

THE FALSE FOUNDATIONS OF WELFARE REFORM

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“Big government cannot and will not solve the multitude of problems confronting our nation...because big government is the problem”

— Sen. Jesse Helms, speech to the North Carolina Legislature May 27, 1997

FALSE FOUNDATION: Big government is bad.

Overview: It is an important foundation of contemporary conservative thought that the federal government is the source of, not the remedy for, social problems. In consequence, conservatives attempt to transfer as much authority as possible to smaller and smaller jurisdictions: to states and localities, and implicitly to the nuclear family.

The 1996 Personal Responsibility and Work Opportunity Reconciliation Act ended the government guarantee of welfare assistance to low-income families which met federal eligibility criteria. Responsibility for administration and setting eligibility requirements was largely passed down to the states, many of which further devolved responsibility to local governments.

The current public assistance crazy-quilt (certainly not a system) is a confusing morass of arbitrary elements without any uniform standards to protect recipients from discrimination and caprice.

A little history: The resurgent “states’ rights” mantra is a familiar one in America. “States’ rights!” was the rallying cry of white segregationists during the 1950s and 1960s. It conjures up images of sheriffs attacking voting rights marchers and southern governors blocking black children at the schoolhouse door.

In the context of welfare during the late 1960s, a similar battle was waged for inclusion for all. Some southern states flatly refused to qualify black women for welfare, while other states qualified them periodically, only to disqualify them when the cotton crop needed picking. Other states used a narrow moral standard to determine eligibility, granting benefits to “deserving” widowed mothers while denying them to “undeserving” single mothers of illegitimate children.

“States’ rights” activists in the welfare arena argued that states should be able to do as they pleased. Those lobbying for equal rights argued that in the absence of strict federal guidelines, the welfare system, like voting rights, had become arbitrary and discriminatory. Therefore, they argued, just as a set of federally legislated and enforced standards was needed to ensure that all Americans could exercise the franchise, a uniform set of rules was needed to standardize access to and administration of government assistance programs. By the early 1970s advocates and welfare recipients had won a wide-ranging set of protections that guaranteed relatively uniform and equal treatment regardless of administrative jurisdictions.

The opponents of “big government” have been very successful in turning back the clock to the days when local state bureaucrats made up hoops for the needy to jump through, on the basis of their local interests and prejudices.

Impacts on Welfare Policy and Programs: Devolution, which has given states and counties wide latitude in setting eligibility requirements, benefit levels, work requirements and time limits, has created a non-system that is arbitrary and capricious and which operates like a hundred fiefdoms with no central accountability mechanism. There is variance in policy between states, within states and even within single counties. For example:

- While the federally suggested time limit for receiving TANF is sixty months, in Salt Lake City, Utah it is 36 months. In Connecticut, it is 21 months.
- In some states, welfare checks arrive by mail. In others, recipients must have bank accounts and access the money with a debit card that charges them a fee for each withdrawal. Other states contract with check-cashing businesses which also charge recipients a fee to access their benefits.
- In Minnesota, the “MFIP” pilot program allowed recipients to remain eligible for welfare (and keep whatever wages they earned) until their income reached 140% of the poverty standard. In Alameda County, California however, it is illegal to keep income while receiving benefits. Hundreds of recipients have been prosecuted and sent to jail for doing exactly that. Yet neighboring counties say they never prosecute these cases.
- A federal court found that the city of New York had arbitrarily denied needy people access to emergency food stamps and Medicaid by setting up unnecessary hurdles in the process of applying for public assistance, once the city took authority for welfare under the reform.
- Less than one third of respondents to a survey of recipients in Washington state received all the services for which they were legally eligible.
- In Virginia, 41% of white recipients indicated that caseworkers encouraged them to go to school, particularly if they had not received a high school diploma. None of the African American recipients interviewed indicated that a caseworker had encouraged them to go to school.

Conclusion: Contrary to conservative dogma, only federal standards and oversight can ensure an equitable system for distributing public benefits.

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- *“Marriage in America is dying. [This] family collapse is the root of poverty, crime, drug abuse, and school failure...”* – Robert Rector, Heritage Foundation
- *“There is no question in my mind that illegitimacy is the motor that drives poverty and most social problems in this country.”* – Ron Haskins, Brookings Institute

FALSE FOUNDATION: Divorce and out-of-wedlock births are the cause of poverty. Marriage is the solution to poverty.

The 1996 welfare reform law was designed, in part, to address divorce and out-of-wedlock births as “roots” of poverty and to legislate marriage for poor women as the solution. Asserting in its preamble that “marriage is the foundation of a successful society,” the law introduces several measures that transform economic welfare policy into a vehicle for social engineering. It attempts to legislate the sexual and reproductive behavior of poor women, using government-funded economic programs to force them to adhere to a narrow, right-wing, moral agenda.

Within the framework of the law are several specific measures:

- The law allocates a pot of almost \$650 million in federal funds (over and above block grants for TANF) to reward states that reduce out-of-wedlock births and abortions. The four localities with the highest simultaneous reduction in “illegitimate” births and abortions between 1995-98 (Alabama, Arizona, the District of Columbia and Michigan) each received a \$20 million reward in 1998. These rewards represent moneys that could be spent to aid the poor but instead are given to states who agree to push a right-wing moral agenda, to spend as they wish.
- The law also provides for \$250 million in federal matching funds for states that implement “abstinence-only” curricula in their schools. Abstinence-only sex education programs work from the premise, “Don’t give them the choice and they won’t make the mistake.” Not only do these curricula neglect information about contraception, studies show that they omit — and sometimes falsify — vital information about the prevention of HIV and other sexually transmitted diseases. In fact, some states consider abstinence-only sex education so misleading and dangerous that they have outlawed it in their public schools. The welfare reform law represents an attempt to sneak it in through the back door.

There are policy implications at the state level, as well.

- At least fourteen states have established state-funded programs for two-parent families. In West Virginia, for example, married parents who receive welfare get an extra \$100 a month. This creates a two-tiered system that stigmatizes and punishes single motherhood.
- Manipulating welfare benefits to promote traditional marriage is not only unethical, it can be life-threatening for women in physically abusive relationships. While dozens of states are

accepting TANF money for programs to promote traditional marriage, only 32 states have adopted the Family Violence Option (which protects victims of domestic violence by allowing states to exempt up to 20% of their caseload from the 60-month life-time benefits limit).

- The new law gives states the option of establishing a “family cap” rule, which prohibits benefits for any additional children born to a mother who is receiving welfare. Half the states have established family caps.

This attempt to use welfare to attack poor women’s right to bear children is not a new phenomenon. In 1971 a Tennessee legislator introduced a bill to force welfare applicants to accept sterilization or lose custody of their existing children. In 1972 a California welfare advisory board proposed that women who give birth to more than two children while unmarried be declared unfit parents and be required to relinquish any subsequent children to the state. During the 1990s, several states introduced legislation involving the birth control drug Norplant, with policy suggestions ranging from making it available through Medicaid, to increasing benefits for women who use it, to requiring women to use it as a condition for receiving benefits. During the period preceding passage of the 1996 law, then Speaker of the House Newt Gingrich proposed that government funds for children born to mothers who were receiving welfare be diverted to programs that would place their babies in orphanages.

The framers of welfare reform were right about one thing: families with one income are generally poorer than families with two or more incomes. In fact, real wages have fallen so steeply in the last 25 years that it is no longer possible to support a family on a single minimum wage income. The solution to this problem is not to force women to marry (assuming this is even an option), or to remain in marriages that may be emotionally or physically abusive. The solution is to craft economic policies that lift all families out of poverty.

Conclusion: Welfare reform has attempted to socially engineer a conservative agenda of “moral correctness” and to use government economic policy to legislate the sexual and reproductive freedom of poor women. In so doing, it has not only endangered the lives of poor women, it has set a dangerous precedent for government control of all women’s most basic rights. Welfare recipients should not be required to surrender basic human rights in order to feed their families.

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“We have four or five generations of welfare mothers. (M)ost of the people who need help in this situation are black and most of the people who are doing the helping are white. We [white Cook County voters] are tired of paying for the Chicago Housing Authority, and for public housing and public transportation that we don’t use. “

— Dan Donahue, a Chicago carpenter who became active in the campaign of a Republican state senator in 1988.

FALSE FOUNDATION: People of color in general and African Americans in particular don’t want to work to support their families and don’t deserve welfare.

The Chicago-based welfare queen who drove a Cadillac and had 80 names, 30 addresses, and 12 Social Security cards in order to be eligible for veterans’ benefits on four non-existing deceased husbands was a Ronald Reagan invention. When the press searched for this woman, they found she had never existed. She was a lie, but the lie worked. It made no difference that welfare made up less than 2% of the national budget. It didn’t matter that most families on welfare were white. The damage was done. Just as George Bush would later use the image of African American Willie Horton to scare white voters into the conservative camp, Reagan’s conjured-up, racialized image of the mythical black welfare queen fanned the flames of white resentment and set the tone for big changes in the welfare system. The message was simple: *Black people abuse welfare and don’t deserve it — “we” need to crack down.*

Using the same imagery but a slightly different argument, Charles Murray argued in *Losing Ground* (1980) that welfare programs increase out-of-wedlock births, creating a black parasitic underclass. Murray advocated scrapping welfare programs altogether — leaving the “working-aged person with no recourse whatsoever except the job market.” Like Reagan, Murray’s images were fictional. He conjured up an average American couple, Harold and Phyllis, to illustrate trends he thought he spotted in census data. Again, it didn’t matter that Murray’s use of data and his conclusions were discredited by other researchers. He has continued to be a leading conservative spokesperson on welfare policy. Murray’s *pièce de resistance* is of course, the *Bell Curve* (1994), in which he again argues that welfare should be abolished, not simply because of the economic incentives alluded to in *Losing Ground*, but because it encourages ‘dysgenesis,’ the outbreeding of intelligent whites by genetically inferior African Americans, Hispanics, and poor whites.

Even though the National Academy of Sciences denounced the scientific basis of the *Bell Curve* as “fraudulent,” Murray’s ideas set the tone for the welfare proposals in the Republican *Contract with America*. And, while President Clinton initially balked at the punitive measures embedded in conservative “reform” proposals, in the end he decided to ride the political wave, so he quoted Murray and vowed to “end welfare as we know it.” The results of this racist charade? Because welfare reform policies do not take into account an existing context of racial discrimination, the same “colorblind” policies have disparate racial impacts:

- Wisconsin is the “model” welfare reform state for federal welfare reform and home of former governor and new Secretary of Health and Human Services Tommy Thompson. And what’s happened there? Between 1996 and 1998 Wisconsin had the highest infant mortality rate among Hispanics and the fourth highest among African Americans. The mortality numbers for newborn infants are even worse. By 1998, Wisconsin had the 5th worst rate for

black neonatal deaths and was dead last, double the U.S. average, for Hispanics. Tommy Thompson's "tough love" welfare reform is "loving" children of color literally to death.

- Whites are exiting the welfare rolls faster than African Americans or Latinos. But how and why each group leaves is markedly different. A 1999 Florida study found that African Americans were almost three times as likely as whites to be sanctioned for administrative reasons. Meanwhile less than a third of African Americans leaving welfare found a job, compared with over half of the whites.
- A Virginia study found that although African American program participants were, on average, better educated than whites, NO African Americans versus 41% of whites indicated that a caseworker had encouraged them to go to school. African Americans were also less likely to be placed in jobs by the state employment agency, more likely to be subjected to drug and background tests, and, when employed, earned less than white former recipients.
- *Cruel and Usual*, a national Applied Research Center study found racial bias in welfare program administration: 42% of Native Americans had received some kind of sanction, compared to 31% of whites. 56% of Native women and 48% of Black women who received job training were sent to "Dress for Success" classes, compared with only 24% of white women.

Conclusions: Welfare reform legislation had its origins in a racist analysis. Racist assumptions will yield racially disparate results. Unless public benefit programs proactively address and combat existing patterns of racial discrimination, they will only reproduce and reinforce them.

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“The most immediate and lasting way to...improve the efficiency of public services is to shift the responsibility for producing them from government bureaucrats to private managers.”

—American Enterprise Institute web site

FALSE FOUNDATION: The free market is always better at managing any initiative than government.

Conservative social thought holds as a core belief that private enterprise can almost always do a better job at a task than government. (The usual exception is maintaining public order.) Consequently the 1996 welfare reform strongly encouraged states to replace public structures with private enterprise solutions to manage the new TANF programs. *Time* magazine described the result as a “welfare management goldrush.”

Private enterprise was promised incentives to reduce caseloads. In order to maximize profits for their shareholders, these companies turned to traditional cost-cutting measures from the business world, including replacement of experienced staff with cheaper employees. All too often the wellbeing of recipients of public assistance has been lost in the exuberance of the new privatization.

Handing public welfare over to private enterprise has had negative effects on service delivery.

- In Wisconsin, President Bush’s appointment as Secretary of Health and Human Services, then-Governor Tommy Thompson aggressively privatized public assistance. As a result, reports the *Milwaukee Business Journal*, “Sixteen formal gender or racial discrimination complaints have been filed with the Milwaukee office of the Equal Employment Opportunity Commission, against Maximus [the state’s contractor] or one of its subsidiaries. In addition... as many as a dozen internal grievances were filed with the company’s human resources office related to unfair promotion practices.”
- Another welfare “privateer,” Curtis & Associates, contracted with the state of Nebraska to perform welfare processing. To reduce staff expenses, they required applicants to fill out a complicated 16-18 assessment form for themselves, a task which often was more than applicants could do. When forms were incomplete, support was denied.
- According to *Milwaukee Sentinel* columnist Eugene Kane, Maximus was “one of five agencies hired to help create a welfare ‘reform’ system here that ended up being so confusing and poorly run that in little more than three years, loads of frustrated poor people opted out of the system.”

Moreover, unlike public agencies, private companies do not have to reveal their operations to the public. This lack of accountability opens the door to practices which amount to taking the taxpayers for a ride. Not surprisingly when a former defense contractor moved into the welfare business, its delays and budget-busting practices didn’t change.

- In Baltimore, Maryland, where defense-industry contractor Lockheed-Martin won a three-year contract to collect child support, Lockheed failed to meet performance goals in its first year. In California, the company and the state mutually agreed to cancel a contract for Lockheed Martin to build a computerized tracking system for collecting child support when the system's projected costs had skyrocketed – from \$99 million to \$277 million.

Conclusion: Even the brief experience of welfare reform has shown the serious flaws in free market interventions in public assistance programs. When the goal of the program becomes profit, the quality of service to recipients suffers.

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“We still engage in de facto legalization [by allowing] illegal immigrants, or their children, [to] receive welfare, medical care, education and housing subsidies.”

— Ben Wattenberg, Sr. Fellow, American Enterprise Institute

FALSE FOUNDATION: Immigrants should not be entitled to welfare benefits.

The underlying framework for conservative policies regarding immigrants and welfare is, of course, racial. Right wing ideologues have promoted a number of assumptions designed to scare the American public including:

- A decline in the proportion of immigrants who are European or white threatens the historic identity of the United States as a “European” country, thus endangering the country’s “character” and “value structure.”
- Specific groups of immigrants are “more dependent” than the general U.S. population.
- Immigrants are more criminally inclined than the general U.S. population.
- Immigrants come to the United States in order to receive welfare, and they do not contribute to U.S. society.

Of these statements, the only one that has any basis in fact is that although the percentage of foreign-born persons present in the U.S. is not very different from what it was a hundred years ago, the racial composition of that group has changed. And *that* is the Right’s real objection to immigration in general and to public benefits for immigrants in particular. Their proof that the United States is losing its cultural cohesion? They cite examples like the recent decision by the city of San Jose California to commission a statue of Quetzalcoatl, the Aztec Plumed Serpent. Conservative propaganda has had its effect on the American public; recent polls indicate that 47% of the public believe that immigrants cost the country too much and 50% agree that they weaken the “American character.”

The effects on welfare policy? Prior to the law’s enactment, undocumented immigrants were already ineligible for most public benefit programs. The new law further restricted access to welfare for *documented* immigrants. Immigrants arriving after August 22, 1996, documented or not, are barred from receiving “federal means-tested benefits” (including Supplemental Security Income (SSI), Food Stamps, welfare cash grants and Medicaid) for at least five years. Immigrants who were in the United States prior to this date are subject to a host of restrictions, depending on their citizenship status and the country from which they emigrated.

On August 5, 1997, President Clinton conceded that the initial legislation had been unfairly punitive towards immigrants, and Congress restored some benefits. However, most of these amendments covered only a fraction of those immigrants cut off by welfare reform. For example, the food stamp provision restored access to slightly fewer than one of every three legal immigrants who lost eligibility due to welfare reform.

In addition, under the new law, state welfare agencies, public housing authorities, and administrators of SSI must report quarterly to the INS anyone the agency “knows” is in the U.S.

unlawfully. The effect of the law has been to prevent *eligible* immigrants from applying for public benefits that they are qualified to receive.

Welfare reform's treatment of immigrants has had serious impacts:

- Cuts in benefits to immigrants accounted for over 46% of the federal savings gleaned from welfare reform during its first year of enactment. Although immigrants made up less than 10% of households receiving welfare in 1994, by 1997 they accounted for more than a quarter of the overall decline in welfare caseloads. Immigrant use of public benefits dropped 35% in the wake of welfare reform, compared with a 15% decline for citizen households.
- Wisconsin is home to some 47,232 Southeast Asian refugees from the Vietnam war. Of these, 46,000 were "reevaluated" under welfare reform, and 7,000 lost food stamp benefits. In April of 1997 two older Hmong residents of Dane County, Wisconsin committed suicide after being notified that they would lose their benefits.
- An investigation conducted in 1999 by the Office for Civil Rights at the federal Department of Health and Human Services found several NYC welfare offices in violation of Title VI of the Civil Rights Act due to their discriminatory practices towards Limited English Proficient clients. Similar complaints have been filed in California, Florida, Idaho, and Texas.

Conclusion: The new welfare regulations restrict the eligibility of elderly and disabled immigrants for SSI and food stamps. This is a patently bad policy, which sends an ugly message to immigrants: "You can immigrate because the United States needs your skills, talents, and energy— but don't bring your disabled and elderly relatives!" It was wrong of Congress to change the rules for documented immigrants in the middle of the game, by applying the new rules not only to future newcomers, but also to immigrants who were already legally here.

The foreign-born pay \$25-\$30 billion a year more in taxes than they consume in government services. If newcomers are willing to make a commitment to the United States, the government should be willing to reciprocate by continuing to cover lawful immigrants under old law and by exempting the elderly and disabled from the new requirements, as it is unreasonable to expect them to be financially self-sufficient. The United States depends on immigrants and the contribution they make. We should not deny them the basic rights and benefits given to other members of the society.

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“We’ll give you a hand, but you owe something in return for taxpayers’ help... We must enforce sanctions against able-bodied welfare recipients who refuse to work or even look for work.”

–George W. Bush, State of the State Address, TX, January 28, 1997.

FALSE FOUNDATION: Work at any job, at any pay level, is more effective than education in lifting people out of poverty.

Based on the notion that poverty is a result of laziness, the welfare-to-work program mandated under welfare reform was designed to force welfare recipients into jobs as quickly as possible. The federal government set strict quotas on the percentage of adult recipients who must participate in “work-related-activities” and defined these activities in a narrow manner. The welfare reform law mandates that within five years, 50% of every state’s welfare caseload must be engaged in job or job-search activity for up to 35 hours a week. Recipients who do not comply with the work requirements are penalized and lose their welfare benefits.

Under the law, only short-term vocational training programs qualify as acceptable work activities. Two- and four-year college programs do not. This is unfortunate, as even a cursory glance at U.S. census data reveals that for both genders and all races, income rises with education level. Welfare reform’s anti-education approach has had a major impact on college enrollment among welfare recipients. Between 1996 and 2000, for example, more than 21,000 students were forced to leave City College of New York in order to comply with their welfare-to-work requirements. On the other side of the country, in Washington state, welfare recipient enrollment in community colleges dropped 35% from 1998-99.

Welfare reform policy based on the “laziness causes poverty” and “work-at-any-cost” theory has actually increased poverty among poor women.

- Only 25% of former recipients are earning over \$8/hr. Another 25% are earning less than \$5.29/hr, and the median wage for those who have left welfare is just \$6.61 per hour. This works out to \$13,749 per year for 40 hours a week for a full 52 weeks of work. Such an income just barely surpasses the federal poverty threshold for an adult with two children. And most welfare leavers don’t find that kind of steady, full-time work.

By contrast, the Self-Sufficiency standard (an alternative economic measurement created by Professor Diana Pearce of the University of Washington at Seattle) for a single parent home with one child ranges from \$9.32/hr. in rural North Carolina to \$22.69/hr. in urban Washington D.C.

- In New Jersey, 50.3% of former recipients who were not working reported they were unable to sufficiently feed themselves or their children. Former recipients who were working were no better off: 49.7% reported the same problem.

- According to an analysis of Current Population Survey (CPS) data, the poorest women became poorer following welfare reform. While single mothers in the lowest earnings quintile experienced significant *increases* in earnings from 1993 to 1995, from 1995 to 1997

they experienced a 10.7% *decrease* in earnings and a 6.7% decrease in disposable income. Only 35% of those who left welfare increased their economic resources.

Conclusion: If our objective is to lift poor women out of poverty, it is both short-sighted and ineffective to substitute low-wage work for education. Women with a high school diploma earn on average 26% more than those without one; those with college degrees garner an additional 39%. If we want poor people to have an opportunity to be independent, we must change our policy emphasis from work-at-any-job-for-any-pay, to a longer-range program of meaningful education and training.

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