to be undeserving. Yet they accept the principle of aid. They want government to be generous to children and other poor people in need. But they also insist that poor parents and other adults work in return for support.10 Popular support is much stronger for enforcing work than for attempts to enforce marriage or reduce unwed pregnancy.

The core issue in welfare politics is entitlement. One meaning of that term is budgetary: In an entitlement program, government is legally obligated to pay benefits to all persons eligible for a program, regardless of available funds; in a non-entitlement program (for example, training programs or public housing), funds are limited and some eligible persons may be denied benefits. The more important meaning of entitlement is behavioral: Entitlement means that people qualify for aid on the basis of impersonal economic criteria, such as income, regardless of their behavior or lifestyle. They need not work or otherwise appear as “deserving.” Conservative politicians and, it seems, most voters want to end entitlement and condition aid on good behavior, especially work effort, at least for the employable. But liberal politicians and community groups, and some voters, defend entitlement as realistic given the problems that poor families face. They support employment as a goal, but they hesitate to enforce it as a condition of aid.

In general, controversy over welfare has been to the advantage of conservatives and Republicans. Growing dependency, like crime, raises popular concerns about social order, shoving off the agenda the concerns of liberals and Democrats about economic fairness and equality. Conversely, when social problems abate, economic issues return to prominence and the political agenda becomes more liberal.11 Currently, both welfare and crime are falling, and this has favored the left.

PRWORA

The Republicans’ takeover of Congress in 1994 gave conservatives more power to reshape welfare than they had
had since the inception of the program. A sense of urgency also arose from a sudden rise of the welfare rolls by about a third between 1989 and 1994.

PRWORA thus goes beyond the efforts to enforce work and child support and save money that marked earlier conservative reform proposals. The act also attempts to promote the family and devolve control of aid to states and localities in radical new ways. These aspects were obnoxious to most Democrats and lacked a clear popular mandate. However, President Clinton had a history of criticizing welfare, which had been politically damaging to Democrats. He also feared that welfare might become an issue in his reelection campaign. So he felt bound to sign the bill and did so.12

These were PRWORA's main provisions. Their main brunt was to end entitlement in both a budgetary and behavioral sense:

- **Aid was unentitled**: Under AFDC, the federal government shared in the cost of local aid programs however many eligible persons they served. Under TANF, instead, federal funding is limited to a fixed block grant to each state. That grant, however, was set at the levels of 1994-5, which turned out to be generous due to the unexpected fall in the caseload. Additional money was added for child care, and TANF spending was supposed to rise above earlier levels.
- **Aid was time-limited**: Only 20 percent of families are allowed to remain on TANF for longer than five years after the signing of PRWORA in August 1996. This includes repeat spells. However, states may support families beyond five years using their own resources. Some liberal states, including New York, plan to do so.
- **Work requirements were ostensibly toughened**: Cases are supposed to work within two years of going on the rolls even to continue to get aid. States are required to raise the share of their cases that are working in steps, until half are in work activities by 2002, on pain of cuts in federal funding. However, states were also allowed to count against these targets any percent by which their caseloads fell after 1995. In most states, the fall was enough virtually to negate the new work standards. Parallel but less controversial steps were taken to strengthen child support enforcement.
- **Control of welfare was further devolved**: While states controlled benefit levels under AFDC, under TANF they also got greater control over eligibility and other policy details. These include whether to cover two-parent families (largely excluded under AFDC) and whether to institute work incentives (rules that allow recipients who take jobs to keep part of their benefit, to give them more reason to work).
- **Marriage was promoted**: States are allowed, although not required, to deny coverage to unwed mothers under 18 and to children born on the rolls. If covered, teen parents must live with caretakers and go to school. States also receive bonus funding if they reduce the incidence of unwed pregnancy or do well relative to other states in promoting job retention and earnings gains among recipients going to work. They are not, however, penalized for failure in these respects.
- **Other aid was cut**: Legal aliens were largely barred from TANF, SSI, and Food Stamps, and these programs were cut in other ways. PRWORA's budgetary savings were entirely due to these cuts, not to cuts in AFDC/TANF. Congress later restored most benefits for aliens who received them prior to the signing of PRWORA, but other aliens remain largely excluded. SSI, Food Stamps, and Medicaid were not otherwise reformed and remain entitlements.

Most states have implemented the act so as to combine continued aid with rising work demands, as the public apparently wants. Most are instituting tougher work requirements. Few have cut benefits, as liberals feared, or paid much attention to the family provisions. This is because these steps are much more controversial than enforcing work, and because programs that clearly prevent unwed pregnancy are not yet available.13

**The Liberal Side of Reform**

Recent welfare policy also has a liberal side that is less often noticed. In the last decade, the following steps have raised support for poor families, especially if they are working:

- **Expanded wage subsidies**: The Earned Income Tax Credit was sharply increased in 1990 and 1993. The EITC now subsidizes the earnings of low-income parents by as much as 40 percent. Some states have added wage subsidies of their own. In 2001, Congress added a tax credit for children that is aimed at full-time workers and is partially refundable even to families without tax liabilities.
- **Strengthened work incentives**: The majority of states have liberalized work incentives in TANF. These rules make it more advantageous for recipients to go to work. Families in the typical state can now escape poverty even working at the minimum wage, provided they work at least half-time. On the other hand, the subsequent loss of these benefits as earnings rise further
makes it harder to move up to higher incomes.14

• Higher minimum wage: In 1996-7, the federal minimum wage was raised from $4.25 to $5.15 an hour, thus enhancing the earnings among the low-paid, although few workers at the minimum wage are heads of household.

• Expanded child care: Federal financing for child care increased sharply. In 2000, Washington paid about $15 billion for child care under Head Start and several other programs, both in and outside of welfare.15

• Expanded health coverage: Although plans for a universal health system have failed, Congress in the 1980s and 1990s expanded coverage for poor children and families under Medicaid and the Child Health Insurance Program (CHIP). Today, most poor mothers and children can get at least some coverage whether on or off welfare.

The enactment of these measures reflects the popularity of aiding poor families—provided the adults work. The new benefits already represent a renewed redistribution of advantages to the working poor, part of the liberalizing political shift mentioned above.

Effects of Reform

“Effects” here means the consequences, not just of PRWORA, but of the overall process of welfare reform going back to the 1980s. I describe below the key changes surrounding welfare and poverty since 1994, when the welfare rolls peaked. How far these effects are really due to reform, rather than other changes, is addressed further below:

• Cash welfare rolls have fallen sharply: From a peak of over 5 million cases and over 14 million recipients in 1994, AFDC/TANF fell to 2.2 million cases or 5.8 million recipients by June 2000. That decline is 56 percent for cases, 59 percent for recipients. This decline is the greatest in the history of the program and considerably more than experts expected. It more than reversed the welfare growth of 1989-94.16

• Noncash rolls have fallen less sharply: The Food Stamps rolls have come down by around a quarter since 1993. The Medicaid rolls have not fallen, but neither have all children and families claimed the expanded coverage that has been offered.17 Many TANF leavers do not claim these benefits, even though they remain eligible for them, either because the bureaucracy fails to offer them or because people prefer to leave all welfare programs when they exit TANF.

• Work levels on welfare have sharply risen: In 1998, 23 percent of AFDC/TANF adults were working in unsubsidized jobs, compared to about 8 percent in 1994. In those same years, the proportion in work activities within welfare work programs rose from 19 to 35 percent.18

• Most people who left welfare are working: According to state studies of the leavers, most left welfare because of going to work or increased earnings. From 55 to 64 percent of adult former recipients are employed when surveyed, and from 63 to 91 percent have worked since leaving welfare.19 These work levels are much above what most experts considered feasible.

• Nonworking leavers usually have other support: They often have benefits from other programs, such as disability. Some surmise that they also have support from spouses or other family members who are working, but this is unclear.20

• Earnings remain low: Among working leavers, average wages run from $5.50 to $8.80 an hour. Quarterly earnings average from $1,999 to $3,868. This is below what one would expect from the wage levels, because few leavers work normal hours.21

• Whether reform has raised overall incomes is unclear: In the short run, leavers’ earnings usually exceed prior welfare benefits, but families also tend to have less noncash coverage than before. There is some evidence that incomes among the poorest single mothers have fallen, but at the same time their consumption is rising.22

• Earnings and incomes rise slowly over time: Earnings tend to increase gradually the longer a family has been off welfare. This could bring many above poverty eventually. It appears that welfare mothers glean higher wages with experience, but only if they work steadily, as many do not.23

• Profamily effects appear likely: The share of welfare mothers living with a partner rose from 7 to 14 percent between 1997 and 1999.24 A welfare reform evaluation (see below) also found positive effects on marriage and less spousal abuse among families exposed to the reform.25

• Hardship appears limited: As much as 59 percent of leavers report problems paying bills or affording food and housing, but many had similar problems before leaving welfare.26 Most leavers appear to be struggling, but few suffer acute hardship such as homelessness or a need to give children over to foster care.

• Many social problems remain: In cities with extreme caseload falls, such as Milwaukee, journalists observe...
more people working and paying taxes. Much less change is apparent in the more private problems common among the poor, such as family conflicts or sexual or substance abuse.

Alongside these changes, several recent evaluations of welfare work programs have found effects on children, mostly small. These programs mostly date from the early 1990s, prior to PRWORA, but they are enough like the programs states are now implementing that most experts take this evidence as applying to the current reform:

- **Effects on young children appear positive:** When their parents are in welfare work programs, young children tend to show cognitive gains and do better in school. These effects appear stronger for boys than girls. The reason may be that a working mother is a better parent and role model, and/or that children receive more stimulation in child care than they would at home.

- **Effects on adolescents appear more negative:** These children tend to have more behavioral problems, such as drinking or school misbehavior, perhaps because parents are now working and less able to supervise them.

- **Health coverage falls:** Fewer children have health benefits, due to families leaving Medicaid along with cash welfare. Again, how this happens is unclear since health eligibility has expanded.

The effects appear most positive with programs that combine work requirements with income supplements such as work incentives.

These welfare changes, in turn, are related in unclear ways to the following positive changes occurring in the society at large:

- **Work levels have risen sharply:** More poor adults are working than before welfare reform, especially single mothers. In 1999, 64 percent of poor female heads of family with children were employed, compared to only 44 percent in 1993.

- **Poverty rates are falling more slowly:** The overall poverty rate was 12 percent in 1999, down from 15 percent in 1993. Poverty rates specifically for children have also fallen.

- **Unwed childbearing is declining:** The share of births out of wedlock is falling, both overall and for teenagers, and the teen birthrate is falling. These trends, however, are gradual and began in the early 1990s, prior to PRWORA.

- **Child abuse and neglect is falling:** Again, trends are gradual and predate PRWORA.

**Doubts**

Several uncertainties surround the role that welfare reform has played in these developments.

**The role of PRWORA:** As mentioned above, the 1996 act’s bark is worse than its bite. Its severe work standards were largely obviated by the caseload fall credit, and its family goals are not mandatory for states, which have mostly ignored them. It is thus unclear how much of “welfare reform” is really due to PRWORA. There is a vogue for work requirements at the local level, but this seems to stem mostly from earlier federal requirements or state and local decisions.

**The role of welfare reform:** It is also unclear how important welfare reform is in producing the above effects, as against other changes that may be responsible. The surprising fall in the welfare rolls and the rise in work levels seems due to all of the following:

- **Work requirements:** That is, the demands that adult recipients work in return for aid that stem, in varying degrees from PRWORA, earlier federal policy, and state and local decisions.

- **A superb economy:** The later 1990s saw the best economic conditions for poor adults in thirty years—not only rapid economic growth and job creation but rising real wages for the low skilled.

- **Better work-connected benefits:** As mentioned, the liberal side of welfare reform has raised the EITC, the minimum wage, and other benefits for the working poor.

- **Better child support enforcement:** This problem is far from solved, but there is progress. In 1997, 53 percent of poor single mothers had child support judgments, compared to 38 percent in 1978. The share receiving support from absent parents rose from 18 to 25 percent in the same years.

- **A political climate against dependency:** Aside from policy changes, public opinion is less accepting of dependency by the employable than it once was, and this also motivates needy families to leave the rolls or avoid them entirely.

Most experts agree that all these forces help to explain the dramatic welfare and work changes, but they disagree about their relative importance. Some economists argue that the changes are mostly due to the economy...
and new benefits, not work requirements.36 Journalistic observations of reform, however, suggest that work requirements are most important, followed by the economy. In a study of welfare decline in Wisconsin, officials told me that work requirements and expectations were the leading cause, followed by the economy and improving child support; they never mentioned new benefits.37 One reasonable estimate is that 35-40 percent of the work rise for low-income single mothers is due to work enforcement, 25-30 percent to the economy, and 20-30 percent to expanded benefits.38

What if recession comes? Experts agree that the principal question hanging over the reform is what would happen if economic conditions worsened. Would the leavers then lose jobs and return to welfare, causing the rolls to rise? The economy has recently weakened, and at the same time the fall in the rolls has leveled off. Is there a connection, or is the stabilization simply due to the fact that the remaining recipients are those least able to work?

12 R. Kent Weaver, Ending Welfare As We Know It (Washington, DC: Brookings Institution, 2000).
16 Data from the U.S. Administration for Children and Families.
17 Committee on Ways and Means, 2000 Green Book, pp. 884, 914.
18 Committee on Ways and Means, 2000 Green Book, pp. 424-34.


34 Committee on Ways and Means, 2000 Green Book, pp. 706-10.


Policy Section Members Vote for the Most Important Works in Public Policy

Brian Shoup
Indiana University, Bloomington

Last year, the editor of Policy Currents developed a web-based survey of Policy Section members that examined several areas relating to the study and teaching of public policy. In the past three issues of the newsletter, we have reported on the structure of the policy field, pedagogical approaches to the teaching of policy, and the types of teaching and research skills departments look for when hiring new faculty. In this final survey report, we provide the results for the top policy-related books and articles for the past ten years and all time.

TOP POLICY PIECES OF THE LAST TEN YEARS

<table>
<thead>
<tr>
<th>Author/Title</th>
<th>Votes</th>
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<tbody>
<tr>
<td>Baumgartner, F. and B. Jones, Agendas and Instability in American Politics</td>
<td>32</td>
</tr>
<tr>
<td>Kingdon, J., Agendas, Alternatives and Public Policies</td>
<td>15</td>
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<tr>
<td>Ostrom, E., Governing the Commons</td>
<td>11</td>
</tr>
<tr>
<td>Stone, D., Policy Paradox: The Art of Political Decision Making</td>
<td>11</td>
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<td>Schneider, A. and H. Ingram, Policy Design for Democracy</td>
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</tr>
<tr>
<td>Sabatier, P. and H. Jenkins-Smith, Policy Change and Learning</td>
<td>8</td>
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Section members were asked to select their top five policy-related books or articles written in the past ten years. As expected, there was a wide range of choices put forward by voters. Votes were spread among 64 different books and articles. That said, several pieces received sizeable numbers of votes in the survey. Frank Baumgartner and Bryan Jones’ Agendas and Instability in American Politics (1993) was selected by 32 of the 116 respondents, receiving by far the most votes. The next biggest vote earner is John Kingdon’s Agendas, Alternatives and Public Policies with 15 votes. Two books – Elinor Ostrom’s Governing the Commons (1990) and Deborah Stone’s Policy Paradox: The Art of Political Decision Making (1997) – received 11 votes apiece to tie for the third position. The next highest vote earners are Anne Schneider and Helen Ingram, who received 9 votes for Policy Design for Democracy (1997). They also received several votes for their 1993 article in the American Political Science Review, “Social Construction of Target Populations: Implications for Politics and Policy.” Paul Sabatier and Hank Jenkins-Smith round out the list of top pieces of the past ten years with their book, Policy Change and Learning: An Advocacy Coalition Approach (1993), which received 8 votes.

TOP POLICY PIECES OF ALL TIME

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<tr>
<th>Author/Title</th>
<th>Votes</th>
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<tbody>
<tr>
<td>Kingdon, J., Agendas, Alternatives and Public Policies</td>
<td>22</td>
</tr>
<tr>
<td>Pressman, J. and A. Wildavsky, Implementation</td>
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<td>Lindblom, C., The Science of Muddling Through</td>
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<td>Lowi, T., The End of Liberalism</td>
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<tr>
<td>Olson, M., The Logic of Collective Action</td>
<td>8</td>
</tr>
<tr>
<td>Lowi, T., “American Business, Public Policy, Case Studies and Political Theory”</td>
<td>7</td>
</tr>
<tr>
<td>Wildavsky, A., Politics of the Budgetary Process</td>
<td>7</td>
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</tbody>
</table>

Section members were also asked to select the top policy-related books and articles of all time. Again, there was wide variance in the selections, but several pieces stand out in terms of the number of votes received. The largest vote earner was John Kingdon’s Agendas, Alternatives and Public Policies with 22 votes. Implementation by Jeffrey Pressman and Aaron Wildavsky (1984) received 19 votes to come in second place. Wildavsky also received votes for two of his other major pieces; Politics of the Budgetary Process (1974) earned 7 votes and Speaking Truth to Power (1979) earned 4 votes. The third highest vote earner was Charles Lindblom, who received 13 votes for his article “The Science of Muddling Through.” He also received 6 votes for The Policy-Making Process (1968, 1980). Theodore Lowi also received votes for two important works. He received 8 votes for The End of Liberalism (1969; 1979) and 7 votes for “American Business, Public Policy, Case Studies and Political Theory” (1964). Two other works garnered sufficient votes to warrant mention. Mancur Olson earned 8 votes for The Logic of Collective Action (1965) and E. E. Schattschneider received 6 votes for The Semi-Sovereign People (1960).

Again, over 50 books and articles were mentioned by section members in both categories. Each of the pieces clearly represents high quality research and scholarship, but the books and articles mentioned in this report were clearly at the forefront of respondents’ minds when filling out the web survey.

Some notes on the data gathering process. The survey instrument was designed by Brian Shoup, Ph.D. student...
in Political Science at Indiana University, under the supervision of Ken Bickers. Shoup received assistance on software programming from James Russell, technology director for the IU Political Science department. The survey instrument was web-based. Respondents were sent an email with a URL that when clicked took them to a form looking much like a traditional paper-based mail survey instrument. When the “submit” button was clicked, responses to the survey were automatically compiled in a table that takes the form of a spreadsheet. Using this method, it is impossible to track who has (or has not) submitted a response. No data entry in the conventional sense is required. The original email was sent in early October 2000 to 731 individuals, of which 28 were bounced back as undeliverable. A reminder was sent by email one week later. For the purposes of this report of survey results, the number of responses totaled 134 replies, constituting approximately 18% of the section members that had working email addresses as of last October.

Abstracts, announcements, and other information to be printed in the next issue of Policy Currents should be sent via email attachment (Word file) or mailed by November 15, 2001 to:

Kenneth Bickers
Editor, Policy Currents
Indiana University, Woodburn Hall 306
Bloomington, IN 47405

Please update your e-mail address with the APSA:

membership@apsanet.org

Director, Member Services
c/o American Political Science Association
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Include information that the change applies to the Public Policy Section!